

ANNUAL REPORT 2023/24



FINANCIAL
AND FISCAL
COMMISSION

**For an Equitable Sharing
of National Revenue**



Annual Report 2023/24

*For an Equitable Sharing
of National Revenue*

Financial and Fiscal
Commission

11th Floor
33 on Heerengracht
Foreshore
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
SARB	South African Reserve Bank
SCOPA	Standing Committee on Public Accounts
SITA	State Information Technology Agency
SMS	Senior Management Service
SOE	State-owned Enterprise

CHAIRPERSON'S FOREWORD

It is with great privilege that I table the Financial and Fiscal Commission's Annual Report, which covers the 2023/2024 financial year. The Annual Report is presented in terms of the provisions of section 220 of the Constitution, 1996; Sections 40 and 65 of the Public Finance Management Act, 1999; and Section 26 of the Financial and Fiscal Commission Act, 1997 (as amended). This is a year in which the institutional transformation journey continued to make gigantic leaps, which makes the Commission proud.

I am pleased to report that the Commission received an unqualified audit report.

The legislatively required submissions on the Medium-Term Budget Policy Statement, Division of Revenue Bill, Fiscal Frameworks and Revenue Proposals and Appropriations Bill were met according to the legislative prescripts. The Submission for the 2024/25 Division of Revenue, as tabled in Parliament in terms of Section 214(1) of the Constitution of the Republic of South Africa, 1996; Section 9 of the Intergovernmental Fiscal Relations Act, 1997; and Section 4(4c) of the Money Bills Amendment Procedure and Related Matters Act, 2009 as amended, will be considered according to the parliamentary, provincial and local governmental processes.

The FFC's Submission on the 2024/25 Division of Revenue, "Improving service delivery and inclusivity in an environment of expenditure moderation", examines inflation's impact on public finances before evaluating the effect of state-owned enterprises (SOEs) and social security on the sustainability of public finances. It further tackles vital subnational issues on learner teacher support materials and learner transport, climate change, spatial inequalities, local economic development, municipal cost recovery and the affordability of basic services.

The Commission further published technical reports and policy briefs that informed the recommendations contained in the Submission. The impact of the work by the Commission was evidenced by the rapid responses and submissions in response to requests from stakeholders in the legislatures, executive, organised local government and other organs of state. The Strategic Plan and Annual Performance Plan were tabled timeously in compliance with the provisions of the Treasury Regulations for Departments, trading Entities, Constitutional Institutions and Public Entities in terms of the Public Finance Management Act, 1999 (as amended). These plans are invaluable in ensuring that the Commission and Secretariat have a clear understanding and direction on the way forward. The Commission will continue to ensure compliance regarding all its activities.

During the period under review, the Commission bid farewell to Commissioner, Ms Nthabeleng Khabutlane. Ms Khabutlane served the Commission with diligence and contributed towards the creation of an enabling environment for the FFC to execute its constitutional mandate effectively. The terms of office of a further two Commissioners come to an end during the period under review, namely Commissioners Prof Lourens Jacobus Erasmus and Prof Trevor Fowler. I wish them every success in their future endeavours.

In conclusion, I express my gratitude to the Commissioners and the Secretariat for their unwavering support in ensuring that the Commission has fulfilled its constitutional mandate. I would also like to thank the erstwhile and current acting Chief Executive Officer (CEO) during the period under review for their sacrifices, dedication and loyalty. I equally thank the

Audit and Risk Committee and Staff for their commitment during this remarkable year that witnessed FFC achieving its mandate. Last, but not least, I thank our stakeholders who continue to hold the FFC in great stead and support our important mandate.



Dr Patience Nombeko Mbava

Chairperson

Date: 31 August 2024

CHIEF EXECUTIVE OFFICER'S OVERVIEW

In terms of its mandate and in pursuit of good governance, it is a great honour and privilege to table the Financial and Fiscal Commission's Annual Report for the 2023/24 financial year. I am pleased that the Commission received an unqualified report. The Commission continued with its important constitutional mandate of furnishing high-quality expert and independent advice on financial and fiscal matters regarding the equitable sharing of nationally raised revenue in building capacity among legislators.

I am pleased to report that the Commission maintained the principles of good governance in all its activities. The Secretariat ensured that the strategic decisions of the Commission were operationalised. The organisational development process continued to improve alignment of the organisational structure to ensure that it is fit-for-purpose. Prompt consequence action took place without fear or favour.

The Audit and Risk Committee has ensured its independence in accordance with legislation. The Commission, with the assistance of the Audit and Risk Committee, needs to ensure that an effective, efficient and transparent system of internal control is implemented and maintained so that the Commission can meet its strategic objectives and goals. All stakeholders continued to provide crucial support in achieving the Commission's strategic goals, and same will be maintained as time progresses.

I would like to extend a special note of appreciation to the erstwhile Acting CEO, Mr Chen-Wei Tseng (the current Executive Manager: Research), for his valuable contribution during the period under review. I am indeed thankful to the Chairperson, Commissioners, executives and staff for ensuring that the Commission has fulfilled its constitutional mandate for the 2023/24 financial year.



Ms Ansuyah Maharaj Dowra

Acting Chief Executive Officer

Date: 31 August 2024

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

The CEO, as the Accounting Officer, is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, human resources information and annual financial statements. The Commissioners are responsible for the fiduciary governance of the Commission.

To the best of my knowledge and belief, I confirm the following:

The annual report fairly reflects the operations, performance information, human resources information and financial affairs of the Financial and Fiscal Commission for the financial year ended 31 March 2024.

All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General in accordance with Standards of Generally Recognised Accounting Practice (GRAP). The Annual Report is complete, following the adjustments made by the Auditor-General, tabled with an unqualified audit opinion with findings. This Annual Report has been prepared in accordance with the Annual Report Guidelines issued by National Treasury.



Ms Ansuyah Maharaj Dowra

Acting Chief Executive Officer

Date: 31 August 2024

PART A

GENERAL INFORMATION



PART A: GENERAL INFORMATION

1. Constitutional and legislative mandate

The Commission derives its mandate from section 220 of the Constitution of the Republic of South Africa, 1996 (as amended). The Commission is an independent and impartial advisory institution, whose advice government must seek on the division of revenue among the three spheres of government and in the enactment of legislation pertaining to provincial taxes, municipal fiscal powers and functions, and provincial and municipal loans. Sections 214(2), 221, 222, 228(2)(b), 229(5), 230(2) and 230A(2) of the Constitution set out details in respect of the Commission's functions.

Its mandate is further enabled through the Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997) (as amended), Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997), Money Bills Amendment Procedure and Related Matters Amendment Act, 2009 (Act No. 9 of 2009) (as amended), Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (as amended), Provincial Tax Regulation Process Act, 2001 (Act No. 53 of 2001), Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005) and Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007).

2. Vision and mission

Vision

To provide influential advice for an equitable, efficient and sustainable intergovernmental fiscal relations (IGFR) system.

Mission

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

3. 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 accordance with the 2023/24 Annual Performance Plan (APP), the Commission has formulated the following impact statement:

“Strengthened financial and fiscal management through research and making evidence-based recommendations to policy makers.”

- **Outcome 1:** A conducive corporate environment with sound financial controls of Commission resources for fulfilling its mandate.
 - Leading by example – implement our advice to public sector institutions regarding spending efficacy, operational functionality and institutional efficiency.
 - Focusing the available resources to build research capacity, capability and productivity to fulfil the Commission’s mandate.
- **Outcome 2:** Evidence-based informed policy making through recommendations on financial and fiscal matters to the legislature.
 - Improving the fiscal system of South Africa through research and evidence-based policy making recommendations.
 - Monitoring, analysing and advising through recommendations on current economic and fiscal issues to inform the policy makers and the public.

5. Composition and organisational structure

Commission

The Commission comprises nine persons appointed by the President of the Republic of South Africa:

- Chairperson and Deputy Chairperson
- Three persons appointed after consultation with the Premiers from a list compiled in accordance with a process prescribed by the Financial and Fiscal Commission Act
- Two persons appointed after consultation with organised local government from a list compiled in accordance with a process prescribed by the Financial and Fiscal Commission Act, and the Organised Local Government Act, 1997 (Act No. 52 of 1997)
- Two other persons

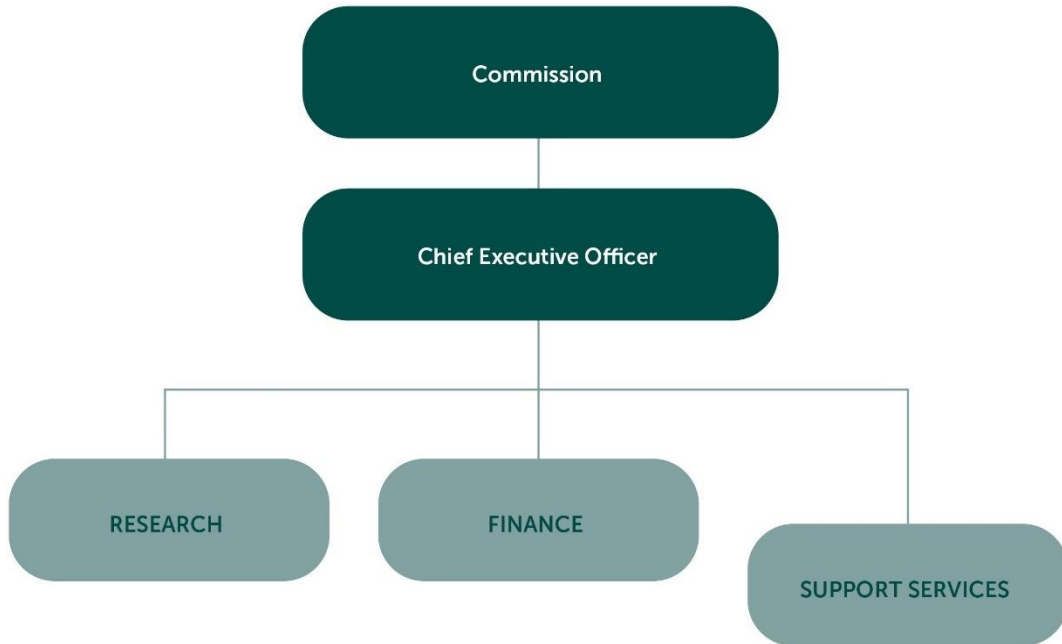
The Chairperson’s appointment is full-time, whereas the other Commissioners, including the Deputy Chairperson, are appointed on a part-time basis. Commissioners are appointed in terms of section 221 of the Constitution and section 5 of the Financial and Fiscal Commission Act. Commissioners must have appropriate experience and are appointed for a term not exceeding five years, which is renewable for a further term.

The President, by notice in a Government Gazette, after taking into consideration the Recommendations of the Independent Commission for the Remuneration of Public Office Bearers and the National Assembly, proclaims the remuneration, allowances and other benefits of Commissioners.

Secretariat

Headed by the Chief Executive Officer, who is also the Accounting Officer, the Commission is committed to transparency, accountability, efficiency and effectiveness, and the practical application of these principles to enable delivery against the Commission's constitutional mandate.

