FINANCIAL AND FISCAL COMMISSION

ANNUAL REPORT

— 2025 / 2026 —

Measuring impact.
Driving accountable outcomes.

INDEPENDENCE | INTEGRITY | TRANSPARENCY | ACCOUNTABILITY | IMPACT

Annual Report 2025/26

For an Equitable Sharing of
National Revenue

Financial and Fiscal Commission

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Cape Town
8001

www.ffc.co.za

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LIST OF ACRONYMS

APP	Annual Performance Plan
ASB	Accounting Standards Board
B-BBEE	Broad-based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DPSA	Department of Public Service and Administration
FFC	Financial and Fiscal Commission (also referred to as the Commission)
GRAP	Generally Recognised Accounting Practice
ICT	Information and Communication Technology
IGFR	Intergovernmental Fiscal Relations
MEC	Member of the Executive Council
MTEF	Medium-term Expenditure Framework
PFMA	Public Finance Management Act
SCOPA	Standing Committee on Public Accounts
SITA	State Information Technology Agency
SMS	Senior Management Service

FINANCIAL AND FISCAL COMMISSION

OVERVIEW OF THE FFC

INDEPENDENT. IMPARTIAL. IN THE PUBLIC INTEREST.

ABOUT THE FFC

The FFC is an independent juristic entity subject only to the Constitution, Financial and Fiscal Commission Act 1997 (Act No 99 of 1997) and relevant legislative prescripts.

The Commission is an independent constitutional **institution** and makes recommendations to Parliament, provincial legislatures, organized local government and other organs of State on the equitable division of revenue among the three spheres of government and any other financial and fiscal matters in terms of the Constitution of the Republic of South Africa and as provided for in national legislation.

Through focused research, the Commission aims to provide proactive, expert and independent advice on promoting the intergovernmental fiscal relations system, using evidence-based policy analysis to ensure the realisation of constitutional values.

VISION

To provide influential recommendations for a just, equitable, efficient, and sustainable intergovernmental fiscal relations system.

The Commission reports directly to both Parliament and the provincial legislatures, who hold government institutions to account.

The Government must respond to the Commission's recommendations and the extent to which they will be implemented at the tabling of the annual National Budget in February.

OUR ROLE AND FUNCTIONS

The FFC performs its constitutional functions without fear, favour or prejudice.
Our core functions are to:

- **Review and make** recommendations on the division of revenue among the three spheres of government.
- **Review and make** recommendations on any other financial and fiscal matters referred to it.
- **Investigate** and advise on disputes in financial and fiscal matters referred to it.
- **Monitor and assess** the impact of national legislation on provincial and local government finances.
- **Carry out research** and make recommendations on matters relevant to its mandate.
- **Perform any other function assigned** by national **legislation.**

COMMISSION COMPOSITION

The Commission consists of women and men appointed by the President:

- Chairperson
- Deputy Chairperson
- Three representatives of provinces
- Two representatives of organized local government
- Two other persons

The Commission pledges its commitment to the betterment of South Africans in the execution of its duties.

OUR VALUES

INDEPENDENCE
We are autonomous and objective in our decision-making.

INTEGRITY
We act with honesty, ethics and strong moral principles.

TRANSPARENCY
We are open and accountable in all that we do.

ACCOUNTABILITY
We take responsibility and are answerable for our actions.

IMPACT
We strive to make a meaningful difference.

CHAIRPERSON'S FOREWORD

The 2025/26 financial year was a significant period of consolidation, institutional strengthening, and renewed focus for the Financial and Fiscal Commission. Having served as a commissioner throughout the reporting period and now assuming the role of Acting Chairperson, I am honoured to present this foreword and reflect on the Commission's achievements, challenges, and enduring commitment to strengthening South Africa's intergovernmental fiscal system.

Guided by Section 220 of the Constitution and the Public Finance Management Act, the Commission continued to fulfil its mandate with independence, integrity, and an unwavering commitment to fiscal equity. It remained a stabilising institution, providing analysis based on evidence, constitutional guidance, and credible recommendations to support sound fiscal decisions across all spheres of government.

A major achievement was the unqualified audit outcome, which reaffirmed the Commission's governance maturity and effective internal controls. The strategic appointments of the Chief Executive Officer and Chief Financial Officer strengthened operational systems, audit responsiveness, and financial management, contributing substantially to institutional stability.

The Commission's flagship Submission for the 2026/27 Division of Revenue advanced the theme "Sustainable Development Across the Three Fiscal Spheres". It identified climate change, infrastructure backlogs, and rapid urbanisation as structural pressures requiring coordinated fiscal reform over the long term. This work reinforces the Commission's position as a leading voice in intergovernmental fiscal policy and a guardian of fairness, transparency, and sustainability in the allocation of public resources.

I extend my appreciation to Dr Patience Nombeko Mbava, who served as Chairperson during the reporting period. Her leadership and commitment to strengthening the Commission's influence were instrumental in achieving the milestones presented in this Annual Report. The Commission is grateful for her contribution and the foundation she leaves behind.

As Acting Chairperson, I am committed to ensuring continuity, advancing the Commission's research excellence, and building institutional resilience. Together with my fellow Commissioners, management, and staff, we will continue to uphold the independence, transparency, and accountability central to the Commission's constitutional role.

The Financial and Fiscal Commission remains committed to equitable, efficient, and sustainable intergovernmental fiscal relations and to making a meaningful contribution to South Africa's development goals.

Malijeng Ngqaleni
Acting Chairperson
Financial and Fiscal Commission
31 August 2026

FINANCIAL AND FISCAL COMMISSION

MANDATE OF THE FFC

The Commission derives its mandate from Chapter 13 of the **Constitution of the Republic of South Africa Act No. 108 of 1996** as amended.

Our mandate is to promote cooperative governance and sound financial management in the public sector by providing an independent platform for consultation, research and advice on financial and fiscal matters among the three spheres of government.

The mandate of the Commission is enabled through the following legislation:

- **Intergovernmental Fiscal Relations** Act No. 97 of 1997 as amended
- **Financial and Fiscal Commission** Act No. 99 of 1997 as amended
- **Money Bills Amendment Procedures and Related Matters Act** No. 9 of 2009
- **Municipal Systems Act** No. 32 of 2000 as amended
- **Provincial Tax Regulation Process Act** No. 53 of 2001 as amended
- **Municipal Finance Management** Act No. 56 of 2003 as amended
- **Intergovernmental Relations Framework Act** No. 13 of 2005 as amended
- **Municipal Fiscal Powers and Functions Act** No. 12 of 2007

We strengthen cooperative governance and support fiscal sustainability for an equitable sharing of national revenue.

INDEPENDENCE | INTEGRITY | TRANSPARENCY | ACCOUNTABILITY

CHIEF EXECUTIVE OFFICER'S OVERVIEW

The 2025/2026 financial year was a period of both challenge and resilience for the Financial and Fiscal Commission. As a knowledge-driven institution whose work relies heavily on specialised expertise, our operational effectiveness is closely tied to the availability of skilled personnel. The Commission continued to experience underspending during the year, largely due to delays in filling critical vacant posts. Without a dedicated Human Resources unit, we relied on seconded personnel from partner institutions, many of whom lacked the specialised HR capacity required. In several instances, recruitment processes were further delayed by the unavailability of interview panel members. These constraints directly affected our ability to execute planned activities, as compensation of employees and subsistence and travel remain the primary cost drivers of our mandate.

The impact of vacancies extended beyond human resources. The absence of a Head of Supply Chain Management for most of the year resulted in reduced procurement activity and instances of non-compliance with SCM prescripts. This affected the implementation of the procurement plan and contributed to operational inefficiencies. The appointment of the Head of SCM at the end of the financial year brought much-needed stability, and the Commission is now better positioned to strengthen compliance, improve procurement planning, and ensure that all SCM processes are fully aligned with legislative requirements.

Despite these challenges, the Commission made meaningful progress in addressing prior-year audit findings. A comprehensive audit action plan was developed and rigorously monitored by the Audit and Risk Committee, with strong support from Internal Audit and management. This collaborative effort significantly improved internal controls and demonstrated the Commission's commitment to accountability and good governance.

Looking ahead, the Commission's foremost priority is the filling of vacant posts. Strengthening internal capacity, particularly in HR, SCM, and core research units, is essential to achieving our strategic objectives and improving financial performance. We will continue to refine our recruitment processes, enhance administrative systems, and invest in digital tools that support efficiency and transparency. The Commission will also request the rollover of funds to ensure that deferred activities can be completed in the upcoming financial year.

The Commission remains economically viable and committed to delivering high-quality fiscal advice to Parliament, provincial legislatures, and organised local government. Our mandate is central to the functioning of South Africa's intergovernmental fiscal system, and we will continue to uphold the principles of independence, evidence-based analysis, and public accountability.

I extend my sincere appreciation to the Commissioners for their leadership, to the staff for their dedication under difficult circumstances, and to our stakeholders for their continued support. Together, we will strengthen the institution, enhance our operational capacity, and ensure that the Commission continues to fulfil its constitutional role with integrity and excellence.

Thulani Duncan Ntuli

Chief Executive Officer
Financial and Fiscal Commission

31 August 2026

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

The Chief Executive Officer (CEO), as the Accounting Officer, carries overall responsibility for establishing, maintaining, and implementing a robust system of internal control. This system is designed to provide reasonable assurance regarding the integrity, reliability, and completeness of the Commission's performance information, human resources information, and annual financial statements. These controls support sound financial management, safeguard the Commission's assets, and ensure compliance with applicable legislation and reporting frameworks.

The Commissioners, as the Accounting Authority, are entrusted with the fiduciary governance of the Commission. Their oversight role includes ensuring that the organisation operates ethically, efficiently, and in accordance with its legislative mandate. To the best of my knowledge, I confirm that the information and financial amounts presented in this Annual Report are consistent with the audited financial statements issued by the Auditor-General of South Africa. The report has been prepared in line with the guidelines of the National Treasury, and it is, to the best of my understanding, complete, accurate, and free from material omissions.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements, including the application of appropriate accounting policies and the exercise of sound judgment and reasonable estimates. In fulfilling this responsibility, the Accounting Authority ensures that an effective internal control environment is maintained to uphold the integrity and reliability of the entity's performance, human resources, and financial information.

The Annual Financial Statements included in Part F of this report comply with the prescribed accounting standards for public entities. These statements have been subjected to an independent audit, and the external auditors have expressed their opinion on their fairness and compliance with the applicable reporting framework.

In my view, this Annual Report provides a true, fair, and comprehensive reflection of the public entity's operations, performance, human resources, and financial position for the financial year ended 31 March 2026.

Yours faithfully,

Thulani Duncan Ntuli

Chief Executive Officer
Financial and Fiscal Commission

31 August 2026

FINANCIAL AND FISCAL COMMISSION

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Heerengracht Street, Foreshore, Cape Town

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FINANCIAL
AND FISCAL
COMMISSION

**For an Equitable Sharing
of National Revenue**


FINANCIAL
AND FISCAL
COMMISSION
ANNUAL REPORT
2025 / 2026
PART A:
GENERAL
INFORMATION
Providing essential information.
Enhancing understanding.
Building transparency.
ABOUT THE COMMISSION
MANDATE & FUNCTIONS
STRATEGIC OVERVIEW
GOVERNANCE STRUCTURE
LEGAL FRAMEWORK
CONTACT INFORMATION

PART A: GENERAL INFORMATION

1. Constitutional and legislative mandate

Mandate and Legislative Framework

Constitutional Foundation

The Financial and Fiscal Commission (FFC) is an independent constitutional institution established in terms of Section 220 of the Constitution of the Republic of South Africa, 1996. As a key component of South Africa's intergovernmental fiscal architecture, the Commission is mandated to provide credible, evidence-based recommendations to Parliament, provincial legislatures, and organs of state on financial and fiscal matters. These recommendations support the equitable division of nationally raised revenue and strengthen fiscal governance across all spheres of government.

The constitutional mandate positions the FFC as a guardian of fairness, transparency, and sustainability in intergovernmental fiscal relations, ensuring that public resources are allocated and managed in a manner that advances national development priorities.

Legislative Mandate

The Commission's work is further guided and enabled by a comprehensive legislative framework that defines its functions, powers, and areas of influence. These Acts collectively ensure that the FFC's recommendations are integrated into the broader fiscal policy and budget processes of government.

Primary Enabling Legislation

- The Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997) provides the composition, functioning, and administration of the Commission, and outlines its advisory responsibilities.

Supporting Legislation

- Borrowing Powers of Provincial Governments Act, 1996 (Act No. 48 of 1996). Regulates provincial borrowing and requires the Commission's input on the fiscal implications of borrowing decisions.
- Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997). Establishes the consultative process for determining the equitable division of revenue and embeds the FFC's advisory role within this process.
- Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003). Strengthens municipal financial governance and requires the Commission's insights on local government fiscal frameworks and reforms.
- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) provides municipal planning and service delivery systems, with fiscal implications that fall within the Commission's advisory scope.
- Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009). Enables Parliament to amend Money Bills and requires consideration of FFC recommendations during the budget amendment process.
- Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007). Regulates municipal fiscal instruments and requires the Commission's guidance on the design and implementation of municipal taxes and charges.
- Provincial Tax Regulation Process Act, 2001 (Act No. 53 of 2001). Sets out the process for provinces to introduce taxes, with the Commission providing critical fiscal impact assessments.

Role in the Fiscal Landscape

Through this constitutional and legislative mandate, the FFC plays a central role in strengthening South Africa's intergovernmental fiscal system. The Commission's recommendations:

- Promote equity and fairness in the allocation of public resources
- Support fiscal sustainability and responsible financial management
- Enhance transparency and accountability in intergovernmental fiscal relations
- Inform national and provincial budget processes
- Contribute to improved service delivery and developmental outcomes

The FFC's work continues to be a vital component of South Africa's fiscal governance framework, ensuring that intergovernmental fiscal arrangements remain responsive to evolving socio-economic challenges.

2. Vision and Mission

OUR VISION

To provide influential recommendations for a just, equitable, efficient, and sustainable intergovernmental fiscal relations system.

OUR MISSION

To provide proactive, expert, and independent recommendations on promoting a just, sustainable, and equitable IGFR system, through evidence-based policy analysis to ensure the realisation of our Constitutional values.

3. Values

OUR VALUES

To enable the Commission to deliver on its mandate, it subscribes to the following values:

- **Professionalism**, which implies fairness and equal treatment, the free sharing of information, striving for quality, and time management.
- **Respect** for each other as colleagues and for the diversity of the workforce.

- **Empowerment** in employing policies to increase rather than stifle delegation, the tolerance of different views and ideas, and making resources available when required.
- **Trust,** which requires openness and transparency, humility, integrity, and honesty in all undertakings.
- **Teamwork,** which encourages cross-functional integration, voluntary mentorship and coaching, taking responsibility, and flexibility.
- **Innovation,** which allows intellectual space, provides systems to support innovation, and tolerates mistakes as opportunities for learning.

4. Outcomes, output indicators, targets, and actual achievements

In alignment with the 2025–2030 Strategic Plan, the Commission has adopted the following Impact Statement:

Impact Statement

"Strengthened financial and fiscal management through research and the formulation of evidence-based recommendations to policymakers."