Organogram



PART B

SELECTED PERFORMANCE INFORMATION



PART B: PERFORMANCE INFORMATION

1. The Commission's submission for the 2024/25 division of revenue

The Financial and Fiscal Commission (FFC) tables the Submission for the Division of Revenue 2024/25 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 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.

The South African economy is confronted by a series of global and domestic challenges that are weighing heavily on public finances. These challenges include, among others, slowing global growth, geopolitical tensions, rising inflation, acute power challenges, inefficiencies in state-owned enterprises (SOEs), high unemployment and climate change.

They also highlight the importance of inclusive growth, which has become central to economic development, seeking to raise living standards and generate more opportunities across society. A healthy and financially sound fiscus is required to achieve inclusive growth. This means that South Africa's fiscal situation, riddled with governance issues and constrained by a resource-depleted budget, must be addressed.

In the last four years, the COVID-19 pandemic overwhelmed global health systems, disrupted economic activity worldwide, and shaped public finances in most countries. While it recedes, it continues to have a bearing on the global economy. One of the most enduring legacies of the pandemic has been rapidly rising prices, particularly food and energy, that took effect in the early phases of the pandemic and subsequently accelerated due to the war between Russia and Ukraine.

After an extensive phase of low interest rates and low inflation, the global economy is moving into a period characterised by high inflation and high levels of both public and private debt. In South Africa, increased global food and fuel prices have resulted in inflation rates overshooting the 3 to 6 per cent inflation target band set by the South African Reserve Bank (SARB). Headline inflation reached a 13-year peak of 7.8 per cent in July 2022.

The resultant upsurge in global inflation since 2021 is the most severe in over three decades and has triggered an unprecedented policy response. In South Africa, the policy response from the SARB has been relentless, culminating in nine consecutive interest rate hikes by March 2023. This steep hiking cycle has put pressure on middle-class consumers and, in turn, hamstrung consumer demand, dampened investment and stifled economic growth. It also implies that government policies require a precise appreciation of how inflation impacts various societal groups. The exploration of how fiscal policy should respond to curtail inflation while supporting the vulnerable is thus critical.

South Africa is facing an unprecedented energy crisis. Eskom has responded to this crisis by instituting devastating loadshedding that is undermining the economic recovery from COVID-19 while interest rates rise in response to high inflation. In 2022, there were 200 days of loadshedding. In the first quarter of 2023, there was only one day of no loadshedding.

Increasingly prolonged blackouts have become the norm. A swift resolution of the electricity crisis is urgently warranted, entailing reforms in the energy sector and a massive turnaround of Eskom. However, immediate action is also required to eradicate inefficiencies in other major SOEs, particularly those operating in the transport and logistics sectors.

The thematic focus of the Submission for the 2024/25 Division of Revenue is “Improving service delivery and inclusivity in an environment of expenditure moderation”. It commences by examining inflation’s impact on public finances before evaluating the effect of SOEs and social security on the sustainability of public finances. It also tackles vital subnational issues on learner teacher support materials and learner transport, climate change, spatial inequalities, local economic development, municipal cost recovery and the affordability of basic services.

Number of Policy Briefs published

Ten Policy Briefs were published on the FFC’s website for the 2024/25 Submission for the Division of Revenue, available at www.ffc.co.za/policy-brief-1.

Number of Technical Reports published

One Technical Report was published on the FFC’s website for the 2024/25 Submission for the Division of Revenue. The report is available at www.ffc.co.za/technical-report-1.

Submission on Government’s 2023 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 2023/24, Adjustments Appropriation Bill on 7 November 2023.

Submission on Government’s 2023 main budget: Submissions on the Appropriation and Division of Revenue Bills

Submissions on the 2023 main budget, in terms of the Appropriation and Division of Revenue Bills, were made between February and May 2023. The purpose of these Bills is to appropriate money from the National Revenue Fund for the requirements of the state for the 2023/24 financial year; and to provide for matters incidental thereto.

The number of Parliamentary Committees, stakeholder meetings and forums attended in response to a request with presentations and/or contributions by the FFC

The Commission attended 36 engagements in response to invitations from stakeholders, where presentations and/or contributions were made for the 2023/24 financial year.

Quarter	Date of engagement	Name of stakeholder	Purpose
First	18 April 2023	Portfolio Committee: Health	Department of Health's Budget and APP
	19 April 2023	Free State Legislature	Division of Revenue Bill 2023
	19 April 2023	Parliament Standing Committee on Appropriations	2023 Appropriation Bill and Eskom Bill
	20 April 2023	Gauteng Office of the Premier and the Legislature	Gauteng Office of the Premier and the Legislature: Programme
	16 May 2023	Gauteng Office of the Premier and the Legislature	Gauteng Office of the Premier and the Legislature: Budget
	17 May 2023	Parliament Select Committee on Appropriations	2023 Appropriation Bill and Eskom Bill
	23 May 2023	Eastern Cape Legislature	Money Bill Training
	9 June 2023	International: Mozambique	IGFR Study Tour from Mozambique
	28 June 2023	KwaZulu-Natal Legislature	Provincial Money Amendment Bill
Second	26 July 2023	Gauteng Legislature	Ethics Seminar
	1 August 2023	KwaZulu-Natal	Gender Budgeting
	1 August 2023	Speaker's Forum of South Africa	South African Legislative Sector Gender Summit
	4 August 2023	Western Cape Legislature	Briefing on Annual Submission Division of Revenue 2024/25
	10 August 2023	Gauteng Legislature	Office of the Premier and the Legislature meeting – First quarter report
	23 August 2023	South African Local Government Association	Briefing on Annual Submission Division of Revenue 2024/25
	28 August 2023	Department of Planning, Monitoring and Evaluation	30-year Review engagement
	30 August 2023	Eastern Cape Legislature	Briefing on Annual Submission Division of Revenue 2024/25
	30 August 2023	Mpumalanga Legislature	Briefing on Annual Submission Division of Revenue 2024/25
	5 September 2023	Standing Committee on Appropriations	Briefing on Annual Submission Division of Revenue 2024/25
	14 September 2023	Gambian visit/study tour of South Africa	Parliamentary Budget Office

Quarter	Date of engagement	Name of stakeholder	Purpose
Third	10 October 2023	North West Legislature	Briefing on Annual Submission Division of Revenue 2024/25
	10 October 2023	Briefing to the Portfolio Committee on Health	Briefing by FFC on: Analysis of the National Department of Health, Provincial Departments and Entities (Health Sector) Annual Reports
	11 October 2023	Select Committee on Appropriations	Briefing on Annual Submission Division of Revenue 2024/25
	17 October 2023	Briefing to the Portfolio Committee on Basic Education	Briefing by FFC on: Expenditure Patterns in Respect of Infrastructure; Expenditure Patterns in Respect of Conditional Grants; and Equity in Education
	24 October 2023	Northern Cape Provincial Legislature	Briefing on Annual Submission Division of Revenue 2024/25
	31 October 2023	Gauteng Provincial Legislature	Briefing on Annual Submission Division of Revenue 2024/25
	7 November 2023	Joint Meeting of Standing and Select Committees on Appropriations and Finance	Submission for the Medium-term Budget Policy Statement
	10 November 2023	Gauteng Legislature	Office of the Premier and the Legislature meeting
	15 November 2023	Standing committee on Appropriations	Submission for the Medium-term Budget Policy Statement
	17 November 2023	Free State Provincial Legislature	Submission for the Medium-term Budget Policy Statement
	23 November 2023	Free State Medium-term Budget Policy Statement	Medium-term Budget Policy Statement Submission
Fourth	6 February 2024	Gauteng Provincial Legislature – Oversight Committee on the Premier’s Office and the Legislature	Research Analysis on Vote 1 of the Schedule to the Provincial Adjustments’ Appropriation Bill
	27 February 2024	Joint Session of Appropriations and Finance Committees	2024 National Budget Submission
	6 March 2024	Standing Committee on Appropriations	2023 Division of Revenue Bill

Quarter	Date of engagement	Name of stakeholder	Purpose
	20 March 2024	Select Committee on Appropriations	Division of Revenue Bill [B4 – 2024]; the Second Adjustments Appropriation (2023/24 financial year) Bill [B6 – 2024]; and the Gold and Foreign Exchange Contingency Reserve Account Defrayal Amendment Bill [B7 – 2024]
	20 March 2024	Western Cape Provincial Government	Basic Education Laws Amendment Bill [B2b – 2022] (National Council of Provinces)

2. Statement of responsibility for performance information for the year ended 31 March 2024

The Acting CEO is responsible for the preparation of the Commission's performance information and for judgements made on this information. This involves establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

The Auditor-General performs the necessary audit procedures on the performance information to provide assurance on audit conclusions. The audit conclusion on the performance against predetermined objectives is included in the report to management. In my opinion, and as corroborated by the Auditor-General, the performance information fairly reflects the operations of the Commission for the financial year ended 31 March 2024.



Ms Ansuyah Maharaj Dowra

Acting Chief Executive Officer

Date: 31 August 2024

3. Performance against predetermined objectives for the 2023/24 financial year

PERFORMANCE INDICATOR		ANNUAL TARGETS 2023/24	2023/24 actual achieved TARGET	VARIANCE EXPLANATION
Outcome 1: A conducive corporate environment with sound financial controls of the Commission's resources for fulfilling its mandate				
Output: Human resource management, ICT support, audit opinion, compliance and risk, procurement management				
1.1.1	Percentage spend of training and development budget	≥85%	≥85%	Training and Development Policy Review
1.1.2	Number of quarterly reports on monitoring of the recruitment plan and the Employment Equity Plan implementation	4	4	
1.2.1	Number of quarterly ICT reports	4	4	
1.3.1	Audit opinion obtained	Unqualified audit opinion with ≥30% fewer findings than the previous year	Unqualified audit opinion	Regression from previous year audit outcome is due to internal control deficiencies in financial recordkeeping and the financial statement preparation.
1.3.2	Percentage of valid invoices paid within 30 days of acceptance	100%	99%	Late payment of invoices due to deficiency in financial control.
1.3.3	Number of compliance reports generated and submitted to the Accounting Officer	4	4	
1.3.4	Number of risk management reports generated and submitted to the Accounting Officer, corroborating the audit improvement plan	4	4	
1.3.5	Percentage of procurement processes completed within six months of requisition, in line with the procurement plan	≥85%	≥85%	
1.3.6	Number of quarterly reports	4	4	
Outcome 2: Evidence-based informed policy making through recommendations on financial and fiscal matters to the legislature				
Outputs: Annual Submission, Technical Report, Policy Briefs, Medium-term Budget Policy Statement, Division of Revenue Bill and Appropriation Bill submissions, briefings and special projects				
2.1.1	Annual Submission for Division of Revenue with recommendations tabled	1	1	
2.1.2	Technical Report regarding the Annual Submission published	1	1	
2.1.3	Number of Policy Briefs published	≥10	10	
2.1.4	Submission on the Medium-term Budget Policy Statement submitted	1	1	
2.1.5	Submission on the Division of Revenue Bill submitted	1	1	
2.1.6	Submission on the Appropriation Bill submitted	1	1	
2.2.1	Number of briefings and presentations made	≥20	36	
2.2.2	Number of special projects undertaken	2 – Public Procurement Bill and State of SOEs (Energy)	2	Staffing capacity challenge

PART C

CORPORATE GOVERNANCE



PART C: CORPORATE GOVERNANCE

1. Commission

Dr Patience Nombeko Mbava (Chairperson) (17 August 2021 to 16 August 2026)

Dr Mbava is a highly accomplished leader and expert in public policy, governance, monitoring and evaluation. She holds a PhD in Public and Development Management and an MBA from Stellenbosch University, as well as a Bachelor of Arts in Economics from Smith College in Massachusetts, USA.

With over 20 years' experience as a strategist and business analyst, Dr Mbava has successfully developed and implemented strategic plans in both the private and public sectors. She has held leadership positions in esteemed institutions such as the Technology Innovation Agency, the South African National Space Agency, Sasol Oil, Chevron South Africa, BP Southern Africa and the Standard Bank of South Africa.

Dr Mbava has also served as a lecturer in Public Policy in the Department of Political Studies at the University of Cape Town. As a researcher, she publishes extensively in peer-reviewed journals and serves as a peer reviewer for the *African Evaluation Journal*. She was awarded a National Research Foundation Scholarship and held the position of Postdoctoral Research Fellow at the University of Cape Town.

In 2020, Dr Mbava was appointed as a Council Member on the Council for Medical Schemes by the Minister of Health. She is an Evaluation Advisor to the United Nations Development Program and is a proud Brand Ambassador for the Stellenbosch Business School Alumni Association Future Fund. Her research interests primarily focus on Africa-centric evaluation approaches, development economics and media policy. Dr Mbava is a member of the Institute of Directors of Southern Africa.

Mr Michael Sachs (Deputy Chairperson) (26 May 2020 to 25 May 2025)

Michael Sachs is Adjunct Professor at the Southern Centre for Inequality Studies at the University of the Witwatersrand (Wits), where he leads the centre's research projects on Public Economics and Fiscal Policy. He teaches Public Economics and Policy Analysis at the Wits Schools of Economics and Finance and the Wits School of Governance.

Prior to joining Wits, he worked in public policy and political strategy in South Africa for over 25 years. He is a former head of the Budget Office of National Treasury. Prior to this, Michael Sachs worked at the headquarters of the African National Congress for more than a decade, where he coordinated economic policy development and led the party's research agenda. His research interests include public economics, macro and international economics, and social policy.

Ms Elizabeth Cornelia Rockman (26 May 2020 to 25 May 2025)

Ms Rockman obtained her BA Education (Languages) and BA Hons Languages (English) degrees from the University of the Free State. She is a Certified Fraud Examiner and a member of the Association of Certified Fraud Examiners (ACFE – International and South African chapters). She was a Member of the Executive Council (MEC) for Finance in the Free

State from 2013 to 2019. Prior to that, she served as the Director-General of the Free State Province (from 2011 to 2013), as Head: Monitoring and Evaluation in the Free State Premier's Office (from 2009 to 2011) and as Secretary to the Free State Legislature (from 1994 to 2009). She served as the Regional Election Administrator of the ANC in the Southern Free State region and participated in a training programme focusing on parliamentary management and administration facilitated by the ANC in Zimbabwe, Canada and South Africa in preparation of the 1994 general elections. Ms Rockman is the Chairperson of The Elf Foundation, a non-profit organisation focusing on socio-economic interventions and poverty relief programmes in poor and disadvantaged communities in the Free State.

Mr Sikhumbuzo Eric Kholwane (26 May 2020 to 25 May 2025)

Mr Kholwane has an LLB degree from the University of South Africa, and an MA ICT Policy and Regulation degree from the University of the Witwatersrand. He also has the following qualifications: A Nursing Diploma from the Mpumalanga Nursing College, an Advanced Diploma in Human Resources and an Advanced Diploma in Economic Policy from the University of the Western Cape, an Advanced Diploma in Research and Policy from Rhodes University and an Industrial Policy and Research for Leaders Certificate from the University of Johannesburg's School of Leadership. He is currently studying for an honours degree in Economics for Public Policy and African Studies.

Prof Lourens Jacobus Erasmus (1 April 2019 to 31 March 2024)

Prof Trevor Fowler (1 April 2019 to 31 March 2024)

Ms Nthabeleng Khabutlane (1 April 2019 to 31 March 2024)

2. Commission meetings and attendance

Commissioner meetings are the highest decision-making structure of the Commission. The meetings are chaired by the Chairperson and are held at least four times a year in terms of the enabling legislation. The table below indicates the frequency of Commission meetings and attendance during 2023/24.

Name of member	Commission meeting attendance and dates									
	25 April 2023	30 May 2023	26 June 2023	26 July 2023	16 August 2023	1 September 2023	30 October 2023	17 November 2023	23 January 2024	29 January 2024
Dr Patience Nombeko Mbava	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Michael Sachs	✓	A	A	A	A	A	✓	✓	A	A
Prof Lourens Erasmus	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prof Trevor Fowler	A	✓	A	✓	✓	✓	A	✓	✓	✓
Ms Nthabeleng Khabutlane	✓	✓	A	A						
Mr Eric Kholwane	R	R	R	R	R	R	R	R	R	R
Ms Elizabeth Rockman	✓	A	✓	✓	✓	✓	✓	✓	✓	✓

Key: ✓ = Attended; A = Apology; R = Recused

3. Committees

The Commission may appoint one or more committees to assist in the performance of any of its functions or the exercise of any of its powers. The establishment of committees strengthens the overall governance of the Commission. The Audit and Risk Committee is a mandatory committee that is established in terms of the Public Finance Management Act (PFMA). The Commission has further established a Research Working Group to ensure the effective attainment of its outcomes. Each committee has its own terms of reference that are regularly reviewed.

3.1 Audit and Risk Committee

The Audit and Risk Committee is independent in accordance with the PFMA and the legislative prescripts. The Chairperson is an independent member appointed by the CEO as the Accounting Officer, as mandated by the Treasury Regulations. All members comply with statutorily required competencies and have no conflicts of interest. The Commission, with the assistance of the Audit and Risk Committee, needs to ensure that an effective, efficient and transparent system of internal control is implemented and maintained so that the Commission can meet its strategic outcomes and outputs. The Audit and Risk Committee primarily assists the Commission in overseeing the quality and integrity of the financial statements, its public disclosures, the scope and effectiveness of the external audit function, and the effectiveness of the Commission's internal controls and internal audit function. The Audit and Risk Committee operates under an approved charter. The CEO, executive management, the Auditor-General and internal auditors attend, thus ensuring that such meetings are as effective and transparent as possible. The assertions and assurance provided by internal and external audit are relied on to determine the effectiveness of the internal control systems.

3.2 Research Working Group

The Research Programme translates and implements the Commission's strategic direction for research, ensuring that key recommendations and messages are consistent, and maintain and build the reputation of the Commission. To this end, quality research is a critical core business enabler of evidence-based recommendations. Excellence in research is unlikely to have an impact, however, unless policy analysis is packaged in a way that is understood by stakeholders and adds value to their processes. Accordingly, the effective dissemination of research insights and recommendations, and effective stakeholder management, are key to the programme's work. This includes following up on the implementation of recommendations and innovations in how the Commission engages its stakeholders. The Research Working Group assists the Commission to oversee its research programme. Meetings are held four times a year, or more frequently if needed. Activities involve monitoring research plans, outputs and external expertise utilised in undertaking or reviewing research proposals, and ultimately providing strategic direction and guidance during the research process. Equally critical is the role in managing the policy impact of the Commission's recommendations.

The table below indicates the composition of the Research Working Group, the frequency of meetings and attendance during 2023/24.

Name of member	Research Working Group meeting attendance and dates			
	5 and 6 April 2023	11 August 2023	21 September 2023	5 December 2023
Dr Patience Nombeko Mbava	✓	✓	✓	✓
Mr Michael Sachs	A	A	A	A
Prof Lourens Erasmus	A	A	✓	✓
Prof Trevor Fowler	A	✓	✓	A
Ms Nthabeleng Khabutlane	✓			
Mr Eric Kholwane	R	R	R	R
Ms Elzabe Rockman	✓	✓	✓	✓

Key: ✓ = Attended; A = Apology; R = Recused

4. Compliance to legislation

As the Executive Authority, the Chairperson is responsible for overall strategic and governance oversight. As the Accounting Officer, the CEO has the ultimate responsibility to monitor and ensure institutional and financial compliance. The function of ensuring regulatory compliance within the operational divisions is the responsibility of the executive managers.

5. Risk management

Risk management forms an integral part of the Commission's plan to deliver effectively and efficiently on its mandate. The Commission identifies and manages strategic risks associated with the outcomes in its Strategic Plan, as well as operational risks in line with its mandate. The Commission maintains a risk register, which is reviewed to ensure that risk is managed, and to identify new and emerging risks. Risk reports are tabled at meetings of the Audit and Risk Committee. The internal auditors use the Risk Register to plan their risk-based audits. The Audit and Risk Committee monitors the implementation of risk management in a systematic and regular manner. Risk management underpins the Commission's strategic and operational management and is integrated into its activities at all levels, from planning to execution, and from oversight to control.

6. Fraud and corruption prevention

All staff members have a duty to report knowledge or suspicion of fraud and corruption. The implementation and monitoring are done through compliance and risk reporting. The Commission has intensified its focus on fraud awareness and prevention, including reviewing and strengthening internal controls, as a result of the forensic investigations underway.

7. Health, safety and environmental issues

The Commission cares for its employees and their work environment and seeks to ensure, as far as is reasonably possible, the health and safety of all employees in the workplace and of all other persons conducting business on its premises. The Commission is committed to the fulfilment of the requirements stipulated in the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993). No material health, safety or environmental issues were raised during the year.

8. B-BBEE compliance performance information

The following table has been completed in accordance with the compliance to the broad-based black economic empowerment (B-BBEE) requirements of the B-BBEE Act of 2013, and as determined by the Department of Trade, Industry and Competition.

Has the Financial and Fiscal Commission applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1–8) with regard to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations 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.

PART D

HUMAN RESOURCES MANAGEMENT



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 2024. 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 2024.

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
Salary levels 3–5	0		0
Salary levels 6–8	2 348 957.17	9%	195 746.43
Salary levels 9–12	11 658 975.72	45%	685 822.10
Salary levels 13	5 365 935.00	20%	1 073 187.00
Salary levels 14–15	6 819 588.11	26%	2 273 196.04

2. Employment

Salary band	Total staff establishment 31 March 2024	Vacant positions 31 March 2023	Total staff establishment 31 March 2023	Vacant positions 31 March 2024
Salary levels 1–2	0	0	2	0
Salary levels 3–5	0	0	2	2
Salary levels 6–8	1	0	2	0
Salary levels 9–12	9	25	18	29
Salary level 13	4	2	5	3
Salary levels 14–15	3	1	3	1
Total	17	28	32	35

Note: Total includes full-time chairperson; and one temporary person.