This impact statement reflects the Commission's long-term aspiration to contribute meaningfully to South Africa's fiscal stability, equitable resource allocation, and sustainable public-sector performance. It underscores the Commission's constitutional mandate to provide independent, research-driven advice that enhances decision-making across all spheres of the government.

To give effect to this impact statement, the Commission has developed two strategic outcomes that guide its programmes, performance indicators, and annual targets:

Programme 1: Administration
Outcome 1: An Enhanced Institutional Effectiveness

This programme focuses on strengthening the Commission's internal capacity, governance system, and organisational performance environment. The aim is to ensure that the institution operates efficiently, complies with legislative requirements, and maintains the capability to deliver its constitutional mandate.

Programme 2: Research and Recommendations

Outcome 2: Evidence-Based Policymaking on Financial and Fiscal Matters

This programme delivers the Commission's core mandate: generating high-quality research and providing constitutionally mandated recommendations to Parliament, provincial legislatures, and local government. The programme ensures that fiscal policy decisions are informed by credible evidence, rigorous analysis, and sound financial principles.

5. Composition and organisational structure

Commission

In line with the Constitution and the Financial and Fiscal Commission Act, the Commission consists of nine Commissioners appointed by the President. These appointments follow legislatively prescribed consultative processes to ensure representation across spheres of government and to secure the appropriate expertise required for the Commission's mandate. The composition includes a full-time Chairperson, a part-time Deputy Chairperson, three Commissioners appointed after consultation with Premiers, two appointed after consultation with organised local government, and two additional Commissioners appointed at the President's discretion. Commissioners serve terms not exceeding five years, with the possibility of reappointment for one further term. Their remuneration, allowances, and benefits are determined by the President and published in the Government Gazette after consideration of recommendations from the Independent Commission for the Remuneration of Public Office Bearers and the National Assembly.

During the 2025/26 financial year, the Commission operated with a reduced complement of Commissioners. The Chairperson position was filled, while the Deputy Chairperson position remained vacant. Four Commissioners were in office, and the remaining positions were vacant. This reduced composition required strengthened internal coordination, increased reliance on the Commission's research and corporate support units, and enhanced oversight responsibilities for senior management to ensure continuity of operations.

Despite these constraints, the Commission maintained its governance standards and continued to fulfil its constitutional mandate, providing timely submissions to Parliament, provincial legislatures, organised local government, and the executive.

The Commission’s governance practices remained anchored in regular meetings, structured decision-making processes, robust internal controls, and adherence to the Public Finance Management Act and Treasury Regulations. Ethical leadership, performance monitoring, and active engagement with oversight bodies ensured that the Commission continued to operate with integrity and effectiveness. Through these measures, the Commission upheld its commitment to independence, transparency, and accountability, ensuring its advice remained credible and aligned with the state's developmental objectives.

Secretariat

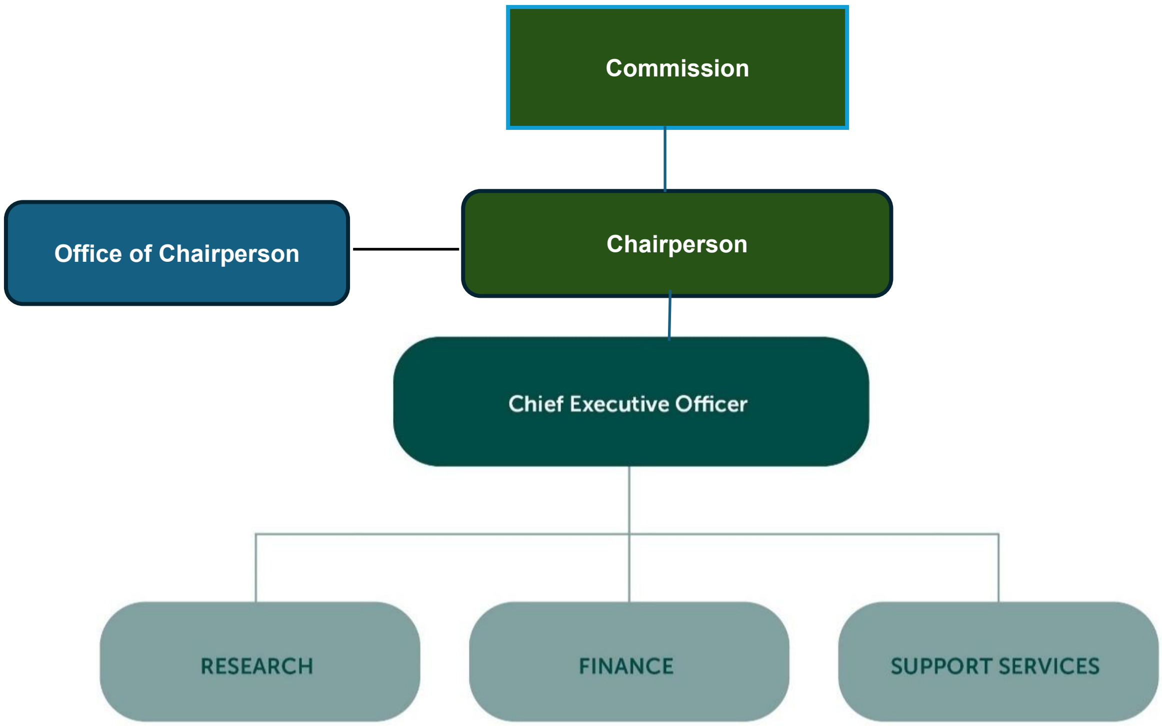
The Secretariat is the administrative and operational core of the Financial and Fiscal Commission. Led by the Chief Executive Officer, who also serves as Accounting Officer and Secretary to the Commission, the Secretariat ensures that the Commission fulfils its constitutional mandate effectively and in compliance with the Financial and Fiscal Commission Act and the PFMA. The CEO is supported by the Head of Research, the Chief Financial Officer, and the Head of Corporate Services, forming a leadership team responsible for research coordination, financial management, human resources, ICT, legal services, and organisational support.

During the reporting period, the Secretariat provided continuous support to Commissioners by coordinating research activities, facilitating stakeholder engagements, and ensuring timely delivery of statutory outputs.

Researchers operated both in the office and in the field, meeting stakeholders across all spheres of government and relying heavily on digital tools and mobile connectivity to conduct analysis and participate in virtual engagements. The Secretariat strengthened internal governance processes, improved financial controls, and enhanced ICT systems to support hybrid work and virtual Commission meetings.

The Secretariat also ensured compliance with PFMA requirements, maintained accurate records and documentation, and supported internal and external audit processes. Through its technical expertise, operational capability, and administrative stability, the Secretariat enabled the Commission to deliver credible, independent fiscal advice and maintain its reputation as a trusted institution within South Africa’s intergovernmental fiscal system.

Organogram


Commission
Office of Chairperson
Chairperson
Chief Executive Officer
RESEARCH
FINANCE
SUPPORT SERVICES

PART B: PERFORMANCE INFORMATION

The Commission's annual submission for the division of revenue, with recommendations

The Financial and Fiscal Commission (FFC) tables the Submission for the Division of Revenue in terms of section 214(1) of the Constitution of the Republic of South Africa, 1996 (as amended), section 3 of the Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997), section 9 of the Intergovernmental Fiscal Relations (IGFR) Act, 1997 (Act No. 97 of 1997) and section 4(c) of the Money Bills and Related Matters Act, 2009 (Act No. 9 of 2009) (as amended). The FFC is an independent, juristic constitutional institution that reports directly to Parliament and the provincial legislatures.

In terms of section 9 of the IGFR Act, ten months before the tabling of the Budget, the Financial and Fiscal Commission tabled its submission with recommendations for the 2026/27 Division of Revenue. The enduring triple challenge of poverty, unemployment, and inequality, now compounded by climate risks, infrastructure backlogs, and urbanisation pressures, necessitates a paradigm shift in how fiscal powers, functions, and funding are aligned. Against this backdrop, the 2026/27 Submission for the Division of Revenue by the Financial and Fiscal Commission foregrounds this imperative by adopting "**Sustainable Development Across the Three Fiscal Spheres**" as its central theme. This framing recognises that sustainable development is not merely an environmental objective, but a systemic goal that requires **intergovernmental** **fiscal resilience and institutional reform.** **coordination,**

An enduring principle underpinning the Commission's analysis is the necessity for fiscal design to respect the constitutional imperative that **finance must follow function.** This principle ensures that when functions are assigned to any sphere of government, such as infrastructure delivery, housing, or climate adaptation, the associated financing must be both adequate and predictable to enable implementation. Misalignment between assigned functions and allocated resources results in unfunded mandates, service delivery failures, and erosion of public trust. Across all chapters, whether in the context of coalition-governed municipalities, urbanising metros, or climate-responsive infrastructure, the mismatch between functional responsibilities and fiscal capacity emerges as a binding constraint. Upholding this principle is central to promoting equity, efficiency, and accountability in the use of public resources, and forms the foundation for effective cooperative governance and sustainable development.

Chapter 1 foregrounds climate change as a structural disruptor of fiscal sustainability. Through macroeconomic modelling, it demonstrates how sectoral shocks—particularly in agriculture—amplify national-level vulnerabilities via inter-sectoral feedback loops. These systemic risks threaten long-term growth and revenue mobilisation, ultimately constraining the fiscal space of all three government spheres. The chapter's core implication is that sustainable development is unattainable without integrating **climate resilience into fiscal frameworks,** including the design of grants and investment prioritisation. Moreover, local governments, which bear the brunt of disaster response, must be fiscally capacitated to adapt and respond to climate shocks—linking this analysis directly to Chapters 3 and 5 on subnational capacity and urban resilience.

Chapter 2 examines the bottlenecks inhibiting South Africa's use of Public-Private Partnerships (PPPs) in infrastructure delivery. The chapter highlights how a fragmented regulatory environment and weak institutional frameworks have stifled private sector participation. As infrastructure is a long-term public asset with multi-sphere implications, the Commission argues for a harmonised PPP framework supported by national guidelines and subnational implementation protocols. Crucially, this chapter reveals that sustainable development depends not only on the volume of infrastructure investment but also on the **fiscal efficiency and risk allocation mechanisms** embedded in project finance. The findings directly inform Chapter 3, where the focus shifts to implementation at the provincial and municipal level.

Chapter 3 builds on the national infrastructure discussion by zooming in on the implementation challenges facing subnational governments. Despite increased allocations, many provinces and municipalities struggle to translate capital budgets into developmental infrastructure due to weak planning, poor execution, and lack of performance incentives. The chapter proposes a Subnational Infrastructure Coordination Framework and performance-linked grant reforms to address these inefficiencies. The implication is clear: national-level infrastructure strategies (as discussed in Chapter 2) will fail without strengthening institutional coordination and accountability mechanisms at the point of delivery. This also links to Chapter 4, as the effectiveness of these reforms is conditioned by political stability and governance quality in municipalities.

Chapter 4 shifts the analytical lens to the political economy of local government, focusing on the rising prevalence of coalition-led municipalities. Through case studies, the Commission identifies the governance risks posed by unstable coalitions—such as disrupted budgeting processes, unplanned expenditure, and weak oversight. These dynamics compromise service delivery and erode public trust. The chapter's implications are far-reaching: **institutional sustainability** must be redefined to include political and administrative coherence. This is critical for effective infrastructure implementation (Chapter 3) and urban service delivery (Chapter 5). The findings point to an urgent need for national and provincial governments to provide **targeted support and oversight to politically fragile municipalities.**

Chapter 5 quantifies the fiscal impact of rapid urbanisation on metropolitan and secondary cities. While urban areas contribute significantly to GDP and service delivery improvements, they also face intensifying pressure-rising informal settlements, overstretched infrastructure, and soaring operational costs. The analysis finds that existing fiscal instruments, such as the local government equitable share, are **not responsive to the dynamic demands of urban growth.** The chapter proposes revising formula-based transfers and enabling municipalities to unlock new revenue sources, including land value capture and spatially linked tariffs. This chapter serves as a convergence point for the preceding analyses: it reflects the compounding effects of climate vulnerability (Chapter 1), infrastructure underperformance (Chapters 2 and 3), and coalition instability (Chapter 4), all of which are most acutely felt in urban areas.

The overarching narrative emerging from these chapters is that sustainable development can only be achieved through a **fiscally empowered, institutionally stable, and environmentally resilient intergovernmental system.** Each chapter highlights specific deficiencies—regulatory, fiscal, governance, or technical that undermine development efforts but also presents actionable recommendations that reinforce each other across spheres. A few cross-cutting implications stand out:

- **Fiscal frameworks must be future-proofed:** This includes integrating climate risk into fiscal planning and ensuring capital budgets reflect long-term infrastructure maintenance obligations.

- **Intergovernmental coordination must be deepened:** Particularly between National Treasury, sector departments, and local authorities, to enable alignment between macro strategies and local delivery.

- **Governance matters:** Fiscal sustainability is not only a budgetary issue but also a function of political stability and institutional coherence, particularly at local government level.

- **Performance-based funding is key**: All fiscal instruments must increasingly be linked to measurable developmental outcomes to incentivise results across the system.

Sustainable development across the three fiscal spheres is not a technocratic goal; it is a constitutional obligation. It requires synchronised reforms that strengthen climate resilience, infrastructure governance, urban fiscal capacity, and political accountability. The Financial and Fiscal Commission's recommendations for the 2026/27 Division of Revenue are intended to realise this vision by guiding the equitable, efficient, and developmentally oriented use of public resources. In doing so, the Commission affirms its mandate to safeguard the long-term financial and fiscal sustainability of South Africa's democracy.

Number of Policy Briefs published

Ten Policy Briefs were published on the FFC's website for the 2026/27 Submission for the Division of Revenue in the 2026/27 financial year, available at https://www.ffc.co.za/policy-brief-1

Number of Technical Reports published

One Technical Report was published on the FFC's website for the 2026/27 Submission for the Division of Revenue. The report is available at www.ffc.co.za/technical-report-1.

Submission on the Government's 2025 Medium-term Budget Policy Statement

The Submission on the Medium-term Budget Policy Statement is made to the relevant Standing and Select Committees on Finance and Appropriation around October/November every year in terms of Part 1(3) of the Financial and Fiscal Commission Act, and section 4(4c) of the Money Bills Amendment Procedure and Related Matters Act. The FFC's submission follows the Minister of Finance's presentation of the Medium-term Budget Policy Statement and provides the Commission's stance on the policy statement, which the FFC presents to Parliament.

The Commission tabled its Medium-term Budget Policy Statement submission at the Joint Meeting of Standing and Select Committees on Appropriations and Finance on the Revised Fiscal Framework, Division of Revenue Amendment Bill 2025/26, and Adjustments Appropriation Bill.

Submission on the Government's 2025 main budget: Submissions on the Appropriation and Division of Revenue Bills

Submissions on the 2025 main budget, in terms of the Appropriation and Division of Revenue Bills. The purpose of these Bills is to appropriate money from the National Revenue Fund for the requirements of the state for the 2025/26 financial year, and to provide for matters incidental thereto.