2.1 Appointments and terminations

Note: Appointments includes interns and one temporary person.

Salary levels	Appointments	Terminations	Total staff establishment 31 March 2023
Salary levels 1–2	0	0	0
Salary levels 3–5	0	0	2
Salary levels 6–8	0	0	1
Salary levels 9–12	0	13	25
Salary level 13	0	1	6
Salary levels 14–15 (executive management)	0	1	3
Total	0	15	37

2.2 Employment and vacancies by programme

This includes a full-time chairperson; and one temporary person.

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate (%)	Number of employees additional to the establishment
Research	32	10	69%	0
Administration	14	4	71%	0
Office of the Chairperson	6	3	50%	0
Total	52	17	33%	0

2.3 Senior Management Service (SMS) posts

This includes a full-time chairperson; and one temporary person.

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	3	2	67%	1	33%
Salary level 13	6	5	83%	1	17%
Total	10	8	80%	2	20%

The following table shows the advertising and filling of SMS posts for the period 1 April 2023 to 31 March 2024.

1. Incumbent made a counter-offer that was not accepted.
2. One filled in 2024/25 financial year; others: process still underway.

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

2.4 Staff terminations

This includes interns.

Termination type	Number
Resignation	8
Retirement	0
Contract expiry	5
Dismissal	0
Retrenchments	2
Mutual termination	0
Total	15

3. Headcount

The table below shows the Commission's headcount classification per occupational level as of 31 March 2024. The headcount includes employees appointed permanently and on fixed-term contracts. Analysis shows that, in terms of gender, females account for 57.57% and males for 42.42% of the Commission's headcount. The distribution of race is African 78.78%, Coloured 9.09%, Indian 3.03%, Asian 3.03% and white 6.06%. This includes the full-time Chairperson and one temporary person.

Occupational bands	Male					Female					Total
	African	Asian	Coloured	Indian	White	African	Asian	Coloured	Indian	White	
Executive management	0	1	0	0	0	1	0	0	1	0	3
Senior management	1	0	0	0	0	0	0	2	0	1	4
Professionally qualified and experienced specialists and mid-management	6	0	1	0	0	0	0	0	0	1	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	2	0	0	0	0	2
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	12	1	1	0	0	14	0	2	1	2	17

4. Disability leave (temporary and permanent)

Employee wellness information is always shared with employees. Such information helps them to adopt and maintain healthy behaviours and lifestyles. Healthy behaviours lead to lower health risks, and lower health risks lead to less chronic disease. As a result, the Commission recorded no temporary disability leave during 2023/24.

5. Labour relations trends

5.1 Grievances lodged

No formal grievance was lodged during 2023/24.

5.2 Dismissal

No employee left the Commission because of dismissal during 2023/24.

6. Injury on duty

During 2023/24, no injury on duty cases were reported. This is due to preventative precautionary measures consistently taken by the Commission to create a safe and conducive working environment, and to be in compliance with the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) and Regulations.

PART E

PFMA COMPLIANCE REPORT



PART E: PFMA COMPLIANCE REPORT

1. Irregular, fruitless and wasteful expenditure and material losses

1.1. Irregular expenditure

Reconciliation of irregular expenditure

Description	2023/24	2022/23
	R	R
Opening balance	18 269 478	16 359 004
Add: Irregular expenditure confirmed	264 653	1 910 474
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed		
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	18 534 131	18 269 478

The irregular expenditure incurred in the current year related to historical contracts that were not terminated by the Commission.

Reconciling notes

Description	2023/24	2022/23
	R	R
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for the current year	264 653	1 910 474
Total	264 653	3 605 676

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

Description ¹	2023/24	2022/23
	R	R
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	18 534 131	16 359 004
Total²	18 534 131	16 359 004

¹ Group similar items

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

Description	2023/24	2022/23
	R	R
Irregular expenditure condoned	-	-
Total	-	-

The irregular expenditure for the Commission is still currently under investigation.

Details of current and previous-year irregular expenditure recovered

Description	2023/24	2022/23
	R	R
Irregular expenditure written off	-	-
Total	-	-

No irregular expenditure has been written off in the current financial year.

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

Disciplinary steps taken

1.2. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2023/24	2022/23
	R	R
Opening balance	3 632 744	3 618 902
Add: Fruitless and wasteful expenditure confirmed	-	13 842
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	3 632 744	3 632 744

There is no fruitless and wasteful expenditure incurred in 2023/24 financial year.

Reconciling notes

Description	2023/24	2022/23
	R	R
Fruitless and wasteful expenditure that was under assessment in 2021/22 (2020/21)	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	13 842
Total	-	13 842

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

Description	2023/24	2022/23
	R	R
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	3 632 744	3 632 744
Total	3 632 744	3 632 744

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	2023/24	2022/23
	R	R
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

Description	2023/24	2022/23
	R	R
Fruitless and wasteful expenditure written off	-	-
Total	-	-

No fruitless and wasteful expenditure was written off in the current financial year.

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

Disciplinary steps taken

2. 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.

2.1 Late and/or non-payment of suppliers

Description	Number of invoices	Consolidated value (R)
Valid invoices received	670	20 150 109
Invoices paid within 30 days or agreed period	651	18 597 381
Invoices paid after 30 days or agreed period	19	1 552 728
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)	7	4 785

Nineteen invoices were paid late due to deficiency in financial control. Seven invoices were not paid and are disputed.

3. Supply chain management

3.1 Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract (R)
Sage 300 license	Muz Creation (PTY)trading as Omini Africa	Deviation	RFQ220202	80 600,05
Total				80 600,05

3.2 Contract variations and expansions

Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value (R)	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation (R)
Total						

No contract variations and expansions of scope.

4. Irregular, and fruitless and wasteful expenditure

Type of expenditure	On contracts entered into prior to 2023/24	On contracts entered into in 2023/24	Total
Irregular	264 653	0	264 653
Fruitless and wasteful	0	0	-

PART F

FINANCIAL INFORMATION



PART F: FINANCIAL INFORMATION

1. Statement of responsibility and approval of the annual financial statements for the year ended 31 March 2024

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 on pages 60 to 92 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 page 51.

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 2024, which were signed.



Ms Ansuyah Maharaj Dowra

Acting Chief Executive Officer

Date: 31 August 2024

2. Report of the Audit and Risk Committee for the year ended 31 March 2024

Legislative requirements

The Audit and Risk Committee herewith presents its report for the financial year ended 31 March 2024, as required by section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999) (PFMA) read with Treasury Regulation 3.1.13.

Audit and Risk Committee members and attendance

The Audit and Risk Committee was established under section 38(1)(a)(ii) and section 77 of the PFMA. The Audit Committee Charter requires that the Audit Committee comprises a minimum of three external members and two Commissioners, and a maximum of five members

The Audit and Risk Committee comprised five members, including the Chair, Mr Thulani Duncan Ntuli. Regarding section 77(b) of the PFMA, the Audit and Risk Committee must meet at least twice a year; however, the Committee Charter instructs that the Committee should hold four meetings per year. During the financial year ending 31 March 2024, the Audit and Risk Committee met four times. The table below shows the attendance at these meetings:

Member	Designation		No meetings attended
Duncan Ntuli	Chairperson	External	4
Seipati Boulton	Member	External	4
Dr Mvuleni Bukula	Member	External	4

The members of the Audit and Risk Committee held meetings with the Accounting Officer, senior management of the entity, internal audit function and external auditors, collectively and individually, on matters related to governance, internal control and risk in the entity throughout the reporting period. The Committee Chairperson also attended the Commission's meetings to report on governance, internal control, risk, performance and financial information and other relevant matters concerning the entity.

Audit and Risk Committee's responsibility

The Audit and Risk Committee has complied with its responsibilities arising from section 38(1)(a)(ii) of the PFMA read with Treasury Regulation 3.1.10, and reports that it operated in terms of the Audit and Risk Committee Charter read in conjunction with the Internal Audit Charter.

Effectiveness of internal control

The Audit and Risk Committee acknowledges management's efforts to strengthen internal controls in the entity. Management needs to provide more technical support, monitoring and evaluation to unlock the full potential of these efforts. The Audit and Risk Committee is satisfied that the majority of the issues reported by the external auditors and the internal audit function in prior years have been fully and satisfactorily addressed. Management has assured that it will take effective corrective action to address all internal control weaknesses, and the Audit and Risk Committee will oversee this process in the future.

Vacancies can disrupt the proper functioning of the internal control system, so management needs to review its recruitment procedures to ensure that vacancies are filled promptly with qualified, skilled and experienced personnel.

The organisation has implemented sufficient anti-corruption measures to effectively reduce the risk of fraud and corruption. However, the Audit Committee is not fully confident in the organisation's efforts to prevent fraud. It has communicated these concerns to management. As a result, the Audit and Risk Committee has asked for a comprehensive fraud prevention plan and regular progress reports on the actions being taken to mitigate fraud risks to be presented at each quarterly meeting.

Due to the strategic importance of, and investment in, the modernisation of ICT in the entity, the Audit and Risk Committee has monitored the risk register and progress reports on the respective action plans during the year under review. The Audit and Risk Committee remains concerned that not all ICT risks are being addressed or mitigated, and recommended that management should develop a separate ICT risk register.

The quality of monthly and quarterly reports submitted in terms of the PFMA

The Audit and Risk Committee is satisfied with the content and quality of management and quarterly reports prepared and issued during the year under review in compliance with the statutory framework. The Audit and Risk Committee has engaged with management to remedy shortcomings, especially relating to reports on performance against predetermined objectives.

The Audit and Risk Committee has recommended that the entity prepares interim financial statements that comply with the GRAP financial reporting framework, which could assist in performing reconciliations timeously, as well as in eliminating year-end adjustments.

The Audit and Risk Committee has reviewed and commented on the entity's annual financial statements and report on performance information and their timely submission to the external auditors by 31 May 2024. The Audit and Risk Committee has reviewed the reports issued to National Treasury.

Internal audit function

The Accounting Officer is obliged, in terms of the PFMA, to ensure that the entity has a system of internal audit under the control and direction of the Audit Committee. The entity outsourced the internal audit function and Nikilitha Consulting was appointed to provide the internal audit function for the entity.

The Audit and Risk Committee is not satisfied with how the internal audit function has performed its duties and responsibilities during the year under review. The turnover in personnel within the Finance Unit has impacted the work of the internal audit function. However, a plan has been implemented to ensure that internal audit fulfills its responsibilities as outlined in its charter.

The Committee is not satisfied with the effectiveness of the internal audit function in addressing the entity's relevant risks. However, the Audit and Risk Committee is satisfied that the internal audit function has an effective internal quality assurance programme that covers all aspects of its activity.

Risk management function

The Audit and Risk Committee oversees the risk management function. The contract for the Risk and Compliance Manager ended in June 2024, and the position has been vacant since then. However, the entity's management has been preparing quarterly risk reports, which are then submitted to the Committee for review and monitoring.

The Committee has reviewed the risk register and the reports from management and is generally satisfied with the maturity of the risk management process.

Evaluation of the finance function

The Chief Financial Officer of the company resigned on 30 September 2023. A temporary CFO took over until the end of February 2024. Additionally, a CFO was appointed on a contract basis from 1 February 2024 for six months. The finance function was unable to operate at its full capacity due to the absence of stable leadership.

Before the appointment of a temporary CFO, there was a huge strain on the finance function to deliver quality information on a timely basis. On the whole, the Audit and Risk Committee is not satisfied with the entity's financial function during the year under review.

Performance management

Part of the responsibilities of the Audit and Risk Committee includes the review of performance management. The Audit Committee has, in terms of the performance of the entity, performed the following functions:

- Reviewed and commented on compliance with statutory requirements and performance management best practices and standards.
- Reviewed and commented on the alignment of the annual performance plan, budget and strategic plan; however, performance agreements were not reviewed.
- Reviewed and commented on the relevance of indicators to ensure that they are measurable and relate to services performed by the entity.
- Reviewed reported non-compliance with legislation.
- Reviewed compliance with in-year reporting requirements.
- Reviewed the quarterly performance reports submitted by the internal audit function.
- Reviewed and commented on the entity's performance management system and made recommendations for its improvement.

The Audit Committee is satisfied that the performance report has been prepared in terms of the PFMA, the Treasury Regulations, and any other related regulatory requirements for reporting performance.

Evaluation of the annual financial statements

The Audit and Risk Committee has reviewed the annual financial statements, which focused on the following:

- Significant financial reporting judgments and estimates contained in the annual financial statements
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context
- Quality and acceptability of, and any changes in, accounting policies and practices
- Compliance with accounting standards and legal requirements
- Significant adjustments and/or unadjusted differences resulting from the audit
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted
- Reasons for major year-on-year fluctuations
- Asset valuations and revaluations
- Calculation and levels of general and specific provisions
- Write-offs and reserve transfers
- The basis for the going-concern assumption, including any financial sustainability risks and issues

Except for the matters identified by the Auditor-General in the audit report, the Audit and Risk Committee is comfortable that the annual financial statements have been prepared in terms of GRAP and the PFMA.

External Auditor's report

The Audit and Risk Committee concurs with and accepts the conclusion and audit opinion of the external auditors on the annual financial statements. The Committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors.

The Audit and Risk Committee confirms that it has been actively involved throughout the audit process and has been thoroughly appraised of the issues giving rise to the audit opinion. The Audit and Risk Committee concurs with the findings on the reported performance information and compliance with legislation. The external audit function, performed by the Office of the Auditor-General, is independent of the entity.

The Audit and Risk Committee has met with the external auditors to ensure that there are no unresolved issues, and acknowledges the diligence and cooperation of the external audit team.

On behalf of the Audit and Risk Committee:



Mr Thulani Duncan Ntuli

Audit Committee Chair Financial and Fiscal Commission

31 July 2024

3. Statement of responsibility of the Accounting Officer for the financial statements for the year ended 31 March 2024

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

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

The Accounting Officer acknowledges that she 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. These 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 that the institution'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 institution. 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 in respect of 2023/24, 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 misstatements or deficit.

The Accounting Officer has reviewed the Commission's cash flow forecast for the year up to 31 March 2024 and, in light of this review and the current financial position, is satisfied that the Commission has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the Commission is a going concern and that the government has neither the intention nor the need to liquidate or curtail materially the scale of the Commission.

The Commissioners are accountable for the fiduciary governance and management of the Commission. The Chief Executive Officer, as the Accounting Officer of the Commission, is responsible for its financial affairs.

The annual financial statements set out in this Annual Report were approved and signed by the Accounting Officer.

A handwritten signature in black ink, appearing to read 'A. Dowra'.

Ms Ansuyah Maharaj Dowra

Acting Chief Executive Officer

Date: 31 August 2024

4. 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 findings.

4.1 Revenue

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

4.1.1 Revenue received from exchange transactions

The Commission received interest of R2 463 469 (2023: R1 476 215) on its positive bank balance.

4.1.2 Revenue received from non-exchange transactions

The total appropriation from National Treasury for the Commission for the year ending 31 March 2024 was R59 084 000 (2023: R63 839 000), representing a 7.0% decrease in revenue. The decrease is due to National Treasury-effected baseline reductions across state institutions over the Medium-term Expenditure Framework (MTEF) period. This is a result of debt growing much faster than the economy, with debt service costs crowding out spending on government priorities.

4.2 Expenses

Operating expenditure decreased slightly from R78 540 928 (restated) to R64 610 898, representing a decrease of 17.7% from the previous financial year. The main fluctuations in operating expenditure were derived from the following:

- The recognition of an expense related to the surrender of surplus amounting to R13 985 903 (2023: R27 202 457 (restated)), as directed by National Treasury Instruction Note 12 of 2020/21. The Commission is directed to surrender any surplus, which it is not intending to request to retain, to fund commitments or other expenditure.
- Employee costs decreased from R33 904 770 to R26 193 456. The decline in remuneration is due to vacant posts.
- Professional services costs increased by 32% during the year, from R4 376 764 to R5 779 474. The significant increase was due to legal fees and external audit fees.
- ICT support decreased by 63.2 % during the year, from R1 490 661 to R548 291. This is as a result of ICT support being provided by the State Information Technology Agency (SITA).

Other operating expenditure increased by 45.4% during the year from R12 055 130 to R17 533 290. Travelling costs increased during the financial year as costs to attend stakeholder engagements at the respective legislatures and officials relocating from Gauteng to Cape Town increased from R1 962 442 to R2 919 529. Rental expenditure increased from R3 134 812 to R8 970 443. Relocation cost increased from R326 457 to R403 936 due to the relocation of officials from the Midrand office to Cape Town.

Software and subscription costs decreased in the current year.

4.3 Assets

Current assets decreased from R30.7 million in the prior year to R16.8 million. The decrease was mainly due to the approval in the prior year of the return of a surplus of R12.7 million.

Property, plant and equipment, and intangible assets have not increased significantly, as the addition of assets of only R826 585 was made during the financial year. Other movement is attributable to the depreciation or amortisation of assets, as well as the disposal of assets at the end of their useful lives.

4.4 Liabilities

Liabilities include provisions for leave pay of R824 500 (2023: R1 121 183). Liability incurred is for leave benefits. Payables from exchange transactions include suppliers outstanding at year-end. This increased in the current year to R1 582 119 (2023: R1 332 339).

4.5 Disclosures

4.5.1 Commitments

The entity has, in the current financial year, adjusted the note on commitments in line with the guidance provided by the Accounting Standards Board (ASB) to only disclose commitments of a capital nature, as the commitments disclosed in the prior year were operational in nature. There was no capital commitment in the current year.

4.5.2 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.

4.5.3 Irregular, and fruitless and wasteful expenditure

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

Figures in rand	2024	2023
Irregular	264 653	1 910 474
Fruitless and wasteful		13 842
Closing balance	264 653	1 924 316

All previous and current cases of irregular expenditure, and fruitless and wasteful expenditure were referred for forensic investigation.

4.6 Major event expenditure

The Commission did not incur any expenditure in respect of any major event during the period under review that was not related to its mandate.

4.7 Constraints

In a knowledge-intensive domain, the Commission remains critically aware of the importance of its staff. The Commission will prioritise its research programme to strengthen its ability to generate influential policy advice, based on credible research, and to increase its empirical data capacity. Suitable research expertise is difficult to secure, however. The specialist technical skills required mean that there is a limited pool of researchers from which to recruit. The attraction of talent, and the management and retention of competent staff, remains a key imperative.

4.8 Corporate governance arrangements

4.8.1 Internal audit function

The Commission appointed an internal audit function that assisted it in its ability to improve its internal control environment.

4.8.2 Risk management

Management has reviewed the Commission's Risk Management Strategy, which informed the continuous integration of risk management into the daily activities of the Commission.

Management has created awareness and instituted risk management processes and procedures in alignment with the public-sector Risk Management Framework in the form of an independent risk review process. The Commission updated its risk profile, which is monitored by internal governance structures on an ongoing basis.

4.9 New activities

There were various requests from stakeholders in terms of section 3 of the Financial and Fiscal Commission Act, 1997 that the Commission responded to positively.

4.10 Asset management

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

In addition to the normal daily administration and management of the Commission's asset register, appropriate activities were undertaken to improve the Commission's overall asset management environment. The Commission ensured that its assets were properly tagged, verified and accounted for. Any lost or redundant assets were identified and removed from the asset register. An asset verification process was conducted to ensure that Commission assets are accounted for and accurately reported in the annual financial statements.

4.11 Performance information

Divisional heads report to the CEO on a regular basis on progress made regarding functional delivery and measurable outputs, as contained in the Commission's Strategic Plan.

4.12 Standing Committee on Public Accounts (SCOPA)

There were no SCOPA resolutions relating to the Commission in 2023/24.

4.13 Surplus and reserves

At the beginning of the year, the Commission received approval to use its accumulated surplus towards operations. The Commission has assessed its budget requirements and will request retaining only part of the surplus related to contracted commitments in the upcoming year.

4.14 Budget

The Commission's budget was submitted to National Treasury in terms of the PFMA. There was no surplus or deficit in the budget.

4.15 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 2023/24 financial year
Dr N Mbava	Chairperson	1 April 2023 to 31 March 2024

4.16 Approval

As the Accounting Officer, I have approved the annual financial statements set out on pages 60 to 92.



Ms Ansuyah Maharaj Dowra

Acting Chief Executive Officer

Date: 31 August 2024

Report of the auditor-general to Parliament on 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 set out on pages 4 to 34, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, 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 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 5 of 2023 (Dora).

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

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statement of the constitutional institution at, and for the year ended, 31 March 2024.

Provision for surrender of surplus

8. As disclosed in note 11 to the financial statements, the constitutional institution has disclosed the provision of the surrender of surplus amounting to R16 717 156 (2022-23: R27 202 457).

Responsibilities of the accounting officer for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP Standards and the requirements of the PFMA and DORA 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.
10. 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

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

Report on the audit of the annual performance report

13. 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 presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report
14. I selected the following material performance indicators related to research programme presented in the annual performance report for the year ended 31 March 2024. 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.

- Annual Submission for Division of Revenue with Recommendations tabled
- Technical Research report regarding the Annual Submission published
- Number of Policy Briefs published
- Submission on the Medium-Term Budget Policy Statement submitted
- Submission on the Division of Revenue Bill submitted
- Submission on the Appropriation Bill submitted
- Number of briefings and presentations made
- Number of special projects undertaken

15. 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.

16. 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 those 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.

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

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

Report on compliance with legislation

19. 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.
20. 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.
21. 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.
22. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial Statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1) (b) of the PFMA. Material misstatements of non-current assets, liabilities, commitments and the cash flow statement identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

Expenditure Management

24. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3.