Quarter	Date of Engagement	Name of Stakeholder	Purpose
1	2025/04/02	Select Committee on Appropriations	To make oral and written submissions on the Division of Revenue Bill [B7 – 2025], the Appropriation Bill [B7 – 2025], and the Eskom Debt Relief Amendment Bill [B4 – 2025]. During the same meeting, the Committee will consult the South African Local Government Association (SALGA) on the Division of Revenue Bill [B7 – 2025].
1	2025-04-22	Portfolio Committee on Health	Brief the Committee on its analysis of the National Department of Health, Provincial Departments and entities (Health Sector) strategic plans, annual performance plans and budget for the 2025/26 financial year.
1	2025-05-15	Minister's consultation on the DoRB	IGFR Consultation on the Budget 3.0
1	2025-05-20	Education	Briefing by FFC on Funding Norms and Standards per Learner in South Africa (including funding disparities for learners across the country)
1	2025-05-27	Joint Committee on Budget	Following the revised date for the tabling of the 2025 Budget on 21 May 2025, the Standing Committee on Finance would like to invite FFC to brief them on the 2025 Budget. This will be a joint meeting with the Standing Committee on Appropriations and the Select Committees of Appropriations and Finance, respectively.
1	2025-06-03	Standing Committee on Appropriations	To comment on the 2025 Division of Revenue Bill; 2025 Appropriation Bill; Eskom Debt Relief Amendment Bill and the Public Sector Pension and Related Payments Bill.

1	2025-06-13	Parliament 20 Youth	Dr PN Mbava is hereby cordially invited to address the 2025 P20 Youth Parliament on the following subtheme: “The role of the Finance and Fiscal Commission in ensuring that Government’s medium-term budget commitments effectively make provision for the youth development agenda”
Quarter	**Date of Engagement**	**Name of Stakeholder**	**Purpose**
1	2025-06-18	Select Committee on Appropriations	The Committee hereby invites the Commission to make oral and written submissions on the Division of Revenue Bill [B15 – 2025], the Appropriation Bill [16 – 2025], and the Public Sector Pension and Related Payments Bill [B3 – 2025].
2	2025-07-02	Free State DoRB 2025	The Portfolio Committee on Public Accounts and Finance requests your office to come and brief the Committee on the Division of Revenue Bill
2	2025-07-09	The Portfolio Committee on Planning, Monitoring and Evaluation	The Portfolio Committee on Planning, Monitoring and Evaluation has been tasked to process the National State Enterprises Bill [B1-2024] and intends to hold oral presentation hearings based on the received public submissions
2	2025/08/13	National Council of Provinces	An invitation is hereby cordially extended to the Chairperson of the Finance and Fiscal Commission to deliver High-Level Remarks at the historic 2025 P20 Women’s Parliament, to address the session under the theme: Women’s Charter Perspective- “the role of the Finance and Fiscal Commission in ensuring that Government’s medium-term budget commitments effectively make provision for the women's development agenda
2	2025/08/18	Eastern Cape Provincial Legislature	The Eastern Cape Provincial Legislature hereby invites the FFC to brief the Legislature on the 2026/27 submission in a virtual house sitting scheduled for 18 August at 18h00.
2	2025/08/21	KwaZulu-Natal Provincial Legislature	To brief the full sitting of the KZN Legislature on the 21st of August 2025 during the morning session on the submission of recommendations for the 2026/2027 division of revenue for tabling.
2	2025/08/22	Western Cape Provincial Parliament	To meet with the Committee to brief and engage regarding the submission for the 2026/2027 Division of Revenue.
2	2025/08/26	South African Local Government Association	To meet with SALGA to brief and engage regarding the submission for the 2026/2027 Division of Revenue.

Quarter	Date of Engagement	Name of Stakeholder	Purpose
2	2025/09/02	Gauteng Provincial Legislature	To present on the Submission for the Division of Revenue for the 2026/27 Financial Year.
2	2025/09/03	Portfolio Committee on Higher Education	To present on: Overview of the post-school education and training (PSET) Medium-Term Expenditure Framework (MTEF) budget allocation versus the Medium-Term Development Plan (MTDP) priorities. Budget spending of the Department of Higher Education and Training (DHET) versus performance of the PSET sector, including surplus funds of the National Skills Fund (NSF) and sector education and training authorities (SETAs), and proposed recommendations.
2	2025/09/09	Portfolio Committee on Basic Education	Briefing by the Finance and Fiscal Commission (FFC) on: -Expenditure Patterns in respect of Infrastructure (ASIDI); -Expenditure Patterns in respect of Conditional Grants (e.g. MST); and -Equity in Education (including budget allocations to schools.
2	2025/09/09	Northwest Provincial Legislature	To receive a presentation from the Financial and Fiscal Commission regarding the submission for the 2026/27 Division of Revenue.
2	2025/09/10	Select Committee on Appropriations	To brief it on the division of revenue annual submission for 2026/27, which has been tabled in Parliament in terms of section 9(1) of the Intergovernmental Fiscal Relations Act No. 97 of 1997 [as amended].
2	2025/09/11	Mpumalanga Provincial Legislature	Briefing by Financial and Fiscal Commission (FFC) on Recommendations for the Division of Revenue for the 2026/27 Financial Year

2	2025/09/17	Committees, Oversight and Public Participation	To make a presentation to the Committee of the Chairperson of the National Assembly on the Submission for the Division of Revenue.
Quarter	**Date of Engagement**	**Name of Stakeholder**	**Purpose**
2	2025/09/19	North West Provincial Legislature	To brief the Provincial Speakers' Forum on the Submission for the Division of Revenue 2026/27
3	2025/10/02	G20 Parliamentary Speakers' Summit (P20)	To present on Ensuring Debt Sustainability for middle- and low-income countries.
3	2025/10/02	LOCAL GOVERNMENT INDABA, 2025	To speak on the opening panel for reviewing the last 25 years of local government and planning for the next 25 years.
3	2025/10/07	Portfolio Committee on Health	To brief the Committee on its analysis of the National Department of Health, Provincial Departments and entities (Health Sector) annual reports for the 2024/25 financial year.
3	2025/10/08	Standing Committee on Appropriations	Invitation to brief the Committee on the submission on the Division of Revenue for the 2026/27 Financial year
3	2025/10/23	North West Provincial Legislature	To make a presentation on the 2026/2027 Division of Revenue Recommendations to the Committee
3	2025/11/05	Select Committee on Appropriations	To brief the Committee on the Special Appropriation Bill [B22 – 2025].
3	2025/11/06	Forum of Federations	To participate in an upcoming conference titled "The Relevance of the Federal Idea in Times of Uncertainty – Forum of Federations 2025" to commemorate the twenty-fifth anniversary of the Forum of Federations (the Forum)
3	2025/11/11	Free State Legislature	To present on how the institution can edify its foresight and oversight role through thorough probing of budget proposals by the Executive.
3	2025/11/18	Joint Meeting of the Appropriations and Finance Committees	Briefing by the Financial and Fiscal Commission on the 2025 Medium-Term Budget Policy Statement

Quarter	Date of Engagement	Name of Stakeholder	Purpose
3	2025/11/19	Limpopo Legislature	To brief the Provincial Legislature on Division of Revenue 2026/27
3	2025/11/25	Standing Committee on Appropriations	To comment on the 2025 Division of Revenue Amendment Bill, 2025 Adjustment Appropriation Bill and the 2025 Special Appropriation Bill
3	2025/11/26	Select Committee on Appropriations	Briefing on the division of revenue amendment bill [b28 – 2025] and the adjustments appropriation bill [b27 – 2025]
3	2025/12/03	Portfolio Committee on Land Reform and Rural Development	Invitation to brief the portfolio committee on land reform and rural development on the expenditure trends and funding for land reform and rural development
3	2025/12/05	Free State Legislature	To brief the portfolio committee on the division of revenue amendment bill (b28 – 2025)
4	2026/02/10	National Council of Provinces	Training Programme Theme: "Building an Effective and Empowered Parliament, through Sustained Members Training and Capacity Building"
4	2026/02/10	Gauteng Provincial Legislature	The Oversight Committee on the Office of the Premier and the Legislature (OCPOL) is presently engaged in the review of the third quarter performance reports for the Office of the Premier and the Gauteng Provincial Legislature for the 2025/26 Financial Year.
4	2026/02/12	Gauteng Provincial Legislature	Request for presentation on the Gauteng Provincial Adjustments Appropriation Bill (G005 -2025)
4	2026/02/23	Minister's consultation on the DoRB	Ministerial IGFR Consultation with the Financial and Fiscal Commission
4	2026/03/03	Joint Committee on Budget by Standing Committee on Finance	Standing Committee on Finance would like to invite the FFC to brief them on the 2026 Budget

Quarter	Date of Engagement	Name of Stakeholder	Purpose
4	2026/03/03	Western Cape Provincial Parliament	Invitation to participate in the WCPP Committee strategic planning workshop
4	2026/03/06	Standing Committee on Appropriations	Invitation to brief the Standing Committee on Appropriations on the 2026 Division of Revenue Bill and the 2026 Special Appropriation Bill.
4	2026/03/24	South African Human Rights Commission.	Indaba/Dialogue on Realising Socio-economic Rights Through Pro-Poor Human Rights Budgeting
4	2026/03/24	Select Committee on Appropriations	Invitation to brief the Select Committee on Appropriations on the 2026 Division of Revenue Bill and the 2026 Special Appropriation Bill.

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2026

The Chief Executive Officer (CEO), as the Accounting Officer, carries overall responsibility for establishing, maintaining, and implementing a robust system of internal control. This system is designed to provide reasonable assurance regarding the integrity, reliability, and completeness of the Commission’s performance information, human resources information, and annual financial statements. These controls support sound financial management, safeguard the Commission’s assets, and ensure compliance with applicable legislation and reporting frameworks.

The Commissioners, as the Accounting Authority, are entrusted with the fiduciary governance of the Commission. Their role in oversight includes ensuring that the organization operates ethically, efficiently, and in accordance with its legislative mandate. To the best of my knowledge, I confirm that the information and financial amounts presented in this Annual Report are consistent with the audited financial statements issued by the Auditor-General of South Africa. The report has been prepared in line with the guidelines of the National Treasury, and it is, to the best of my understanding, complete, accurate, and free from material omissions.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements, including the application of appropriate accounting policies and the exercise of sound judgment and reasonable estimates. In fulfilling this responsibility, the Accounting Authority ensures that an effective internal control environment is maintained to uphold the integrity and reliability of the entity's performance, human resources, and financial information.

The Annual Financial Statements included in Part F of this report comply with the prescribed accounting standards for public entities. These statements have been subjected to an independent audit, and the external auditors have expressed their opinion on their fairness and compliance with the applicable reporting framework.

In my view, this Annual Report provides a true, fair, and comprehensive reflection of the public entity's operations, performance, human resources, and financial position for the financial year ended 31 March 2026.

Thulani Duncan Ntuli

Chief Executive Officer
Financial and Fiscal Commission

31 August 2026

5. Performance against predetermined objectives for the 2025/26 financial year

Achieved		Not Achieved		
Outcome 1	**An enhanced institutional effectiveness**			
The outputs, output indicators and planned targets below contributed to achieving the outcome as stated in the strategic plan and annual performance plan being reported				
20252026				
Output	**Output Indicator**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target**
Average time taken to fill vacancies monitored through quarterly management reports	Number of reports produced on vacancies filled	4	**4**	
A stable and secure ICT environment in terms of software and hardware that is monitored through quarterly management reports	Number of ICT Quarterly Reports produced	4	**4**	
Audit opinion by the Auditor-General of South Africa	Audit opinion obtained	Clean Audit	**Clean audit**	
Monitoring of compliance universe through quarterly management reports	Number of reports on Monitoring and evaluation of compliance universe	4	**4**	
Number of risk monitoring reports	Number of risk monitoring reports produced	4	**4**	
Efficient procurement processes through quarterly management reports	Number of procurement management reports	4	**4**	
Dissemination of Commission Recommendations and promoting awareness on financial and fiscal matters	Number of reports tabled to the Commission after dissemination	2	**2**	

Outcome 2	Evidence-based informed policymaking on financial and fiscal matters in terms of the constitution: to provide recommendations to Parliament, provincial legislature, and local government determined by national legislation			
The outputs, output indicators and planned targets below contributed to achieving the outcome as stated in the strategic plan and annual performance plan being reported				
20252026				
Output	**Output Indicator**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target**
Annual Submissions for the Division of Revenue with Recommendations tabled	Number of Annual Submissions for the Division of Revenue with recommendations tabled	1	1	
Research Working Paper regarding the Annual Submission published on the FFC website	Number of Research Working Papers regarding the Annual Submission published on the FFC website	1	1	
Policy Briefs published on the FFC website	Number of Policy Briefs published on the FFC website	>=10	10	
Submission on the Medium-Term Budget Policy Statement submitted to Parliament	Number of submissions on the Medium-Term Budget Policy Statement submitted to Parliament	1	1	
Submission on the Division of Revenue Bill submitted to Parliament	Number of submissions on the Division of Revenue Bill submitted to Parliament	1	1	
Submission on the Appropriation Bill submitted to Parliament	Number of submissions on the Appropriation Bill submitted to Parliament	1	1	
Research engagements and recommendations advocacy	Total number of research engagements and recommendations advocacy	20	45	

Key Performance Highlights 2025/2026

Strategic Engagement

The 2025/2026 financial year marked an exceptional period of strategic engagement for the Financial and Fiscal Commission, demonstrating our renewed commitment to constitutional mandate fulfilment through comprehensive stakeholder collaboration and expert advisory services. Our extensive engagement calendar reflected the Commission's pivotal role in South Africa's fiscal governance landscape, with 45 strategic engagements across national, provincial, and international platforms.

Contribution to Parliamentary Oversight

The Commission demonstrated exceptional parliamentary engagement throughout the year, providing critical expertise during South Africa's budget processes. Our comprehensive briefings to both Standing and Select Committees on Appropriations on the 2026/27 Division of Revenue and the 2025 Medium Term Budget Policy Statement positioned the FFC as an indispensable partner in fiscal policy formulation.

The Commission's analytical contributions to the 2025 Division of Revenue Amendment Bill, 2025 Adjustments Appropriation Bill, and 2025 Special Appropriation Bill showcased our technical expertise in real-time fiscal policy development. Our strategic presentation on the revised Fiscal Framework during the joint meeting of the Standing and Select Committees on Appropriations and Finance reinforced our position as the authoritative voice on intergovernmental fiscal relations.


ANNUAL REPORT
2025 / 2026
PART C:
CORPORATE
GOVERNANCE
Upholding integrity.
Promoting accountability. Delivering trust.
FINANCIAL AND FISCAL COMMISSION
For an Equitable Sharing of National Revenue
INDEPENDENCE
INTEGRITY
TRANSPARENCY
ACCOUNTABILITY
IMPACT

PART C: CORPORATE GOVERNANCE

Commission

1. Dr Patience Nombeko Mbava - Chairperson (17 Aug 2021 to 16 Aug 2026)

Dr Patience Mbava is a leading expert in fiscal governance, public policy, and economic development. Under her leadership, the Financial and Fiscal Commission has strengthened its role as a premier thought leader in South Africa's intergovernmental fiscal system. She holds a PhD in Public and Development Management and an MBA from Stellenbosch University, as well as a BA in Economics from Smith College (USA). With over 20 years of strategic experience across public and private sectors, she also serves on the Council for Medical Schemes, advises the UNDP on evaluation, and is a Brand Ambassador for the Stellenbosch Business School Alumni Association Future Fund. Her career includes senior roles at the Technology Innovation Agency, South African National Space Agency, Sasol Oil, Chevron South Africa, and BP Southern Africa reflecting her versatility and strategic acumen across diverse organisational contexts.