Asset Management

25. The constitutional institution did not dispose of movable assets in a manner that was most advantageous to the state, as required by treasury regulation 16A.7.1.

Other information in the annual report

26. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
27. My opinion on the financial statements, the report on the audit of the annual performance report and the report on 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.

28. 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 programmes in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, 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

30. 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.
31. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
32. There was a lack of implementation of the necessary human resources processes to ensure that the critical vacancies and necessary skills and capabilities within the constitutional institution are addressed. While actions were taken to address findings in prior audits, these actions were not sustained during the current year as a result of the vacancies in the finance unit. The processes implemented for the review and monitoring of compliance with applicable expenditure management and asset management legislation and policies were not adequate as non-compliance identified through the audit process was not prevented.

Auditor-General

Cape Town

15 August 2024



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 the 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 to 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:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 38(1)(b); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 38(1)(j); 40(1)(a); 40(1)(b); 40(1)(c)(i); Section 44(1); 44(2); 45(b)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); Regulation 5.2.3(d); 5.3.1; 8.1.1; 8.2.1; 8.2.2; Regulation 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); Regulation 10.1.2; 12.5.1; 15.10.1.2(c); 16A3.2; Regulation 16A 3.2(a); 16A6.1; 16A6.2(a); Regulation 16A6.2(b); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A 6.4; 16A 6.5; Regulation 16A6.6; 16A7.1; 16A7.3; 16A7.6; Regulation 16A7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 16A9.2(a)(iii); Regulation 17.1.1; 18.2; 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3

Legislation	Sections or regulations
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.17; 4.2(b); 4.3; 4.4(a); 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.2.4(b) ; 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
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(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulation, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

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 South Africa Registered Auditors

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

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

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Abbreviations used:

AO	Accounting Officer
CCMA	The Commission for Conciliation, Mediation and Arbitration
CFO	Chief Financial Officer
COID	Compensation for Occupational Injuries and Diseases
FFC	The Financial and Fiscal Commission
GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act
SARB	South African Reserve Bank
SARS	South African Revenue Service
SCM	Supply Chain Management

AND

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Statement of Responsibility 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 was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of 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 judgements 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 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 year to March 31, 2025 and, in the light of this review and the current financial position, he is satisfied that the Commission has access to adequate resources to continue in operational existence for the foreseeable future.

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 Commissioners are accountable for the fiduciary governance and management of the Commission. The Acting Chief Executive Officer as the Accounting Officer of the Commission is responsible for the financial affairs of the Commission.

The external auditors are responsible for independently auditing and reporting on the Commission's annual financial statements. The annual financial statements have been examined by the Commission's external auditors.

The annual financial statements set out on page 4 to 34, which have been prepared on the going concern basis, were approved by the Commission and signed by the Accounting Officer:



Ms Ansuyah Maharaj-Dowra
Acting Chief Executive Officer



Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Statement of Financial Position as at March 31, 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Receivables from exchange and non-exchange transactions	3	365,001	2,841,983
Deposit - Current portion	7	-	194,290
Cash and cash equivalents	4	16,470,245	27,678,102
		16,835,246	30,714,375
Non-Current Assets			
Property, Plant and equipment	5	1,809,799	1,872,839
Intangible assets	6	396,805	536,173
Deposit	7	1,041,218	1,041,219
		3,247,822	3,450,231
Total Assets		20,083,068	34,164,606
Liabilities			
Current Liabilities			
Operating lease liability	8	350,536	51,207
Finance lease liability	9	64,433	59,522
Payables from exchange transactions	10	1,582,119	1,332,339
Provisions	11	17,569,410	29,077,016
		19,566,498	30,520,084
Non-Current Liabilities			
Finance lease liability	9	16,421	80,854
Total Liabilities		19,582,919	30,600,938
Net Assets		500,149	3,563,668
Accumulated surplus / (deficit)		500,239	3,563,668
Total Net Assets and Liabilities		20,083,068	34,164,606

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Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Interest received	12	2,463,469	1,476,215
Other income	12	-	2,000
Profit on disposal of assets	13	-	97,237
Total revenue from exchange transactions		2,463,469	1,575,452
Revenue from non-exchange transactions			
Transfer revenue			
Government grants	14	59,084,000	63,839,000
Total revenue		61,547,469	65,414,452
Expenditure			
Employee related costs	15	(26,193,456)	(33,904,770)
Depreciation and amortisation	16	(822,471)	(930,620)
Finance costs	17	(11,581)	(25,129)
Debt Impairment	18	-	(46,058)
Professional services	19	(5,779,474)	(4,376,764)
Loss on disposal of assets	13	(284,723)	-
Surrender of surpluses	20	(13,985,903)	(27,202,457)
Operating expenses	21	(17,533,290)	(12,055,130)
Total expenditure		(64,610,898)	(78,540,928)
Deficit for the year		(3,063,429)	(13,126,476)

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / (deficit)	Total net assets
Opening balance as previously reported	4,026,555	4,026,555
Prior year adjustments 33	12,663,589	12,663,589
Balance at April 1, 2022 as restated*	16,690,144	16,690,144
Surplus for the year as previously reported	10,828,802	10,828,802
Prior Year adjustments - Note 33	(11,291,689)	(11,291,689)
Deficit for the year	(13,126,476)	(13,126,476)
Balance at 31 March 2023	3,563,668	3,563,668
Deficit for the year	(3,063,429)	(3,063,429)
Balance at March 31, 2024	500,239	500,239

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants		59,084,000	63,839,000
Other income		-	2,000
Interest income	12	2,463,469	1,476,215
		<u>61,547,469</u>	<u>65,317,215</u>
Payments			
Employee Related costs		(27,215,761)	(33,984,971)
Suppliers		(44,563,683)	(18,269,360)
Finance costs		(11,581)	(25,129)
		<u>(71,791,025)</u>	<u>(52,279,460)</u>
Net cash flows from operating activities	22	<u>(10,243,556)</u>	<u>13,037,755</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(826,585)	(636,431)
Proceeds from sale of property, plant and equipment	5&13	-	90,600
Purchase of intangible assets	6	(78,200)	-
Movement in deposit		-	(1,016,218)
Net cash flows from investing activities		<u>(904,785)</u>	<u>(1,562,049)</u>
Cash flows from financing activities			
Finance lease payments		(59,516)	(53,328)
Net increase/(decrease) in cash and cash equivalents		<u>(11,207,857)</u>	<u>11,422,378</u>
Cash and cash equivalents at the beginning of the year		27,678,102	16,255,724
Cash and cash equivalents at the end of the year	4	<u>16,470,245</u>	<u>27,678,102</u>

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Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Actual amount on accrual basis	Adjustment of actual amounts from accrual to cash basis	Actual amounts on cash basis	Difference between final budget and actual	Note 27 Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Interest received	1,262,000	2,463,469	-	2,463,469	(1,201,469)	1
Total revenue from exchange transactions	1,262,000	2,463,469	-	2,463,469	(1,201,469)	

Revenue from non-exchange transactions

Transfer revenue

Government grants	59,084,000	59,084,000	-	59,084,000	-	
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Expenditure

Employee costs	(33,668,182)	(26,193,456)	-	(26,193,456)	(7,474,726)	12
Depreciation and amortisation	(400,000)	(822,471)	(822,471)	-	(400,000)	
Finance cost	-	-	-	(11,581)	(11,581)	
Professional Services	(7,738,000)	(5,779,474)	-	(5,779,474)	(1,958,526)	3
Operating expenditure	(17,240,000)	(17,533,290)	-	(17,533,290)	293,290	4

Total expenditure	(59,046,182)	(50,328,691)	(822,471)	(49,517,801)	(9,551,543)	
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Operating (deficit)/surplus	1,299,818	11,218,778	(712,281)	12,029,668	10,760,514	
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Loss on disposal of assets and liabilities	-	-	-	(284,723)	(284,723)	
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Capital expenditure	(1,300,000)	(904,785)	-	(904,785)	(395,215)	5
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	(1,300,000)	(904,785)	-	(1,189,508)	(679,938)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(182)	10,313,993	(712,281)	10,840,160	11,440,511	

Refer to Note 27

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Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Accounting Policies

1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

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 12 months.

1.4 Comparative figures

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

1.5 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.

1.6 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements, require management 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.

1.7 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 entity to a financial instrument will cause a financial loss for the other entity by failing to discharge an obligation.

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Accounting Policies

1.7 Financial instruments (continued)

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.

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 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 and non-exchange transactions

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

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

Financial liability

Payables from exchange transactions

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 3rd party creditors.

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Accounting Policies

1.8 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.

1.9 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.

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	Amortisation method	Average useful life
Computer software	Straight-line	3 - 10 years

The commission discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

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.

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

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 of the lessee.

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 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 Provisions

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.

1.12 Contingencies

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets.

Contingent assets is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission.

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Accounting Policies

1.13 Revenue recognition

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 Commission 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.

Non-exchange transactions are those transactions where an entity either receives value from another entity without directly giving approximately equal value in exchange.

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Commission and these benefits can be measured reliably. Revenue comprises of government grants, other income, gains on disposals and interest received.

Government Grants

Government grants are the 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 sources 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.

Other Income

Other Income is recognised in the reporting period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

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

Interest received

Revenue arising from the use by others of Commission assets yielding interest 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 received is recognised on a time proportion basis, taking into account the principal outstanding or invested and the effective rate over the period to maturity when it is determined that such income will accrue to the Commission.

1.14 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the Commission can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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.

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Accounting Policies

1.15 Employee benefits

Employee benefits are all forms of consideration given by the Commission in exchange for service rendered by employees. The Commission operates a defined contribution plan, the assets of which are generally held in separate trustee-administered funds. This plan is funded by payments from employees and the Commission.

Termination benefits are employee benefits payable as a result of either:

- the Commission's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.
- as a consequence of a mutual separation agreement between the employer and employee; or as a determination of the court.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

1.16 Property, Plant and equipment

Property, Plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, 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.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the 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.

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	25 years
Motor vehicles	Straight-line	15 years
Office equipment	Straight-line	25 years
Computer equipment	Straight-line	3 - 10 years
Leasehold improvements	Straight-line	Depreciated over the period of the lease
Finance Lease	Straight-line	Depreciated over the period of the lease

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

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Accounting Policies

1.16 Property, Plant and equipment (continued)

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's 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.

1.17 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).

Identification

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 any indication that a non-cash-generating asset may be impaired. If any such indication exists, the Commission estimates the recoverable service amount of the asset.

Recognition and measurement

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 asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.18 Commitments

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

The Commission has included disclosure in respect of unrecognised contractual commitments.

1.19 Fruitless and wasteful expenditure

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

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Accounting Policies

1.19 Fruitless and wasteful expenditure (continued)

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.

1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the 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) the PFMA; or
- (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.

Irregular expenditure is recorded in the notes to the annual financial statements when confirmed.

The amount recorded is equal to the value of irregular expenditure incurred, unless it is impractical to determine, in which case, therefore reasons must be provided in the notes. National Treasury Instruction No.04 of 2022/2023, which was issued in terms of sections 76(1) to 76(4) of the PFMA, requires the following:

- Irregular expenditure emanating from non-compliance with the budget of a Schedules 3A and 3C public entity must be considered for condonation in terms of the definition of relevant authority.
- Amounts disclosed in the annual financial statements must relate to irregular expenditure incurred in the current financial year with a one financial year comparative.
- Irregular expenditure for the previous financial year must be recognized in the period in which they occurred as follows:
 - a) irregular expenditure incurred and confirmed in the previous financial year.
 - b) irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
 - c) irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
 - d) 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.

1.21 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 4/1/2023 to 3/31/2024.

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 27.

1.22 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.

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Accounting Policies

1.22 Related parties (continued)

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 Commission's financial statements to understand the effect of related party transactions on its annual financial statements.

1.23 Tax

Income Tax

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

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 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 impact 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 Comparison of comparative figures

Comparative figures

Where necessary comparative figures have been adjusted to conform to changes in presentation in the period under review. The nature and reason for such reclassification and restatements are also disclosed in the notes where applicable.

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The Commission has not applied the following standards and interpretations, which have been published and are mandatory for the Commission's accounting periods beginning on or after April 1, 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 104 (as revised): Financial Instruments	April 1, 2025	Not expected to impact results but may result in additional disclosure

3. Receivables from exchange and non-exchange transactions

Deposits	194,290	-
Accrued income	-	74,545
Prepayments Current	170,711	2,767,438
	365,001	2,841,983

Prepayments relate to expenses such as subscriptions (Software licences, subscriptions) which have been paid by the Commission in advance. The benefits of which will be enjoyed in accordance with duration of the prepayments.

Receivables past due but not impaired

Receivables which are less than 12 months past due are not considered to be impaired. At March 31, 2024, R 46 057 (2023: R 46,057) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Trade and other receivables impaired

As of March 31, 2024, trade and other receivables of R 46 057 (2023: R 46,057) were impaired and provided for.

The ageing of these amounts is as follows:

Over 12 months	46,057	46,057
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Reconciliation for the provision of impairment of receivables

Opening Balance	46,057	-
Movement in provision	-	46,057
	46,057	46,057

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances (Nedbank)	7,363,174	2,019,233
Bank balances (SARB)	9,107,071	25,658,869
	16,470,245	27,678,102

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Notes to the Annual Financial Statements

Figures in Rand

5. Property, Plant and equipment

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Office equipment	436,596	(259,933)	176,663	1,143,192	(941,092)	202,100
IT equipment	3,334,028	(1,816,952)	1,517,076	3,033,329	(1,539,870)	1,493,459
Leasehold improvements	26,726	(25,480)	1,246	26,726	(25,065)	1,661
Artwork	38,806	-	38,806	38,806	-	38,806
Finance lease asset	182,417	(106,409)	76,008	182,417	(45,604)	136,813
Total	4,018,573	(2,208,774)	1,809,799	4,424,470	(2,551,631)	1,872,839

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Office equipment	234,711	-	(41,462)	(16,586)	176,663
IT equipment	1,406,693	826,585	(189,105)	(527,097)	1,517,076
Leasehold improvements	1,661	-	-	(415)	1,246
Artwork	38,806	-	-	-	38,806
Finance Lease Asset	136,813	-	-	(60,806)	76,008
	-	-	-	-	-
	1,818,684	826,585	(230,567)	(604,904)	1,809,799

The Opening balance for previous financial year for IT equipment and Office equipment were incorrectly calculated and this has been adjusted in the current year. However the effect was immaterial, therefore no need for a prior period error. The entity had in the current year derecognised the assets that were no longer in use, it is management's intention to dispose off these assets through donation during 2024/25 in line with the entity's Asset Management Policy and Treasury Regulation 16A.7.7.

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Notes to the Annual Financial Statements

Figures in Rand

5. Property, Plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	9,105	-	(7,082)	(2,023)	-
Office equipment	220,667	-	(6,390)	(12,177)	202,100
IT equipment	1,718,366	636,428	(54,435)	(806,900)	1,493,459
Leasehold improvements	4,981	-	-	(3,320)	1,661
Artwork	38,806	-	-	-	38,806
Finance lease asset	-	182,417	-	(45,604)	136,813
	1,991,925	818,845	(67,907)	(870,024)	1,872,839

Financial and Fiscal Commission

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6. Intangible assets

	2024			2023		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,562,258	(2,290,448)	271,810	2,484,058	(2,072,880)	411,178
Intangible assets under development	124,995	-	124,995	124,995	-	124,995
Total	2,687,253	(2,290,448)	396,805	2,609,053	(2,072,880)	536,173

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	411,178	78,200	(217,568)	271,810
Intangible assets under development	124,995	-	-	124,995
	536,173	78,200	(217,568)	396,805

Financial and Fiscal Commission

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6. Intangible assets (continued)

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	471,772	(60,594)	411,178
Intangible assets under development	124,995	-	124,995
	596,767	(60,594)	536,173

Computer Software represents off the shelf software used in the operations of the Commission. During the compilation of Annual Financial Statements for the year under review we have reclassified the Intangible Assets under Development previously disclosed under Computer Software now corrected. This did not have an impact on the carrying amount.

Reclassification of Intangible Assets Under Development

The entity has in the current financial year reclassified the intangible asset under development that was incorrectly classified as intangible asset.

Financial and Fiscal Commission

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
7. Deposit		
Deposits held		
Opening balance	1,041,219	219,290
Deposit added in the year	-	1,041,219
Deposit refunded during the year	-	(25,000)
	<u>1,041,219</u>	<u>1,235,509</u>
Deposit classification		
Deposits Current	-	194,290
Deposits Non-current	1,041,219	1,041,219
	<u>1,041,219</u>	<u>1,235,509</u>

The deposit of R 194 290 relates to the Cape Town office lease (Adderley Street) that expired 30 September 2023. The Lessor is still to repay the refund. The deposit of R1 041 219 relates to the Cape Town office lease (33 Heerengracht Street) which commenced on 01st June 2023 and expires on 31st May 2026.

8. Operating lease liability

Current portion of lease liability	<u>(350,536)</u>	<u>(51,207)</u>
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The entity had a lease agreement that expired on the 30th of September 2023, during 2023/24 a new lease was negotiated for three years and has a 6.5% escalation clause. No contingent rent is payable. The above operating lease payments represent rentals payable by the Commission for the current Cape Town office premises. The lease agreement will expire on 31 May 2026.

Minimum lease payments due

- within one year	6,677,302	372,213
- in second to fifth year inclusive	8,308,728	88,879
	<u>14,986,030</u>	<u>461,092</u>

Minimum lease payments due

- within one year	<u>-</u>	<u>180,053</u>
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Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
9. Finance lease liability		
Minimum lease payments due		
- within one year	71,103	71,103
- in second to fifth year inclusive	17,776	88,879
	<u>88,879</u>	<u>159,982</u>
less: future finance charges	(8,025)	(19,606)
Present value of minimum lease payments	80,854	140,376
Present value of minimum lease payments due		
- within one year	64,433	59,522
- in second to fifth year inclusive	16,421	80,854
	<u>80,854</u>	<u>140,376</u>
Non-current portion of lease liability	16,421	80,854
Current portion of lease liability	64,433	59,522
	<u>80,854</u>	<u>140,376</u>

The Commission has entered into a finance lease arrangement on 1 July 2022 with Konica Minolta.

The lease term was 3 years and the effective borrowing rate was 8%.

Interest rates are fixed at the contract date. The leases have fixed repayments.

The Commission's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 5.

10. Payables from exchange transactions

Trade payables	1,081,643	626,882
Accrued expense	500,476	705,457
	<u>1,582,119</u>	<u>1,332,339</u>

Trade payables and Accruals are as a result of supplier invoices and 3rd party contractors not paid at year end. The average payment period is less than 30 days.

Financial liability - Amex travel card

Remaining credit available at year end	740,893	698,379
Add: Accrual at year end	109,107	151,624
	<u>850,000</u>	<u>850,003</u>

Included in financial liabilities is the Amex credit card facility from Nedbank, available to the Commission at an interest rate of 17% (prime plus 5.75%) at 31 March 2024. The total credit available for use by the Commission is R850 000. The terms of payment are 55 days interest free from statement date.

Financial and Fiscal Commission

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11. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Leave paid	Total
Surrender of surplus	27,202,457	13,985,903	-	(24,471,204)	-	16,717,156
Leave benefits	1,121,183	1,316,721	(1,014,488)	-	(598,916)	824,500
Performance Bonus	54,316	-	(26,562)	-	-	27,754
Cost of living adjustment	699,060	-	-	(699,060)	-	-
	29,077,016	15,302,624	(1,041,050)	(25,170,264)	(598,916)	17,569,410

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Leave Paid	Total
Surrender of surplus	12,663,589	27,202,457	-	(12,663,589)	-	27,202,457
Leave benefits	1,312,274	2,624,983	(2,122,203)	-	(693,871)	1,121,183
Performance Bonus	479,466	-	(425,150)	-	-	54,316
Cost-of-living adjustment	-	699,060	-	-	-	699,060
	14,455,329	30,526,500	(2,547,353)	(12,663,589)	(693,871)	29,077,016

For the 2023/24 financial year a provision for cost of living adjustment was made in terms of the Commissions approved Remuneration and Rewards policy.

Surrender of surplus provision	(13,985,904)	(27,202,457)
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Calculation of surplus provision

Cash and cash equivalents	16,470,245	27,678,101
Add: receivables	365,001	2,841,983
Less: current liabilities	(2,849,342)	(3,317,627)
Less: contingent liabilities	-	-
Surplus provision	13,985,904	27,202,457

In terms of the PFMA, constitutional institutions should request approval to retain accumulated surpluses and unused surpluses should be deposited back to the Revenue Fund. The FFC has deposited back the surplus of R24 471 204 to the Reserve Fund in the current year.

12. Revenue from exchange transactions

The amount included in revenue arising from exchanges of goods or services are as follows:

Interest received	2,463,469	1,476,215
Other income	-	2,000
	2,463,469	1,478,215

13. Profit/(Loss) on disposal of asset

Proceeds on sale of motor vehicle	-	90,600
Proceeds from insurance claim	-	74,545
Carrying value of disposed assets	(284,723)	(67,908)
	(284,723)	97,237

The Commission derecognised its IT and office equipment which were purchased prior to 2010 during the 2023/24 financial year.