2. Prof Lourens Jacobus Erasmus - (1 Apr 2019–31 Mar 2024) and (18 Sep 2024–17 Sep 2029)

Prof Erasmus is a Professor of Financial Governance at Unisa and a National Research Foundation-rated researcher. He holds advanced qualifications in Cost and Management Accounting and Government Finance; all obtained cum laude. His work focuses on public sector financial governance and internal auditing, with numerous national and international publications. He is Editor-in-Chief of the *Southern African Journal of Accountability and Auditing Research* and Associate Editor of the *South African Journal of Accounting Research*. He chairs key committees in government auditing and research ethics and leads major engaged scholarship projects, including RACSA, PSA and CAPIA. He is a member of CIGFARO, SAAA, and REASA.

3. Prof Trevor Fowler - (1 Apr 2019–31 Mar 2024) and (26 Nov 2024–25 Nov 2029)

Prof Fowler is a Visiting Adjunct Professor at the Wits School of Governance and former Interim CEO of Alexkor SOC. A civil engineer with nearly 50 years' experience, he has worked across engineering, project management, governance, and national administration. He previously served as City Manager of Johannesburg, Executive Director at Murray & Roberts, COO in the Presidency, Advisor to the Gauteng Premier, and Speaker of the Gauteng Legislature. His leadership spans major national institutions, including the DBSA and Health Systems Trust. Before 1994, he contributed to CODESA negotiations and lectured at Wits' Faculty of Engineering.

4. Ms Masefateng Dorcas (Khomotso) Letsatsi (26 Nov 2024 to 25 Nov 2029)

Ms Letsatsi is a seasoned public finance and development specialist with over 26 years' experience. She currently leads the Lanseria Smart City PMO at the Gauteng Growth and Development Agency, driving smart city strategy, SEZ development, and bulk infrastructure financing. Her previous roles include Senior Municipal Finance Expert at the UN Capital Development Fund and Chief Officer for Municipal Finance, Fiscal Policy and Economic Growth at SALGA. At the City of Johannesburg, she served as Group Treasurer and pioneered South Africa's first municipal commercial paper and listed Green Bond, earning a C40 Climate Leadership Award. She has advised multiple institutions on municipal investment finance and held governance roles at Coca-Cola Beverages SA, ACTSA, and the Sekhukhune Development Agency.

5. Ms Malijeng Ngqaleni - (18 Sep 2024 to 17 Sep 2029)

Ms Ngqaleni is an expert in intergovernmental fiscal relations, infrastructure delivery, and public sector reform. She holds an MSc in Agricultural Economics and a BA in Economics, complemented by leadership and facilitation certifications. Her career includes eight years in academia and nearly two decades in senior leadership at National Treasury, where she led reforms across provincial and local government budgets as Head of Intergovernmental Relations. She has extensive experience in multi-stakeholder collaboration, urban transformation, and infrastructure financing. She currently serves on the 1998 Local Government White Paper Review team and is a Commissioner of the Financial and Fiscal Commission.

6. Commission meetings and attendance

Commissioner meetings are the apex decision-making forum of the Financial and Fiscal Commission. They are chaired by the Chairperson and convened at least four times a year, as required by the enabling legislation. These meetings provide strategic direction, consider key fiscal policy matters, and approve the Commission's recommendations to Parliament, provincial legislatures, and organised local government. The table below reflects the number of meetings held and Commissioner attendance for the 2025/26 financial year.

Name of member	Commission meeting attendance and dates					
	29 April 2025	21 May 2025	28 May 2025	29 July 2025	28 Oct 2025	27 Jan 2026
Dr Patience Nombeko Mbava	✓	✓	✓	✓	✓	✓
Prof Lourens Erasmus	✓	✓	✓	✓	✓	✓
Prof Trevor Fowler	✓	✓	✓	✓	✓	✓
Ms. Masefateng Dorcas Letsatsi	✓	✓	✓	✓	✓	✓
Ms Malijeng Ngqaleni	✓	✓	✓	✓	✓	✓
Key: ✓ = Attended; A = Apology						

7. Committees

The Commission may establish committees to support the execution of its mandate, enabling more focused oversight and strengthening institutional governance. These committees enhance the Commission's ability to fulfil its legislative responsibilities by providing specialised guidance on key functional areas. The Audit and Risk Committee, established in terms of the Public Finance Management Act (PFMA), is a mandatory governance structure responsible for oversight of financial management, internal controls, compliance, and risk assurance. In addition, the Commission has constituted a Research Working Group to drive the quality, relevance, and rigour of its research outputs and to support the effective achievement of its strategic outcomes. Each committee operates under formally approved terms of reference, which are reviewed regularly to ensure alignment with legislative requirements, best practice, and the evolving needs of the Commission.

7.1 Audit and Risk Committee

The Audit and Risk Committee functions as an independent oversight body, fully aligned with the PFMA and applicable legislative requirements. Its Chairperson is an independent member appointed by the CEO, acting as Accounting Officer, in accordance with Treasury Regulations. All committee members meet the required competency standards and are free of conflicts of interest, ensuring objectivity and integrity in the Committee's work. The Committee plays a central role in supporting the Commission to maintain an effective, efficient, and transparent system of internal control, critical for achieving the Commission's strategic outcomes and delivering credible fiscal advice. Its responsibilities include overseeing the quality and integrity of financial statements, monitoring the Commission's public disclosures, assessing the scope and effectiveness of the external audit, and evaluating the strength of internal controls and the internal audit function.

The Committee operates under an approved charter, and its meetings are attended by the CEO, executive management, the Auditor-General, and internal auditors. This inclusive participation ensures robust oversight, transparency, and informed decision-making. The Committee relies on the assurance provided by both internal and external audit to determine the effectiveness of the Commission's internal control environment.

7.2 Research Working Group

The Research Programme gives effect to the Commission's strategic direction by ensuring that its research is rigorous, coherent, and aligned with the institution's mandate. High-quality, evidence-based research is central to producing credible fiscal recommendations, but its impact depends on how well policy insights are communicated to stakeholders and integrated into their decision-making processes. Effective dissemination, stakeholder engagement, and systematic follow-up on the implementation of recommendations are therefore essential components of the programme's work.

To support this, the Commission has established a Research Working Group, which provides oversight and strategic guidance across the research value chain. The Group meets four times a year, or more frequently when required, and monitors research plans, outputs, and the use of external expertise. It also plays a critical role in shaping the policy influence of the Commission's recommendations, ensuring that research is not only technically sound but also responsive to the needs of government and other stakeholders.

The table below indicates the composition of the Research Working Group, the frequency of meetings, and attendance during 2025/26.

Name of member				
	24 July 2025	16 Sept 2025	11 Dec 2025	19 Feb 2026
Dr Patience Nombeko Mbava	✓	✓	A	✓
Prof Lourens Erasmus	✓	✓	✓	✓
Prof Trevor Fowler	✓	A	✓	A
Ms Masefateng Dorcas Letsatsi	✓	A	✓	A
Ms Malijeng Ngqaleni	✓	✓	A	✓
Key: ✓ = Attended; A = Apology				

7.3. Compliance with legislation

As Executive Authority, the Chairperson provides overarching strategic leadership and governance oversight, ensuring that the Commission fulfils its constitutional and legislative mandate. The CEO, as Accounting Officer, carries ultimate responsibility for institutional performance, financial management, and compliance with the PFMA and Treasury Regulations. Within the organisation, executive managers are accountable for ensuring regulatory and policy compliance in their respective operational divisions, embedding sound governance practices throughout the Commission's day-to-day work.

7.4 Risk management

Risk management is a core component of the Commission's ability to deliver on its mandate effectively and efficiently. The Commission identifies and manages both strategic risks linked to the outcomes in its Strategic Plan and operational risks arising from its day-to-day activities. A comprehensive risk register is maintained and regularly reviewed to ensure that existing risks are properly managed and that new or emerging risks are identified early.

Risk reports are submitted to the Audit and Risk Committee, which provides structured oversight of the risk management process. Internal auditors use the risk register as the basis for planning risk-based audits, ensuring that assurance activities are aligned with the Commission's most significant risks. The Audit and Risk Committee monitors the implementation of risk management systematically and consistently.

Overall, risk management is embedded across all levels of the organisation, from planning to execution, and from oversight to control, supporting sound governance, informed decision-making, and the achievement of the Commission's strategic and operational objectives.

7.5 Fraud and corruption prevention

All staff members share a responsibility to report any knowledge or suspicion of fraud, corruption, or unethical conduct. These obligations are reinforced through ongoing compliance and risk reporting processes, which help ensure that concerns are identified, escalated, and addressed promptly. The Commission has strengthened its fraud prevention posture, particularly in light of ongoing forensic investigations. This includes intensifying fraud awareness initiatives, reinforcing prevention measures, and reviewing and tightening internal controls. Together, these efforts support a culture of integrity and accountability and help safeguard the Commission's operations against fraud and corruption.

7.6 Health, safety and environmental issues

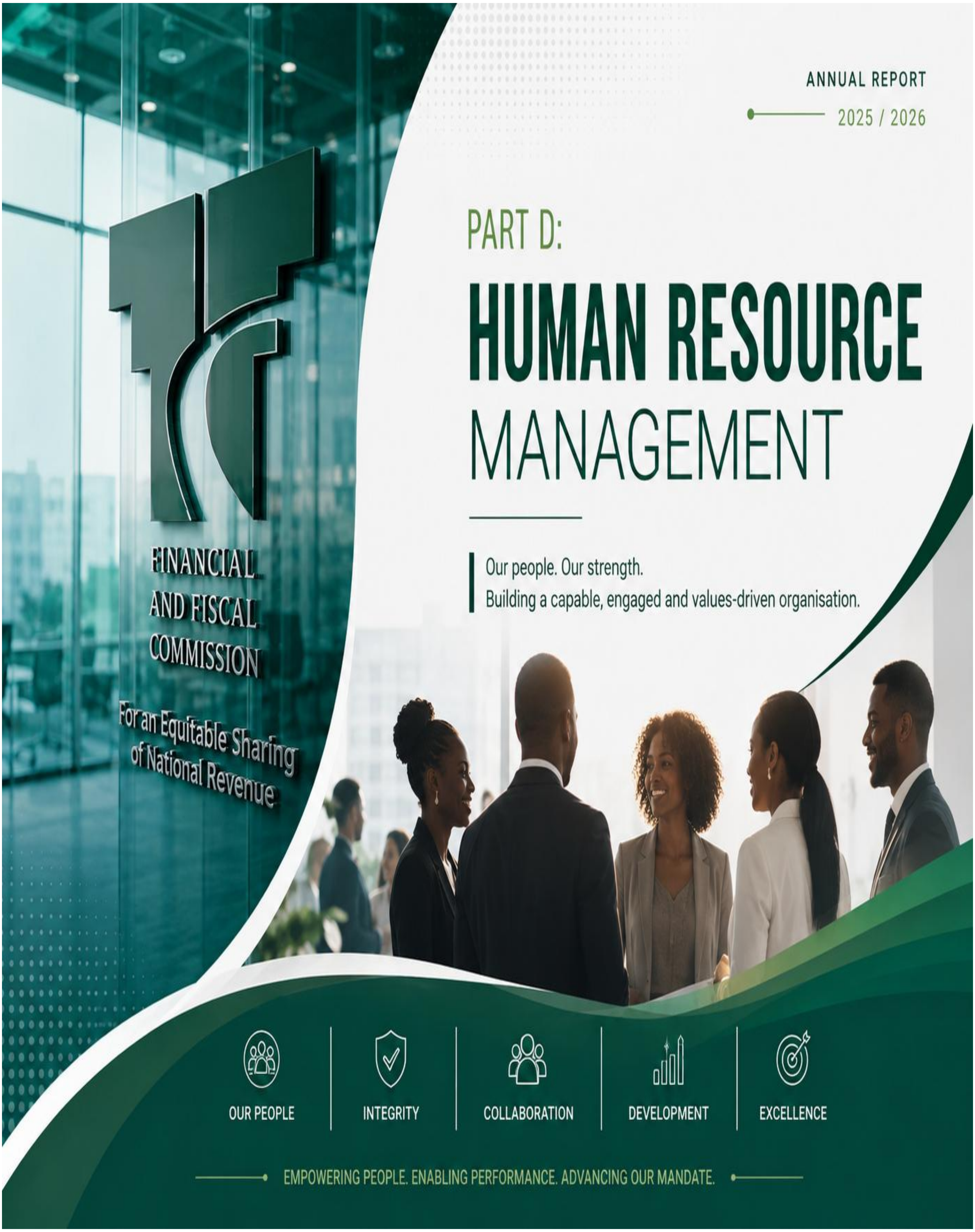
The Commission is committed to providing a safe, healthy and environmentally responsible workplace for all employees and visitors. In line with the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993), it takes all reasonably practicable measures to safeguard the wellbeing of individuals on its premises and to ensure that the working environment supports productivity and compliance. The Commission continuously monitors health, safety and environmental conditions and maintains the necessary controls to prevent incidents. No material health, safety or environmental concerns were reported during the year, reflecting the effectiveness of these measures.

7.7 B-BBEE compliance performance information

The table below has been compiled in line with the broad-based black economic empowerment (B-BBEE) requirements set out in the B-BBEE Act of 2013 and the associated Codes of Good Practice issued by the Department of Trade, Industry and Competition. It reflects the Commission's compliance status and reporting obligations for the 2024/25 financial year.

Has the Financial and Fiscal Commission applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1–8) about the following:

Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licenses, concessions or other authorisation in respect of economic activity in terms of any law?	**No**	This is not applicable to the FFC.
Developing and implementing a preferential procurement policy?	**No**	The FFC implements the Preferential Procurement Policy developed by National Treasury while its policy is under development.
Determining qualification criteria for the sale of state-owned enterprises?	**No**	This is not applicable to the FFC.
Developing criteria for entering partnerships with the private sector?	**No**	This is not applicable to the FFC.
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	**No**	This is not applicable to the FFC.


ANNUAL REPORT
2025 / 2026
PART D:
HUMAN RESOURCE
MANAGEMENT
Our people. Our strength.
Building a capable, engaged and values-driven organisation.
FINANCIAL
AND FISCAL
COMMISSION
For an Equitable Sharing
of National Revenue
OUR PEOPLE
INTEGRITY
COLLABORATION
DEVELOPMENT
EXCELLENCE
EMPOWERING PEOPLE. ENABLING PERFORMANCE. ADVANCING OUR MANDATE.

PART D: HUMAN RESOURCES MANAGEMENT

This section indicates the workforce profile in terms of the total number of people on the staff establishment, inclusive of fixed-term contract employees. The vacant positions are shown as of 31 March 2026. The Commission undertook a vigorous human resources turnaround strategy to ensure an efficient and effective workforce.

1. Personnel expenditure

The personnel expenditure table provides an overview of the Commission's personnel cost composition by salary level for the year ending 31 March 2026.

1.1. Personnel costs by salary band

Salary levels	Personnel expenditure (R)	Percentage of total personnel cost	Average personnel cost per employee (R)
Salary levels 1–2	0	0	0
Salary levels 3–5	0	0	0
Salary levels 6–8	89,954.00	0.4%	22,488.50
Salary levels 9–12	13,258,997.90	61.24%	1,657,374.69
Salary levels 13	1,261,948.54	5.82%	1,261,948.54
Salary levels 14–15	7,037,942.20	32.51%	1,759,485.55

2. Employment Changes

Salary levels	Total Headcount 31 March 2025	Vacant Positions 31 March 2025	Total Headcount 31 March 2026	Vacant Positions 31 March 2026
Salary levels 1–2	0	0	0	0
Salary levels 3–5	0	0	0	0
Salary levels 6–8	2	0	0	0
Salary levels 9–12	6	29	8	30
Salary levels 13	5	2	1	2
Salary levels 14–15	5	1	4	1
Total	**18**	**33**	**13**	**36**

2.1 Appointments and Terminations

Salary Levels	Appointments	Terminations	Total staff headcount 2026
Salary levels 1–2	0	0	0
Salary levels 3–5	0	0	0
Salary levels 6–8	0	4	0
Salary levels 9–12	3	5	8
Salary levels 13	0	0	1
Salary levels 14–15	0	0	4
Total	**3**	**0**	**13**

2.2 Employment and vacancies by programme

The following table indicates the employment and vacancy trends by programme as at 31 March 2026:

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate (%)	Number of employees additional to the establishment
Research	32	8	75%	0
Administration	14	4	71%	0
Office of the Chairperson	5	1	80%	0
Total	**51**	**13**	**75%**	**0**

2.3 Senior Management Service (SMS) posts

The following table shows the filling of posts defined as SMS in the public service as at 31 March 2026:

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	Percentage of SMS posts filled (%)	Total number of SMS posts vacant	Percentage of SMS posts vacant (%)
Salary level 15	1	1	100	0	0
Salary level 14	4	4	100	0	0
Salary level 13	8	5	62.5	3	38
Total	**13**	**10**	**76.9**	**3**	**38**

The following table shows the advertising and filling of SMS posts for the period 1 April 2025 to 31 March 2026.

1. Three posts were filled in the 2025/2026 financial year; for the others, the process is still underway

Level	Advertising	Filling of posts
	Number of vacancies per level advertised	Number of vacancies per level filled
Salary level 14	0	0
Salary level 13	0	0
Salary level 12	1	1
Salary level 11	1	1
Salary level 10	4	0
Salary level 9	1	1
Salary level 8	0	0
Salary level 7	0	0
Salary level 6	0	0
Salary level 5	0	0
Salary level 4	0	0
Salary level 3	0	0
Salary level 2	0	0
Salary level 1	0	0
Total	**7**	**3**

Staff terminations

Termination type	Number
Resignation	2
Retirement	0
Contract expiry	4
Dismissal	0
Retrenchments	0
Mutual termination	3
Total	**9**

3. Headcount

The table below shows the Commission's headcount classification per occupational level as of 31 March 2026. The headcount includes employees appointed permanently and on fixed-term contracts. Analysis shows that, in terms of gender, females account for 46.15% and males for 53.84% of the Commission's headcount. The distribution of race is African 61.54%, Coloured 15.38%, Indian 7.69%, Asian 7.69%, and white 7.69%.

Occupational bands	Male					Female					Total
	African	Asian	Coloured	Indian	White	African	Asian	Coloured	Indian	White	
Executive management	2	1	0	0	0	0	0	0	1	0	4
Senior management	0	0	0	0	0	0	0	2	0	0	2
Professionally qualified and experienced specialists and mid-management	4	0	0	0	0	1	0	0	0	1	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	0	0	1	0	0	0	0	0
Semi-skilled and discretionary decision-making	0	0	0	0	0	0	0	0	0	0	0

Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
Persons who have declared disabilities	0	0	0	0	0	0	0	0	0	0	0
Total	6	1	0	0	0	2	0	2	1	1	13

4. Disability leave (temporary and permanent)

Employee wellness information is always shared with employees. Such information helps them to adopt and maintain healthy behaviors and lifestyles. Healthy behaviors lead to lower health risks, and lower health risks lead to fewer chronic diseases. As a result, the Commission recorded no temporary disability leave during 2025/2026.

5. Labour relations trends

5.1 Grievances lodged

No formal grievance was lodged during 2025/26.

5.2 Dismissal

No employees were dismissed by the Commission during the year ended 31 March 2026.

6. Injury on duty

During the 2025/2026 financial year, the Commission recorded no injury-on-duty (IOD) cases. This achievement is attributable to the Commission's ongoing implementation of appropriate preventative and precautionary measures aimed at mitigating occupational health and safety risks and ensuring a safe, healthy and conducive working environment.

The Commission remained committed to promoting and maintaining high standards of occupational health and safety and continued to implement measures in accordance with the requirements of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) and its applicable Regulations. These measures contributed to the prevention of workplace injuries and supported the Commission's commitment to safeguarding the health, safety, and well-being of its employees.

ANNUAL REPORT

2025 / 2026

PART E:

PFMA COMPLIANCE REPORT

Ensuring compliance.
Strengthening accountability.
Promoting good governance.

LEGAL COMPLIANCE | REGULATORY COMPLIANCE | POLICIES & PROCESS OVERSIGHT | RISK MANAGEMENT & CONTROL | ACCOUNTABILITY & TRANSPARENCY

PART E: PFMA COMPLIANCE REPORT

1. Irregular, fruitless and wasteful expenditure and material losses

1.1. Irregular expenditure

Reconciliation of irregular expenditure

Description	2025/26	2024/25
	R	R
Opening balance	**18 543 131**	**18 543 131**
Add: Irregular expenditure confirmed	10 040	29 165
Less: Irregular expenditure condoned	18 543 131	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**39 205**	**18 572 296**

The irregular expenditure relates to non-compliance with Treasury procurement requirements; the matter remains under investigation. The related contract was cancelled during the year, and the prior-year amount was restated to reflect the same case.

Reconciling notes to the annual financial statement disclosure

Description	2025/26	2024/25
	R	R
Irregular expenditure that was under assessment in 2023/24	-	-
Irregular expenditure that relates to 2023/24 and identified in 2024/25	-	-
Irregular expenditure for the current year	10 040	29 165
Total	**10 040**	**29 165**

Details of current and previous year's irregular expenditure (under-assessment, determination and investigation)

Description[1]	2025/26	2024/25
	R	R
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	10 040	29 165
Total[2]	**10 040**	**29 165**

Details of current and previous year's irregular expenditure condoned

Description	2025/26	2024/25
	R	R
Irregular expenditure condoned	18 543 131	-
Total	**18 543 131**	**-**

Details of current and previous year's irregular expenditure written off

Description	2025/26	2024/25
	R	R
Irregular expenditure written off	-	-
Total	**-**	**-**

Details of current and previous-year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken

[1]. Group similar items

[2] Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

2. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2025/26	2024/25
	R	R
Opening balance	**3 752 669**	**3 632 744**
Add: Fruitless and wasteful expenditure confirmed	454 816	119 925
Less: Fruitless and wasteful expenditure written off	3 632 744	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	**574 741**	**3 752 669**

Fruitless and wasteful expenditure was identified and remained under investigation as at 31 March 2026.

Reconciling notes to the annual financial statements

Description	2025/26	2024/25
	R	R
Fruitless and wasteful expenditure that was under assessment in 2024/25	-	-
Fruitless and wasteful expenditure that relates to 2024/25 and identified in 2025/26	-	-
Fruitless and wasteful expenditure for the current year	454 816	119 925
Total	**454 816**	**119 925**

Details of current and previous-year fruitless and wasteful expenditure (under assessment, determination and investigation)

Description	2025/26	2024/25
	R	R
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	454 816	119 925
Total	**454 816**	**119 925**

Investigations into fruitless and wasteful expenditure incurred by the Commission in prior financial years had not been concluded by the end of the financial year.

Details of current and previous-year fruitless and wasteful expenditure recovered

Description	2025/26	2024/25
	R	R
Fruitless and wasteful expenditure recovered	-	-
Total	**-**	**-**

Details of current and previous-year fruitless and wasteful expenditure written off

Description	2025/26	2024/25
	R	R
Fruitless and wasteful expenditure written off	3 632 744	-
Total	**3 632 744**	**-**

Details of current and previous-year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken

3. Additional disclosure relating to material losses in terms of the PFMA section 40(3)(b)(i) and (iii)

The Commission did not incur any material losses in the year under review or in any previous years.

3.1 Late and/or non-payment of suppliers

Description	Number of invoices	onsolidated value (R)
Valid invoices received	450	25 914 573
Invoices paid within 30 days or agreed period	450	25 914 573
Invoices paid after 30 days or agreed period	0	-
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	-

Instances of material non-compliance for expenditure management have been resolved in the current financial year due to an improved control environment in the payment of creditors within 30 days. This has contributed to the improvement in the audit opinion.

4. Supply chain management

4.1 Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract (R)
Total				

4.2 Contract variations and expansions

Project description	Name of supplier	Contract Modification type (variation or expansion)	Contract number	Original Contract Value (R)	Value of current contract variation or expansion
Internal Audit Services	Nikilitha Consulting	Variation	FFC/01/BID/2022/23	R 3,223,180.88 (Rate-based)	R 243,346.57
Procurement of Cape Town Accommodation for Rental	Tribugenix (Pty) Ltd	Variation	FFC/02/BID/2022/23	R 21,299,531.00	R 637,616.01 (For a period of 24 months)
Leasing of Printers	Konika Minolta SA	Variation	RFQ220103	R304,583.18	R39 907.32
Total					**R 920,869.90**

4.3 Irregular, fruitless and wasteful expenditure

Type of expenditure	On contracts entered into prior to 2025/26	On contracts entered into in 2025/26	Total
Irregular	39 205	0	39 205
Fruitless and wasteful	574 741	0	574 741

ANNUAL REPORT

2025 / 2026

PART F:

FINANCIAL INFORMATION

Transparent reporting.
Sound financial management.
Accountable stewardship.

TRANSPARENCY | INTEGRITY | ACCOUNTABILITY | SOUND FINANCIAL MANAGEMENT | PUBLIC VALUE

PART F: FINANCIAL INFORMATION

1. STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

The Accounting Officer is responsible for the preparation of financial statements that fairly present the financial position, performance and cash flows for the financial period under review and for the related information contained in the annual report. For the Accounting Officer to discharge these responsibilities in terms of the PFMA and other applicable legislation, the Commission has an established system of internal controls.

The Commission maintained and improved its maintenance of accounting records and an effective system of internal controls and risk management and complied in all material respects with applicable laws and regulations, except as reported by the Auditor-General. While operating risk cannot be fully eliminated, the Commission endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. Monitoring of these controls includes regular review of the Commission's operations by the Accounting Officer and independent oversight by the Audit and Risk Committee.

The Commission prepared the annual financial statements presented in pages 68 to 101 using Standards of Generally Recognised Accounting Practice (GRAP). Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been used consistently. The external auditors are responsible for reporting on whether the financial statements are fairly presented. Their report is presented on pages 60 to 67.

The Commission is financially dependent on a transfer payment from the nationally appropriated funds. On the basis that the transfer payment has been listed in the Estimates of National Expenditure, the Commission believes that it will continue to be a going concern in the year ahead. For this reason, the Commission prepared the annual financial statements on a going-concern basis. As the Accounting Officer, I have approved the annual financial statements for the year ended 31 March 2026, which were signed.

Thulani Duncan Ntuli
Chief Executive Officer
Financial and Fiscal Commission
31 August 2026

2. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2026. The Committee was appointed by the Accounting Officer for a three-year term and performs its duties in accordance with the PFMA (Section 38 (1)(a).

Part 1: Audit Committee Reflections

This report is presented in terms of section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended), read with Treasury Regulation 3.1.13. The Audit and Risk Committee (ARC) is established in accordance with section 38(1)(a)(ii) of the PFMA. Its mandate is to provide oversight of governance, internal control, financial management, performance reporting, risk management, compliance with laws and regulations, and ethics.

- **Audit Committee Responsibilities:**

The Audit Committee reports that it:

- Has complied with its responsibilities arising from the Public Finance Management Act and Treasury Regulation 3.1.8 – 3.1.16.
- Has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.
- Recognises its duty to serve the public interest and confirms that it has diligently upheld this critical responsibility.
- Has functioned without hindrance, limitations or threats to its independence throughout the reporting period.
- Has internalised the relevant requirements of the Global Internal Audit Standards™ in its work and has aligned both the Internal Audit and Audit Committee Charters.
- Confirms that it has applied professional scepticism in the execution of its duties, critically evaluating information placed before it, requested additional information

when necessary, and continuously assessed whether internal audit, management and other providers of assurance maintained high ethical and professional standards.

Part 2: Audit Committee Composition and Meeting Attendance

The audit committee consists of four (4) external members in total. The committee is properly constituted, with a balanced representation of independent members with a diverse and appropriate mix of qualifications, expertise, and experience. The committee convened five (5) times during the year, with four (4) being ordinary meetings and the remainder being a special meeting.

Member	Designation		Number of meetings attended
Ms Seipati Boulton	Chairperson	External	6
Ms Karen Muthen	Member	External	5
Mr. Rotenda Takalani	Member	External	5
Dr Mvuleni Bukula	Member up to 31 March 2026	External	2

Part 3: Audit Committee Focus Areas

The following were reviewed during the year under review:

Effectiveness of the internal control systems

The Committee, based on internal audit findings and engagements with management, is satisfied that internal controls at the Commission were effective and adequate for preparing the 2025-26 Annual Financial Statements. However, certain areas that have been identified for improvement are being addressed by management and will continue to be monitored over the next financial year. These include filling critical vacancies to improve management oversight and segregation of duties, procurement controls, contract management, and the timely investigation of irregular expenditure.

Effectiveness of the Internal Audit Function

The Committee ensures that the outsourced Internal Audit function remains independent and sufficiently resourced. The Internal Audit Charter, the Annual Plan, and the three-year rolling risk-based internal audit plan were reviewed and approved.

Internal Audit provided satisfactory assurance regarding the adequacy and effectiveness of internal controls, identifying areas of improvement and recommending corrective measures to management and the Committee, which were substantially adopted. Audit coverage over the financial year included the areas of Asset Management; Information and Communication Technology Management; Research; Human Resources Management; Stakeholder Management; Marketing and Communication; Performance Information; Budget Management; Organisational Planning; SCM Processes, Financial reporting, Management Accounts, Regulations and Compliance; and Follow-up audits on the findings issued by the AGSA and Internal Audit for the 2024-25 financial year. Prior year audit findings were 87% and 82% complete, respectively, at year-end.

The audit of Governance Processes was not completed by year-end, and the Committee will maintain robust oversight to ensure the completion of this audit and the close-out of outstanding prior-year audit findings. These audit findings relate mainly to the completeness of SCM registers, payments within 30 days, underspending on the budget, and the review of finance and human resource policies.

Effectiveness of Risk Management

Risk management is integral to good governance at the Commission. A shared understanding of strategic and operational risk categories, emerging risks, tolerance levels, and potential impact exists across departments and at a broader organisation level. Detailed risk registers have been developed by management to monitor and manage these risks. The Audit Committee provides oversight of the risk management process and recommends appropriate strategies and mitigation measures to the Commission.

Adequacy, reliability, and accuracy of financial and performance information

Throughout the reporting period, management submitted quarterly performance and financial reports to the Committee, which enabled the effective monitoring of the financial position and performance against planned objectives. The Committee is satisfied with the quality and reliability of these reports and is pleased with the high-performance achievement rate against the targets set for the strategic objectives.

Adequacy and effectiveness of Information and Communication Technology (ICT) Governance

During the financial year, the Commission's ICT infrastructure and services were maintained primarily through support services provided by the State Information Technology Agency (SITA) and engaging external technical support teams. These measures ensured continuous operation, security compliance, and alignment with organizational IT strategies, while also facilitating the timely resolution of potential technical issues and system updates through end-user support, server administration, and incident management. ICT governance was further strengthened through the appointment of an ICT Steering Committee during the fourth quarter. The Audit Committee continuously monitored management's oversight of significant ICT risks and the mitigation measures adopted, and will provide oversight on the development and review of the business continuity management framework and ICT policies over the next year.

Accounting and auditing concerns identified as a result of internal and external audits

The Audit Committee has secured commitments from management to improve oversight over financial processes, procurement and contract management, and the implementation of improved record management systems for financial and compliance purposes. Additionally, a robust recruitment plan is being implemented to fill critical vacancies, so as to strengthen processing, compliance controls and management reviews, and to establish greater segregation of duties.

Compliance with legal and regulatory provisions

The Commission's Compliance Strategy focuses not only on legislative compliance but also on the development of internal capacity and policy frameworks to ensure institutional resilience and ethical governance. Over the next financial year, the Committee will oversee the strengthening of Human Resource capacity and development of Supply Chain Management and Finance policies to ensure that compliance deficiencies noted in the year under review are addressed.

Evaluation of the annual financial statements

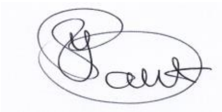
The Committee reviewed the Annual Financial Statements for the year ended 31 March 2026 and confirmed that they were prepared in accordance with GRAP standards (Generally Recognised Accounting Practice) and complied with PFMA requirements in all respects.

Auditor-General's Report

The Committee congratulates the Commission for the achievement of a clean audit opinion, with no material findings, which is an improvement from the previous year.

- We have reviewed the public entity's implementation plan for audit issues raised in the prior year, and we are satisfied that the matters have been adequately resolved except for the following:
-
  - Completeness of SCM Registers
  - Budget underspend.

- The Audit Committee concurs with and accepts the conclusions of the Auditor-General on the annual financial statements and recommends that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



(Full Name of Chairperson)

Chairperson of the Audit Committee

Financial and Fiscal Commission

(Date) 31 August 2026

3. Analysis of financial statements

The Commission improved its internal control environment and implemented its Audit Improvement Plan in the current financial year. This resulted in the achievement of an unqualified audit opinion with no findings (clean audit). This outcome is an improvement from the previous year's audit outcome.

3.1 Revenue

The Commission received its funding from non-exchange and exchange transactions.

3.1.1 Revenue received from exchange transactions

The Commission received interest of R 1 820 088 (2025: R 1 690 024) on its positive bank balance.

3.1.2 Revenue received from non-exchange transactions

The total appropriation from National Treasury for the Commission for the year ending 31 March 2026 was R62 966 000 (2025: R60 266 000), representing a 4.0% increase in revenue. The increase in funding is attributable to the baseline allocation provided by the National Treasury to state institutions over the Medium-Term Expenditure Framework (MTEF) period. The additional funding received from the National Treasury was utilized exclusively to support the operations of the Commission and to ensure the effective execution of its mandate.

3.2 Expenses

Operating expenditure increased slightly from R 62 673 966 (2025) to R 66 112 319 (2026), representing an increase of 5% from the previous financial year. The main fluctuations in operating expenditure were derived from the following:

- An expense relating to the surrender of surplus amounting to R 15 508 883 (2025: R 11 680 376) was recognised in the current financial year in accordance with National Treasury Instruction Note 12 of 2020/21. In terms of the Instruction Note, the Commission is required to surrender any surplus funds that it does not intend to retain for the funding of commitments or other approved expenditure.

- Employee costs decreased from R 23 917 057 (2025) to R 21 647 804 (2026), representing a 9% decrease from the previous year. The decrease in employee-related costs during the reporting period was mainly due to several vacancies within the Finance Unit, which remained unfilled for a significant portion of the financial year. The vacancies, together with the resignation of certain staff members, resulted in lower staffing levels and reduced expenditure on salaries and related employee costs.

- Other consulting and professional fees increased significantly from R 732 498 in 2025 to R 2 632 206 in 2026. The increase was mainly due to expenditure incurred on accounting services and the skills audit conducted during the year. Although expenditure in this category increased significantly, the services provided contributed to improvements in the preparation and compilation of the Commission’s annual financial statements. These improvements strengthened the quality of the financial statements and contributed to the improved audit opinion received by the Commission in the current financial year.

- IT expenditure increased from R 401 539 in 2025 to R 873 276 in 2026, mainly due to the increased provision of ICT support services by the State Information Technology Agency (SITA).

- Other operating expenditure increased by 7% during the year, rising from R 26,106,472 in 2025 to R 28,053,292 in 2026. Significant cost savings were achieved in travel expenses, which decreased by 35% during the financial year, from R 2 272 282 in 2025 to R 1 488 177 in 2026. This reduction was due to the Commission conducting stakeholder engagements using virtual platforms. Internal audit costs significantly increased during the year, from R 732 498 in 2025 to R 2 632 206 in 2026. The increase was mainly due to more internal audit work being undertaken during the year, including additional reviews to strengthen the Commission's internal controls, risk management and governance processes.

3.3 Assets

Current assets increased by 8%, from R 29 391 465 in the previous year to R 31 651 466 in the current year. The increase was mainly due to an increase in cash and cash equivalents during the year. Current assets also include prepayments for operating expenses, which decreased from R 1 589 486 in the previous year to R 938 798 in the current year.

Non-current assets decreased by 17% during the year. The decrease was mainly due to the derecognition of certain property, plant and equipment assets and the derecognition of the intangible asset, BPM for Sage. The carrying value of existing assets was also affected by depreciation and amortization during the year. No new assets were acquired during the current financial year.

3.4 Liabilities

Current liabilities increased by 11%, from R 27 738 904 in the previous year to R 30 712 669 in the current year. The balance includes a provision for leave pay amounting to R 953 987 (2024: R1 016 482). Payables from non-exchange transactions mainly relate to the 2024/25 surplus that the Commission is required to surrender to the National Revenue Fund in accordance with National Treasury requirements. This amount was settled after the 2025/26 financial year-end. Payables from exchange transactions relate to outstanding supplier balances at year-end, which increased to R 1 617 516, compared to R 1 013 600 in the previous year.

3.5 Disclosures

3.5.1 Commitments

There were no capital commitments recorded by the Commission during the current financial year.

3.5.2 Related party disclosures

Related parties of the Commission are all involved in arm's-length transactions governed by legislative or contractual commitments entered into in compliance with relevant regulations.

3.5.3 Irregular, fruitless and wasteful expenditure

There is a decrease in irregular, fruitless, and wasteful expenditure due to internal controls put in place. Irregular expenditure incurred relates to contracts entered into in previous financial years:

Type of expenditure	2026	2025
Irregular	R39 205	R29 165
Fruitless and wasteful	R574 741	R119 925
Closing Balance	**R613 946**	**R149 090**

All previous and current cases of irregular expenditure and fruitless and wasteful expenditure were still under investigation as at the reporting date.

3.6 Major event expenditure

During the period under review, the Commission did not incur any expenditure relating to major events that were not aligned with its mandate.

3.7 Constraints

As a knowledge-driven organization, the Commission recognizes that its employees are central to achieving its objectives. During the year under review, the Commission continued to focus on strengthening its research programme to enhance its capacity to provide credible, evidence-based policy advice and improve its use of empirical data. However, recruiting individuals with the specialized research and technical skills required remains challenging due to the limited availability of suitable expertise. Attracting, developing, and retaining skilled and competent employees therefore remains an important priority for the Commission.

3.8 Corporate governance arrangements

3.8.1 Internal audit function

The Commission continued to utilize its internal audit function to support the strengthening of its internal control environment.

3.8.2 Risk management

Management continued to strengthen the Commission's risk management practices by reviewing and updating its Risk Management Strategy and ensuring that risk management remains integrated into the Commission’s Day-to-day activities.

Risk Management processes and procedures were maintained in line with the public sector Risk Management Framework, supported by independent risk reviews. The Commission also updated its risk profile, which continues to be monitored regularly by the relevant internal governance structures.

3.9 New activities

Apart from requests received from stakeholders in accordance with section 3 of the Financial and Fiscal Commission Act, 1997, no new activities were undertaken by the Commission during the reporting period.

3.10 Asset Management

In terms of section 38(1)(b) of the PFMA, the Accounting Officer is responsible for the effective, efficient, economical and transparent use of its resources.

The Commission continued to strengthen its asset management processes during the current financial year through the regular administration and maintenance of the asset register. Assets were verified, appropriately tagged and recorded to ensure that the asset register remained accurate and complete. During the year, certain property, plant and equipment (PPE) assets, as well as the intangible asset relating to BPM for Sage, were derecognised. These measures supported the accurate recording and accounting for the Commission's assets in the annual financial statements.

3.11 Performance information

Divisional heads report to the CEO on a regular basis on progress against their functional delivery commitments and measurable outputs, as outlined in the Commission's current Strategic Plan.

3.12 Standing Committee on Public Accounts (SCOPA)

No SCOPA resolutions relating to the Commission were issued during the 2025/26 financial year.

3.13 Surplus and reserves

During the 2025/26 financial year, the Commission utilized its approved accumulated surplus to support operational requirements. The Commission has reviewed its financial position and budget requirements and will seek approval to retain only the portion of the surplus required to meet existing contractual commitments in the forthcoming financial year.

3.14 Budget

The Commission submitted its budget to National Treasury in accordance with the requirements of the PFMA. The budget for the 2025/26 financial year was balanced, with no projected surplus or deficit.

3.15 Executive Authority

The Commission's Executive Authority is its chairperson in terms of the Treasury Regulations to the PFMA.

Name	Position	Period served during the 2025/26 financial year
Dr N Mbava	Chairperson	1 April 2025 to 31 March 2026

3.16 Approval

As the Accounting Officer, I have approved the annual financial statements set out on pages 68 to 101.

Thulani Duncan Ntuli

Chief Executive Officer
Financial and Fiscal Commission

31 August 2026

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL AND FISCAL COMMISSION

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Financial and Fiscal Commission (constitutional institution) as set out on pages 4 to 33, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Financial and Fiscal Commission as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the constitutional institution in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter - Provision for surrender of surplus

6. As disclosed in note 12 to the financial statements, the constitutional institution has disclosed a provision for surrendering a surplus of R15,5 million (2024-25: 11,7 million).

7. My opinion is not modified in respect of this matter.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP as issued by the Accounting Standards Board of South Africa and the requirements of the PFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting officer is responsible for assessing the constitutional institution's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the constitutional institution or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 6, forms part of my auditor's report.

Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

13. I selected the following material performance indicators related to the research and recommendations programme presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the constitutional institution's performance on its primary mandated functions and that are of significant national, community or public interest.

    - The annual submissions for the division of revenue with recommendations tabled
    - Research working paper regarding the annual submission published on the FFC website
    - Number of policy briefs published on the FFC website
    - Submission on the medium-term budget policy statement submitted to Parliament

- Submission on the Division of Revenue Bill submitted to Parliament
- Submission on the Appropriation Bill submitted to Parliament
- Total number of research engagements and recommendations advocacy

14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the constitutional institution's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the constitutional institution's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the constitutional institution's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievement.

Material misstatements

20. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the research and recommendations programme. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the constitutional institution's compliance with legislation.

22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the constitutional institution, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

24. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

25. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

26. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town

30 July 2026

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the constitutional institution's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the constitutional institution's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the constitutional institution to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a constitutional institution to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Selected legislation and regulations	Sections or regulations
Public Finance Management Act 1 of 1999	Section 38(1)(b); 38(1)(c)(ii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 40(1)(a); 40(1)(b); 40(1)(c)(i); 44; 45(b)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 12.5.1; 15.10.1.2(c); 16A3.2; 16A 3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A 6.4; 16A 6.5; 16A6.6; 16A7.1; 16A7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; 19.8.4
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2(1)(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Financial and Fiscal Commission
Annual Financial Statements for the year ended 31 March 2026

General Information

Country of incorporation and domicile	South Africa
Registered office	11th Floor 33 on Heerengracht Foreshore Cape Town 8001
Bankers	Nedbank Limited
Auditors	Auditor General of South Africa Registered Auditors
Members of the Commission	Dr. Patience Nombeko Mbava (Chairperson) Prof. Lourens Erasmus Ms. Malijeng Ngqaleni Prof. Trevor Fowler Ms. Masafateng Dorcas Letsatsi Mr. Michael Sachs (terminated 25/05/2025) Ms. Elizabeth Cornelia Rockman (terminated 25/05/2025) Mr. Sikhumbuzo Eric Kholwane (terminated 25/05/2025)
Chief Executive Officer	Mr. Thulani Ntuli
Chief Financial Officer	Mr. Mavuso Vokwana

Financial and Fiscal Commission

Annual Financial Statements for the year ended 31 March 2026

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The reports and statements set out below comprise the annual financial statements presented to the parliament:

Abbreviations used:

SARB	South African Reserve Bank
GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act
IAS	International Accounting Standards
SCM	Supply Chain Management
AFS	Annual Financial Statements
BPM	Business Process Management
UIF	Unemployment Insurance Fund

Statement of Responsibilities of the Accounting Officer

The Accounting Officer is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the Commission as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Commission and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Commission sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Commission and all employees are required to maintain the highest ethical standards in ensuring the Commission's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Commission is on identifying, assessing, managing and monitoring all known forms of risk across the Commission. While operating risk cannot be fully eliminated, the Commission endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the Commission's cash flow forecast for the next twelve months period to 31 March 2027 and, in the light of this review and the current financial position, he is satisfied that the Commission has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Commission is wholly dependent on the National Treasury for continued funding of operations. The annual financial statements are prepared on the basis that the Commission is a going concern and that the Commission has neither the intention nor the need to liquidate or curtail materially the scale of the Commission.

The annual financial statements set out on pages 4 to 31, which have been prepared on the going concern basis, were approved by the Commission and were signed on its behalf by:

Mr. Thulani Ntuli
Chief Executive Officer

Statement of Financial Position as at 31 March 2026

Figures in Rand	Note(s)	2026	2025 Restated*
Assets			
Current Assets			
Prepayments	7	938 798	1 589 486
Accrued income	9	7 584	8 668
Cash and cash equivalents	10	30 705 084	27 793 311
		31 651 466	**29 391 465**
Non-Current Assets			
Property, plant and equipment	2	853 319	986 684
Intangible assets	3	190 065	352 171
Prepayments	7	-	134 197
Deposit	8	1 041 218	1 041 218
		2 084 602	**2 514 270**
Total Assets		**33 736 068**	**31 905 735**
Liabilities			
Current Liabilities			
Finance lease obligation	11	97 277	16 421
Operating lease liability	4	749 252	393 767
Payables from exchange transactions	5	1 695 140	1 418 232
Payables from non-exchange transactions	6	11 680 376	13 185 872
Provisions	12	16 490 624	12 724 612
		30 712 669	**27 738 904**
Non-Current Liabilities			
Finance lease obligation	11	166 381	-
Total Liabilities		**30 879 050**	**27 738 904**
Net Assets		**2 857 022**	**4 166 834**
Accumulated surplus		2 857 022	4 166 834
Total Net Assets		**2 857 022**	**4 166 834**

* See Note 25

AUDITOR-GENERAL SOUTH AFRICA
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M.Velem - 30 July 2026

Financial and Fiscal Commission
Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Performance

Figures in Rand	Note(s)	2026	2025 Restated*
Revenue			
Revenue from exchange transactions			
Other income	13	16 421	-
Interest received	14	1 820 088	1 690 024
Total revenue from exchange transactions		**1 836 509**	**1 690 024**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	17	62 966 000	60 266 000
Total revenue		**64 802 509**	**61 956 024**
Expenditure			
Employee Costs	18	(21 647 804)	(23 917 057)
Depreciation and amortisation	19	(424 107)	(816 328)
Finance costs and penalties	20	(295 556)	(122 662)
Loss on derecognition of assets	16	(182 677)	(31 071)
Surrender of surpluses	15	(15 508 883)	(11 680 376)
General Expenses	21	(28 053 292)	(26 106 472)
Total expenditure		**(66 112 319)**	**(62 673 966)**
Surplus (deficit) for the year		**(1 309 810)**	**(717 942)**

* See Note 25

AUDITOR-GENERAL SOUTH AFRICA
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M.Velem - 30 July 2026

Financial and Fiscal Commission
Annual Financial Statements for the year ended 31 March 2026

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	4 704 365	4 704 365
Correction of errors - Note 25	5 818	5 818
Balance at 01 April 2024 as restated*	**4 710 183**	**4 710 183**
Directly to equity	174 593	174 593
	4 884 776	**4 884 776**
Deficit (as previously stated)	(584 171)	(584 171)
Correction of errors - Note 25	(133 771)	(133 771)
Deficit for the year	(717 942)	(717 942)
Restated* Balance at 01 April 2025	**4 166 832**	**4 166 832**
Surplus for the year	(1 309 810)	(1 309 810)
Balance at 31 March 2026	**2 857 022**	**2 857 022**

* See Note 25

Financial and Fiscal Commission

Annual Financial Statements for the year ended 31 March 2026

Cash Flow Statement

Figures in Rand	Note(s)	2026	2025 Restated*
Cash flows from operating activities			
Receipts			
Grants		62 966 000	60 266 000
Interest income		1 821 172	1 691 108
Deposits		-	76 235
		64 787 172	62 033 343
Payments			
Employee costs		(21 710 299)	(23 725 079)
Suppliers		(26 636 018)	(26 798 103)
Finance costs and penalties		(295 556)	(122 662)
Other payments: Refunds to Treasury		(13 185 872)	-
		(61 827 745)	(50 645 844)
Net cash flows from operating activities	22	**2 959 427**	**11 387 499**
Cash flows from investing activities			
Cash flows from financing activities			
Finance lease payments		(47 654)	(64 433)
Net increase/(decrease) in cash and cash equivalents		**2 911 773**	**11 323 066**
Cash and cash equivalents at the beginning of the year		27 793 311	16 470 245
Cash and cash equivalents at the end of the year	10	**30 705 084**	**27 793 311**

The accounting policies on pages 9 to 17 and the notes on pages 18 to 33 form an integral part of the annual financial statements.

* See Note 25

AUDITOR-GENERAL SOUTH AFRICA
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M.Velem - 30 July 2026

Financial and Fiscal Commission

Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	**-**	16 421	**16 421**	
Interest received - investment	1 780 000	-	**1 780 000**	1 820 088	**40 088**	30
Total revenue from exchange transactions	**1 780 000**	**-**	**1 780 000**	**1 836 509**	**56 509**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	62 966 000	-	**62 966 000**	62 966 000	**-**	30
Total revenue	**64 746 000**	**-**	**64 746 000**	**64 802 509**	**56 509**	
Expenditure						
Employee Costs	(32 816 000)	-	**(32 816 000)**	(21 647 804)	**11 168 196**	30
Depreciation and amortisation	(412 000)	-	**(412 000)**	(424 107)	**(12 107)**	30
Finance costs and penalties	-	-	**-**	(295 556)	**(295 556)**	
General Expenses	(31 518 000)	-	**(31 518 000)**	(28 053 292)	**3 464 708**	30
Total expenditure	**(64 746 000)**	**-**	**(64 746 000)**	**(50 420 759)**	**14 325 241**	
Operating surplus	**-**	**-**	**-**	**14 381 750**	**14 381 750**	
Loss on assets de-recognised	-	-	**-**	(182 677)	**(182 677)**	
Surrender of surpluses	-	-	**-**	(15 508 883)	**(15 508 883)**	
	-	**-**	**-**	**(15 691 560)**	**(15 691 560)**	
Deficit	**-**	**-**	**-**	**(1 309 810)**	**(1 309 810)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(1 309 810)**	**(1 309 810)**	

Significant Accounting Policies

Figures in Rand	Note(s)	2026	2025

1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Commission.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the commission will continue to operate as a going concern for at least the next twelve months.

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Useful lives of assets

The entity's management determines the estimated useful lives and related depreciation charges for the assets of the Commission. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Significant Accounting Policies

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the supply of services, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the commission; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Artwork is not depreciated. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	10 years
Office equipment	Straight-line	10 years
Computer equipment	Straight-line	5 years
Finance lease asset	Straight-line	Over the period of lease

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the commission. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The commission assesses at each reporting date whether there is any indication that the commission expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the commission revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the commission or from other rights and obligations.

1.7 Intangible assets (continued)

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the commission; and
- the cost or fair value of the asset can be measured reliably.

The commission assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	10 years

The entity discloses relevant information relating to assets under development, in the notes to the financial statements (see note 3).

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

1.8 Financial instruments (continued)

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by the Commission in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Recognition

The Commission recognises a financial asset or a financial liability in its statement of financial position when the Commission becomes a party to the contractual provisions of the instrument.

The Commission measures a financial asset or financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

Financial assets

Receivables from exchange transactions

Receivables from exchange transactions are categorised as loans and receivables and consists of prepaid expenses. These are initially measured at fair value, and subsequently measured at amortised cost being the initially recognised amount, plus any interest accrued, less any repayments, less any impairments.

Receivables from non-exchange transactions

Receivables from non-exchange transactions are categorised as staff debtors. These are initially measured at fair value, and subsequently measured at amortised cost being the initially recognised amount, plus any interest accrued, less any repayments, less any impairments.

Financial liability

Payables from exchange

Payables from exchange transactions are initially measured at fair value and subsequently measured at amortised cost. The Commission's trade and other payables relate to amounts owed to suppliers and third party creditors.

Payables from non-exchange

Payables from non-exchange transactions are initially and subsequently measured at the exact amount specified by the Treasury instruction on accumulation, retention and surrender surpluses.

1.9 Tax

Income tax

The Commission is exempt from the income tax in terms of Section 10 of the Income Tax Act (Act No.58 of 1962).

Significant Accounting Policies

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

1.12 Impairment

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

When the carrying amount of a non-cash generating asset exceeds its recoverable service amount, it is impaired.

The Commission assesses at each reporting date whether there is an indication that a non-cash generating asset may be impaired. If such indication exists, the Commission estimates the recoverable service amount of the asset.

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss the depreciation (amortisation) charge for the non-cash generating assets is the revised carrying amount, less its residual value (if any) on a systematic basis over its remaining useful life.

1.13 Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Significant Accounting Policies

1.14 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either:
(a) an Commission's decision to terminate an employee's employment before the normal retirement date; or
(b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

1.15 Provisions and contingencies

Provisions are recognised when:
- the Commission has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Commission settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

No obligation arises as a consequence of the sale or transfer of an operation until the Commission is committed to the sale or transfer, that is, there is a binding arrangement.

Contingent assets and contingent liabilities are not recognised but are disclosed in the notes to the financial statements.

1.16 Commitments

Items are classified as commitments when a Commission has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Revenue from exchange transactions comprise of interest received and other income.

Interest received

Revenue arising from the use by others of Commission's assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Commission, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Commission, which represents an increase in net assets, other than increases relating to contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue is recognised when it is probable that economic benefits or service potential will flow to the Commission and these benefits can be measured reliably. Revenue from non-exchange transactions comprise of government grants.

Government grants

Government grants are Commission's main source of revenue and are treated with reference to the guidance provided by GRAP 23: Revenue from non-exchange transactions. The Commission has developed an appropriate accounting policy for this basis, namely that revenue from non exchange is only recognised to the extent that a corresponding asset satisfies the recognition criteria, but limited to the amount of any outstanding obligation in the form of conditions attached to the grant.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) PFMA

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or Treasury regulations made in terms of the PFMA, or

(c) any provincial legislation providing for procurement procedures in that provincial government.Additional text

Significant Accounting Policies

1.21 Irregular expenditure (continued)

Amounts disclosed in the annual financial statements must relate to irregular expenditure incurred in the current financial year with one financial year comparative.

Irregular expenditure for the previous financial year must be recognised in the period in which they occurred as follows:

- Irregular expenditure incurred and confirmed in the previous financial year.
- Irregular expenditure that was under assessment in the previous financial year and confirmed in the current year.
- Irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
- Irregular expenditure payments relating to multi-year contracts that was not condoned or addressed.
- Irregular expenditure under assessment, determination, investigations, reconciliation of historical irregular expenditure and other important narratives such as consequence management and inter-institutional arrangements are recorded in the annual report in accordance with the prescribed reporting requirements.

1.22 Budget information

The Commission is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the Commission shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2025/04/01 to 2026/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 30.

1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the Commission, including those charged with the governance of the Commission in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Commission.

The Commission is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the Commission to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the Commission is exempt from the disclosures in accordance with the above, the Commission discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting

Significant Accounting Policies

1.24 Events after reporting date (continued)

date); and

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Commission will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Commission will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.25 Prepayments

Prepayments are payments made for goods and services to be received in the future. The prepayments are recognised as assets in the statement of financial position. Prepayments are initially measured at the amount of cash paid and are subsequently expensed systematically over the period to which the prepayment relates.

1.26 Accrued income

Accrued income consists of interest accrued on the Commission's call account.

Interest accrued

The interest has been earned but not yet credited to the Commission's bank account at reporting date. It is recognised when it is earned on the call account. It is initially measured at the amount as included on the call account bank statement.

It is subsequently measured at amortised cost. It is subject to credit loss assessment.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

2. Property, plant and equipment

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office equipment	216 162	(113 144)	103 018	239 643	(101 038)	138 605
IT equipment	2 923 725	(2 471 800)	451 925	3 300 327	(2 506 256)	794 071
Artwork	38 806	-	38 806	38 806	-	38 806
Finance lease asset	311 313	(51 743)	259 570	182 417	(167 215)	15 202
Total	**3 490 006**	**(2 636 687)**	**853 319**	**3 761 193**	**(2 774 509)**	**986 684**

Notes to the Annual Financial Statements

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2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2026

	Opening balance	Additions	Loss on derecognition	Depreciation	Total
Office equipment	138 605	-	(2 945)	(32 642)	103 018
IT equipment	794 071	-	(55 138)	(287 008)	451 925
Artwork	38 806	-	-	-	38 806
Finance lease asset	15 202	311 312	-	(66 944)	259 570
	986 684	**311 312**	**(58 083)**	**(386 594)**	**853 319**

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2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2025

	Opening balance	Loss on derecognition of assets	Depreciation	Total
Office equipment	157 588	(11 304)	(7 679)	138 605
IT equipment	1 517 076	(12 688)	(710 317)	794 071
Artwork	38 806	-	-	38 806
Finance lease asset	76 007	-	(60 805)	15 202
	1 789 477	**(23 992)**	**(778 801)**	**986 684**

Pledged as security

No property, plant and equipment is pledged as security.

Artworks

The Commission holds artworks in the form of paintings for office decoration. Management has assessed that this artwork has an indefinite useful life. The artwork retains its condition indefinitely as it is properly preserved and is not subject to physical deterioration as other assets.The Commission intends to retain the artwork for the foreseeable future and the artwork is not subject to any restrictions of how long the Commission can hold and display it. Management tested the artwork for impairment and there were no indicators of impairment identified.

Change in accounting estimate

Management has reviewed the useful lives and residual values of the Commission's assets included in the asset register and has made the necessary adjustments in both the asset register and the annual financial statements. There were no adjustments made to residuals values. The adjustments made on the useful lives of the assets resulted in a decrease in depreciation charge for the period compared to prior year.

Notes to the Annual Financial Statements

Figures in Rand

3. Intangible assets

	2026			2025		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	375 267	(185 202)	190 065	375 267	(147 691)	227 576
Intangible assets under development	-	-	-	124 595	-	124 595
Total	**375 267**	**(185 202)**	**190 065**	**499 862**	**(147 691)**	**352 171**

Reconciliation of intangible assets - 31 March 2026

	Opening balance	Loss on derecognition	Amortisation	Total
Computer software, other	227 576	-	(37 511)	190 065
Intangible assets under development	124 595	(124 595)	-	-
	352 171	**(124 595)**	**(37 511)**	**190 065**

Reconciliation of intangible assets - 31 March 2025

	Opening balance	Loss on derecognition of assets	Amortisation	Total
Computer software, other	272 181	(7 077)	(37 527)	227 576
Intangible assets under development	124 595	-	-	124 595
	396 776	**(7 077)**	**(37 527)**	**352 171**

Pledged as security

No intangible asset is pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

4. Operating lease liability

Current portion of operating lease liability	749 252	393 767
Minimum lease payments due		
Within one year	7 573 563	7 111 327
Between two to five years	9 423 967	1 197 401
	16 997 530	**8 308 728**
Current liabilities	749 252	393 767

The operating lease liability relates to a lease for rental of office space effective from 01 June 2023 to 31 May 2028 (including the extension period) with a 6.5% annual escalation. No contingent rent is payable on the lease.

5. Payables from exchange transactions

Trade payables	1 617 516	1 013 600
Other SARS payables	23 265	119 925
Accrued leave pay	-	8 474
Other accrued expenses	54 359	276 233
	1 695 140	**1 418 232**

6. Payables from non-exchange transactions

Refunds payable arising from non-exchange revenue	11 680 376	13 185 872

7. Prepayments

Prepayments	938 798	1 723 683
Current assets	938 798	1 589 486
Non-current assets	-	134 197
	938 798	**1 723 683**

The prepayments relate to expenses such as subscriptions and licences which have been paid by the Commission in advance. The benefits of which will be enjoyed in accordance with the duration of the subscription or licence.

8. Deposit

Deposit held		
Deposit	1 041 218	1 041 218
Non-current asset	1 041 218	1 041 218

The deposit relates to the Cape Town office lease (33 Heerengratch street) which commenced on 01 June 2023 ending on 31 May 2028 (including the extension period).

9. Accrued income

Interest accrued	7 584	8 668

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Purchase card	10 647	10 659
Nedbank - Current account	18 416 953	16 221 551
Nedbank - Call account	1 701 000	1 701 000
SARB - bank balance	10 576 484	9 860 101
	30 705 084	**27 793 311**

11. Finance lease obligation

Minimum lease payments due		
- within one year	120 368	17 776
- in second to fifth year inclusive	180 553	-
	300 921	17 776
less: future finance charges	(37 263)	(1 355)
Present value of minimum lease payments	**263 658**	**16 421**
Present value of minimum lease payments due		
- within one year	97 277	16 421
- in second to fifth year inclusive	166 381	-
	263 658	**16 421**
Non-current liabilities	166 381	-
Current liabilities	97 277	16 421
	263 658	**16 421**

The Commission entered into a new finance lease arrangement for Printers on 30 September 2025 with Altron which ends on 30 September 2028.

The average lease term is 3 years and the average effective borrowing rate is 10.50%.

Interest rates are fixed at the contract date. The lease has fixed repayments.

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Figures in Rand

12. Provisions

Reconciliation of provisions - 31 March 2026

	Opening Balance	Additions	Utilised during the year	Forfeited during the year	Leave paid	Transfer to other payables	Total
Leave benefits	1 016 482	1 515 401	(773 456)	(365 033)	(439 407)	-	953 987
Performance bonus	27 754	1 050 829	(1 050 829)	-	-	-	27 754
Surrender of surpluses	11 680 376	15 508 883	-	-	-	(11 680 376)	15 508 883
	12 724 612	**18 075 113**	**(1 824 285)**	**(365 033)**	**(439 407)**	**(11 680 376)**	**16 490 624**

Reconciliation of provisions - 31 March 2025

	Opening Balance	Additions	Utilised during the year	Forfeited during the year	Leave paid	Transfer to other payables	Total
Leave benefits	824 500	1 744 714	(975 204)	(377 828)	(199 700)	-	1 016 482
Performance bonus	27 754	-	-	-	-	-	27 754
Surrender of surpluses	13 185 872	11 680 376	-	-	-	(13 185 872)	11 680 376
	14 038 126	**13 425 090**	**(975 204)**	**(377 828)**	**(199 700)**	**(13 185 872)**	**12 724 612**

Surrender of surplus	**15 508 883**	**11 680 376**
Cash and cash equivalents	30 705 084	-
Add: Receivables	7 584	-
Less current liabilities	15 203 786	-
	15 508 883	**-**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

12. Provisions (continued)

Surrender of surpluses

The surrender of surplus of R11 680 376 relating to 2024/25 has been paidd to National Treasury in April 2026, after reporting date.

The Commission annually declares all surpluses or deficits to the relevant Treasury by the 31 August each year, using its audited annual financial statements as the basis for calculation of surpluses or deficits.

The Commission surrenders for re-depositing into the relevant Revenue Fund, all surpluses that were realised in a particular financial year

13. Other income

Gain on derecognition of finance lease	16 421	-

14. Revenue from exchange transactions

Interest revenue		
Interest received	1 820 088	1 690 024

15. Surrender of surpluses

Surrender of surpluses - relating to current year	(15 508 883)	(11 680 376)

16. Loss on derecognition of assets

Intangible assets	(124 595)	(7 077)
Property, plant and equipment	(58 082)	(23 994)
	(182 677)	**(31 071)**

17. Revenue from non-exchange transactions

Operating grants		
Government grant	62 966 000	60 266 000

18. Employee Costs

Basic	14 375 601	17 339 076
Backpay	1 045 494	359 641
Bonus	1 050 829	-
Medical aid	761 345	863 412
UIF	32 875	48 601
Pension Fund	1 012 583	896 800
Provident Fund	978 832	1 136 414
Leave pay provision charge	375 875	400 155
Acting allowances	-	91 576
Travel allowance	461 350	402 400
Cellphone allowance	392 256	459 050
Other employee costs	151 239	147 499
Termination benefits	1 009 525	1 772 433
	21 647 804	**23 917 057**

Other employee costs relate to staff study assistance costs which are associated with employment.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

19. Depreciation and amortisation

Property, plant and equipment	386 596	778 801
Intangible assets	37 511	37 527
	424 107	**816 328**

20. Finance costs and penalties

Finance leases	12 528	6 670
SARS interest and penalties	283 028	115 992
	295 556	**122 662**

21. General expenses

Advertising	195 825	68 758
External auditors remuneration	3 835 183	3 533 532
Internal auditors remuneration	2 019 706	734 565
Bank charges	34 438	33 666
Legal fees	4 710 240	4 641 790
Other consulting and professional fees	2 632 206	732 498
Audit and Risk Committee fees	100 366	65 914
Insurance	-	16 494
IT expenses	873 276	401 539
Printing and stationery	231 491	308 022
Software expenses	976 234	957 725
Subscriptions and membership fees	10 040	48 710
Telephone and fax	16 900	9 100
Travel - local	1 488 177	2 274 282
Rates and taxes	948 011	858 610
Water and electricity	1 138 348	980 301
Recruitment fees	215 973	2 119 361
Office rental	7 212 932	6 720 533
Workshops and meeting costs	224 179	309 091
Office relocation cost	261 915	290 463
Other office operating cost	571 121	531 961
Commission costs	273 932	212 903
Other expenses	82 799	256 654
	28 053 292	**26 106 472**

Other consulting and professional fees relates accounting services and the skills audit expenditure. Other expenses relate to refreshments and office printing expenditure.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

22. Cash generated from operations

Deficit	(1 309 810)	(717 942)
Adjustments for:		
Depreciation and amortisation	424 107	816 328
Loss on derecognition of assets	182 677	31 071
Gain on de-recognition of finance lease liability	(16 421)	-
Movements in operating lease assets and accruals	355 485	43 231
Movements in provisions	3 766 012	(1 313 514)
Net income (losses) recognised directly in net assets	-	174 591
Changes in working capital:		
Receivables from exchange transactions	-	194 290
Prepayments	784 885	(938 593)
Changes in accrued income	1 084	1 084
Payables from exchange transactions	276 908	(88 919)
Payables from non-exchange transactions	(1 505 496)	13 185 872
	2 959 427	**11 387 499**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

23. Financial instruments disclosure

Categories of financial instruments

31 March 2026

Financial assets

	At amortised cost	Total
Cash and cash equivalents	30 705 084	30 705 084
Deposit	1 041 218	1 041 218
Accrued income	7 584	7 584
	31 753 886	**31 753 886**

Financial liabilities

	At amortised cost	Total
Finance lease obligation	263 658	263 658
Trade and other payables from exchange transactions	1 695 140	1 695 140
	1 958 798	**1 958 798**

31 March 2025

Financial assets

	At amortised cost	Total
Cash and cash equivalents	27 793 311	27 793 311
Deposit	1 041 218	1 041 218
Accrued income	8 668	8 668
	28 843 197	**28 843 197**

Financial liabilities

	At amortised cost	Total
Finance lease obligation	16 421	16 421
Trade and other payables from exchange transactions	1 418 232	1 418 232
	1 434 653	**1 434 653**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

24. Related parties

Related party balances

31 March 2026	**Fees for service**	**Electronic communication allowance**	**Total**
Mr. M Sachs	-	6 000	6 000
Prof. L Erasmus	56 223	39 000	95 223
Prof. T Fowler	49 708	39 000	88 708
Ms. E Rockman	-	6 000	6 000
Ms. M Ngqaleni	-	39 000	39 000
Ms. M Letsatsi	-	39 000	39 000
	105 931	**168 000**	**273 931**

31 March 2025	**Fees for service**	**Electronic communication allowance**	**Total**
Mr. M Sachs	-	33 000	33 000
Prof. L Erasmus	59 764	18 000	77 764
Prof. T Fowler	11 046	31 093	42 139
Ms. E Rockman	-	33 000	33 000
Ms. M Ngqaleni	-	18 000	18 000
Ms. M Letsatsi	-	9 000	9 000
	70 810	**142 093**	**212 903**

Mr. S Kholwane was a Commissioner in the current year from 01 April 2025 to 25 May 2025. There were no transactions made to him during the current year (2024/25 - no transactions).

Key management information

31 March 2026

Name	Salary	Electronic communication allowance	Backpay	Bonus	Total
Dr. PN Mbava, Chairperson	1 863 529	42 000	-	-	1 905 529
Ms. A Maharaj-Dowra, Head: Office of the Chairperson	1 399 702	36 000	163 988	223 127	1 822 817
Mr. DT Ntuli (Chief Executive Officer)	1 311 370	36 000	163 989	191 251	1 702 610
Mr. M Vokwana (Chief Financial Officer)	973 864	36 000	123 513	128 571	1 261 948
Mr. C Tseng Executive Manager: Research	1 224 176	36 000	145 767	201 043	1 606 986
	6 772 641	**186 000**	**597 257**	**743 992**	**8 299 890**

31 March 2025

Name	Salary	Electronic communication allowance	Backpay	Acting allowance	Total
Dr. PN Mbava, Chairperson	1 769 431	42 000	140 207	-	1 951 638
Ms. A Maharaj-Dowra, Head: Office of the Chairperson	1 351 113	36 000	-	91 576	1 478 689

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

24. Related parties (continued)

Mr. DT Ntuli (Chief Executive Officer)	805 981	36 000	-	-	841 981
Mr. M Vokwana (Chief Financial Officer) - effective 01/09/2024	619 136	21 000	-	-	640 136
Mr. C Tseng Executive Manager: Research	1 182 570	36 000	-	-	1 218 570
Ms. V Matshidza (Chief Financial Officer)- resigned 31/08/2024	387 400	12 000	-	-	399 400
	6 115 631	**183 000**	**140 207**	**91 576**	**6 530 414**

25. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

31 March 2025

	Note	As previously reported	Correction of error	Restated
Intangible assets	3	368 606	(16 434)	352 172
Payables from exchange transactions	5	(1 440 670)	22 438	(1 418 232)
Provisions	12	(12 756 580)	31 968	(12 724 612)
Accrued income	9	-	8 668	8 668
Accumulated surplus		(4 704 363)	(180 411)	(4 884 774)
		(18 533 007)	**(133 771)**	**(18 666 778)**

Statement of financial performance

31 March 2025

	Note	As previously reported	Correction of error	Restated
Depreciation and amortisation	19	799 893	16 435	816 328
General expenditure	21	26 082 716	23 756	26 106 472
Employee Costs	18	23 940 552	(23 495)	23 917 057
Interest received	14	(1 691 107)	1 083	(1 690 024)
Finance costs	21	6 670	115 992	122 662
Surplus for the year		**49 138 724**	**133 771**	**49 272 495**

1. The correction of the amortisation charged that was understated in the prior year by R16 435.
2. Correction of expenditure that was not recognised in the prior year relating to Multichoice subscriptions.
3. Correction of provision for leave pay as a result a termination rate that was incorrectly calculated in the prior year and incorrect inclusion of one employee whose employment was terminated on 31 March 2025 in prior year's provision for leave benefits with a total amount of R31 968.
4. Recognition of interest accrued of R8 668 at 31 March 2025 which was incorrectly recorded when it was received in 01 April 2025 and correction of interest of R9 751 to take into consideration the timing difference.
5. Recognition of interest accrued in SARS statements in prior periods totallin R119 925 (115 992 relating to 2024/25 and R3 933 relating to reporting periods prior to 2024/25.
6. The cost and accumulated depreciation for Office equipment and intangible assets were corrected to agree to the fixed asset register. Tthe reclassification is between cost and depreciation amounts, resulting in Rnil effect to the carrying amount.
7. Correction of salary control account to balance it out to Rnil.

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26. Risk management

Financial risk management

The Commission's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Commission's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Commission's financial performance. The Commission uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by the entity's finance department under policies approved by the Commission. The Commission finance department identifies, evaluates and hedges financial risks in close co-operation with the Commission's operating units. The Commission provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Commission's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

The Commission's risk to liquidity is a result of the funds available to cover future commitments. The Commission manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and demonstrate the Commission can meet its short-term obligations .

The table below analyses the Commission's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2026	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1 694 036	1 104	-	-
Finance lease obligation	97 277	166 381	-	-

At 31 March 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1 417 128	1 104	-	-
Finance lease obligation	16 421	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Commission only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial instrument	31 March 2026	31 March 2025
Deposit	1 041 218	1 041 218
Accrued income	7 584	8 668

Market risk

Interest rate risk

The Commission has cash and cash equivalents placed with financial institutions and is therefore exposed to the interest rate fluctuations.

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27. Going concern

We draw attention to the fact that at 31 March 2026, the Commission had an accumulated surplus of R2 857 022 and that the Commission's total assets exceed its liabilities by R2 857 022.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Commission to continue as a going concern is dependent on the continued government support through annual appropriation through National Treasury. The Commission will make a submission to request approval from National Treasury to retain part of the surplus.

28. Fruitless and wasteful expenditure

Opening balance (restated)	119 925	3 933
Fruitless and wasteful expenditure identified - current	454 816	115 992
Closing balance	**574 741**	**119 925**

Fruitless and wasteful expenditure is presented inclusive of VAT

Cases of fruitless and wasteful expenditure under investigations

The following cases of fruitless and wasteful expenditure were identified and are still under investigation:

Third party premium payments on terminated employees	47 193	-
Interest and penalties on SARS account	283 028	119 925
BPM for Sage software that was never commissioned	124 595	-
	454 816	**119 925**

29. Irregular expenditure

Opening balance as previously reported	29 165	-
Opening balance as restated	**29 165**	**-**
Add: Irregular Expenditure - current	10 040	29 165
Closing balance	**39 205**	**29 165**

Cases under investigation

The irregular expenditure relates to a case of non-compliance with Treasury Instruction on procurement processes. At reporting date, the case is still under investigation. The contract for the respective case has been canceled during the year, as the first step towards addressing continued non-compliance.

The irregular expenditure for prior year has been restated to reflect the non-compliance relating to the same contract and case.

30. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

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30. Reconciliation between budget and statement of financial performance (continued)

Net deficit per the statement of financial performance	(1 309 810)	(717 942)
Adjusted for:		
Actual amounts not on cash basis	163 162	435 069
Under/ (Over) collection in revenue	(40 088)	(170 107)
Budget remaining in employee cost	(11 168 196)	(9 609 447)
Budget remaining for operating expenditure	(3 169 152)	(1 618 949)
Surrender of surplus	15 508 883	11 680 376
Net deficit per approved budget	**(15 201)**	**(1 000)**

The Commission's financial reporting is prepared on an accrual basis, classified by the nature of expenses, while the approved budget is on a cash basis, resulting in differences between reported figures and budgeted amounts.

1. The reduced revenue collection is as a result of a lower budget allocation for revenue. However, it should be noted that the actual revenue collected remained favourable when compared to the revised budget allocation.
2. There is a notable reduction in overspending on operational expenses, with sufficient budget remaining at year-end.
3. Although there was a significant increase in professional fees incurred for the current financial year, which contributed to the increase in the net deficit, budget variances are being closely monitored, and corrective measures are to be implemented to contribute to improved expenditure control..

FINANCIAL AND FISCAL COMMISSION

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