Financial and Fiscal Commission

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Figures in Rand	2024	2023
14. Revenue from non-exchange transactions		
Operating grants		
Government grant	59,084,000	63,839,000
15. Employee related costs		
Basic Salary	26,649,815	30,585,298
UIF	61,675	80,095
Workmen's Compensation Act	-	172,005
Leave pay provision charge	130,756	502,780
Other personnel costs	50,270	206,913
Cost of living provision charge	(699,060)	699,060
Termination benefits	-	1,658,619
	26,193,456	33,904,770
Other personnel costs include training and development, relocation and staff welfare costs which are costs associated with employment.		
16. Depreciation and amortisation		
Property, Plant and equipment	604,903	870,024
Amortisation	217,568	60,596
	822,471	930,620
17. Finance costs		
Finance leases	11,581	11,287
Other interest paid	-	13,842
	11,581	25,129
18. Debt impairment		
Debt impairment	-	46,058
Following the assessment a debt amounting to R46 058 was impaired due to financial constraints of debtor.		
19. Professional services		
Legal fees	2,325,270	422,468
External audit fees	2,912,759	1,481,373
Financial and supply chain management consulting	-	94,426
Forensic services	258,873	426,472
Commissioned research	-	1,252,987
HR consulting Costs	282,572	560,174
Risk management fees	-	138,864
	5,779,474	4,376,764
20. Surrender of surpluses		
Surrender of surpluses - relating to current year	13,985,903	27,202,457
	13,985,903	27,202,457

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

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20. Surrender of surpluses (continued)

The prior year disclosures for note 20 (Surrender of surpluses) have been adjusted to correctly account for the prior period error correction, which affected the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Cashflow Statement.

21. Operating expenses

Bank charges	36,305	34,375
Cleaning	25,369	69,008
Workshops and meetings cost	80,488	60,855
Insurance	113,895	106,444
IT expenses	548,291	1,490,661
Recruitment fees	57,553	402,660
Printing and stationery	334,605	425,204
Security	-	118,132
Software expenses	756,403	1,175,643
Subscriptions and membership fees	909,959	853,075
Telephone and fax	-	10,369
Travel - local	2,919,529	1,962,442
Water & Electricity	550,074	661,992
Rates and Taxes	965,386	31,891
Other expenditure	155,252	184,239
Office Rent	8,970,443	3,134,812
Commission and Committee cost	705,802	1,006,871
Office relocation costs	403,936	326,457
	17,533,290	12,055,130

Other expenditure relates to Office consumables, minor assets and stakeholder management costs for the Commission.

22. Cash (used in) generated from operations

Deficit	(3,063,429)	(13,126,476)
Adjustments for:		
Depreciation and amortisation	822,471	930,620
(Gain) loss on sale of assets	284,723	(97,237)
Fair value adjustments	(16,588)	-
Finance costs - Finance leases	11,581	11,287
Surplus provision	13,985,903	27,202,457
Changes in working capital:		
Receivables from exchange and non-exchange transactions	2,671,272	(1,607,135)
Other Adjustments	-	-
Movement in accrued income	-	74,545
Finance Liability	4,911	-
Movement in operating lease assets	299,329	(84,842)
Payables from exchange transactions	249,780	(348,284)
Movement in provisions	(25,493,509)	82,820
	(10,243,556)	13,037,755

23. Commitments

Authorised capital expenditure

Already contracted for

• Property, plant and equipment	-	826,586
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Total capital commitments

Already contracted for	-	826,586
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Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
23. Commitments (continued)		
Total commitments		
Total commitments		
Authorised capital expenditure	-	826,586

The entity has in the current financial year adjusted the note on commitments in line with the guidance provided by the ASB to only disclose commitments which are of a capital nature, as the commitments disclosed in the prior year were operational in nature.

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

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2024

2023

24. Related parties

Commissioners and key management remuneration

Commissioners

2024

Related Party Balances

	2024 Payables	2023 Receivables	2023 Payables
Prof. A Mokadi	-	-	14,058
Prof. L Erasmus	-	-	9,372
Prof. T Fowler	-	-	9,372
Ms. N Khabutlane	-	-	14,058
Ms. E Rockman	-	-	9,063
	-	-	55,923

Name	Fees for services	Salary	Electronic communication allowance	Total
Mr. M Sachs	-	-	36,000	36,000
Prof. A Mokadi	14,058	76,620	-	90,678
Prof. L Erasmus	51,574	30,639	33,000	115,213
Prof. T Fowler	55,081	39,826	33,000	127,907
Mr. S Kholwane	-	-	-	-
Ms. E Rockman	109,945	44,742	36,000	190,687
Ms. N Khabutlane	32,802	21,893	12,000	66,695
	263,460	213,720	150,000	627,180

2023

Name	Fees for services	Salary	Electronic communication allowance	Total
Dr. PN. Mbava	-	1,880,736	42,000	1,922,736
Mr M Sachs	79,758	-	39,000	118,758
Prof. A Mokadi	273,246	-	39,000	312,246
Prof. L Erasmus	112,464	-	39,000	151,464
Prof. T Fowler	78,478	-	39,000	117,478
Ms. N Khabutlane	126,522	-	39,000	165,522
Ms. E Rockman	56,232	-	39,000	95,232
Mr. M Nkomfe	-	-	39,000	39,000
	726,700	1,880,736	315,000	2,922,436

Financial and Fiscal Commission

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24. Related parties (continued)

Management

2024

Name	Salary	Electronic communication allowance	Backpay	Acting allowance	Leave pay	Total
Ms. A Maharaj-Dowra, Acting Chief Executive Officer, Head: Office of the Chairperson	1,617,281	36,000	85,373	134,123	-	1,872,777
Mr. C Tseng Executive Manager: Research	1,444,659	36,000	79,607	106,972	-	1,667,238
Mr. K Mviko Chief Financial Officer	605,416	15,000	86,248	-	86,998	793,662
Dr. PN Mbava: Chairperson	1,918,351	42,000	110,529	-	-	2,070,880
Tebogo Matabane: Chief Financial Officer	57,364	11,621	-	-	-	68,985
	5,643,071	140,621	361,757	241,095	86,998	6,473,542

2023

Name	Salary	Bonuses and performance-related payments	Electronic communication allowance	Leave pay	Acting Allowance	Total
Mr. C Tseng, Acting Chief Executive Officer, Head: Research	1,233,550	36,401	36,000	-	367,008	1,672,959
Ms. A Maharaj-Dowra, Head: Office of the Commission and Chairperson	1,369,070	40,400	23,500	-	-	1,432,970
Mr. K Mviko Chief Financial Officer	1,430,620	-	36,000	-	-	1,466,620
Dr. K. Brown, Chief Executive Officer (resigned December 2022)	1,246,833	-	30,100	147,187	-	1,424,120
Ms. R Mokebe Head: Corporate Services	209,599	-	5,353	49,683	-	264,635
	5,489,672	76,801	130,953	196,870	367,008	6,261,304

25. Risk management

Financial risk management

The Commission's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Financial and Fiscal Commission

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25. Risk management (continued)

Liquidity risk

The Commission's risk to liquidity is a result of the funds available to cover future commitments. Considering the Commission's current funding structures and availability of resources, the Commission regards this risk to be low.

Financial liabilities which potentially subject the Commission to concentration of liquidity risk are trade and other payables. The Commission's risk to liquidity is a short fall in funds available to pay its payables. The payables are all due within the short term. The Commission manages its liquidity risk by holding sufficient cash in the bank account.

At March 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1,582,119	-	-	-

At March 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1,332,339	-	-	-

Credit risk

Financial assets which potentially subject the Commission to the concentration of credit risk are principally receivables. Receivables are of a sundry nature and the credit risk is therefore limited, the credit risk is managed through periodic reviews of the level of bad debts. Accordingly the Commission has no significant concentration of credit risk.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Trade and other receivables	365,001	2,841,983

Market risk

Interest rate risk

The Commission has cash and cash equivalents placed with financial institutions and is therefore exposed to interest rate fluctuations and such changes in market interest rates affect the fair value of cash. The interest rate risk embodies not only the potential for loss but also the potential for gain and is managed through the cash management policy. The Commission has placed its cash equivalents with Nedbank Limited and South African Reserve Bank carried in the functional currency of the Commission (South African Rand). The rating of Nedbank Limited is BB- as at reporting date as rated by Standard & Poor's Rating Agency.

26. Going concern

We draw attention to the fact that at March 31, 2024, the Commission had an accumulated surplus of R 500,239 and that the Commission's total assets exceeds its liabilities.

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 largely depends on continued government support through an annual appropriation through National Treasury. The Commission will make a submission to request approval from National Treasury to retain part of the accumulated surplus.

27. Reconciliation between budget and statement of financial performance

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

Financial and Fiscal Commission

Annual Financial Statements for the year ended March 31, 2024

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Figures in Rand	2024	2023
27. Reconciliation between budget and statement of financial performance (continued)		
Net deficit per the statement of financial performance	(3,063,429)	(13,126,476)
Adjusted for:		
Actual amounts not on cash basis		
Actual amounts not on cash basis	(284,723)	(642,009)
(1) Over collection in Revenue	(1,201,469)	(1,464,815)
(2) Budget remaining in employee costs	(7,474,726)	(5,645,878)
(4) Budget remaining in professional services	(1,958,526)	(3,184,657)
(5) Overspending in operating expenditure	293,290	936,000
(6) Budget remaining in fixed assets	(395,215)	(4,074,622)
(7) Surrender of surplus	13,985,903	27,202,457
Net deficit per approved budget	(98,895)	-

28. Budget differences

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the Commission are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget.

(1) Variance in revenue is due to interest received on favourable bank balances during the year	(1,201,469)	(1,464,815)
(2) Underspending in Employee costs is due to several vacant positions in the current year.	(7,474,726)	(5,645,878)
(3) Unused budget in Professional services due lesser commission research paid in the current financial period	(1,958,526)	(3,184,657)
(4) Overspending in operating costs due to higher rental of Cape Town Office	293,290	936,000
(5) Underspending in Capex due to less assets purchased	(395,215)	(4,074,622)
	(10,736,646)	(13,433,972)

29. Irregular and Fruitless and wasteful expenditure

Irregular expenditure	264,653	1,910,474
Fruitless and Wasteful expenditure	-	13,842
Closing balance	264,653	1,924,316

Disciplinary steps taken as a result of irregular and fruitless and wasteful expenditure

All previous cases of irregular expenditure and fruitless and wasteful expenditure were referred for forensic investigation.

Financial and Fiscal Commission

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30. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Commission and includes a note to the annual financial statements.

Goods and services (annexure attached) procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Commission who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Type of Deviation

Contract extension (Within AO Delegation)	-	178,209
Contract extension (Within NT Delegation)	-	2,797,289
Sole supplier	-	852,727
Variation of Scope (Within AO Delegation)	80,600	-
	80,600	3,828,225

31. Contingencies

The FFC recognised a contingent liability of R0.00 (2023: R11 291 689) related to capital expenditure as per instruction note 12 of 2020/21 issued by the National Treasury on the 22nd of September 2020. The contingent liability exists related to the request for the retention of surplus to be submitted to the National Treasury between 1 August 2024 - 30 September 2024.

The contingent liability is disclosed due to the uncertainty in the approval of the request for surplus by National Treasury.

Amusa Matter.

In the previous year the Commission disclosed a contingent liability related to the Amusa matter for unpaid long service award of 10 and 15 years amounting to R137 872, and interest of 7% pa which is due from the date the payment became due. An attachment order has been made against the Commission. The Commission has assessed the liability and considers the likelihood of the claim being successful as unlikely, the matter should be concluded in the next year.

As a result of the above, office equipment assets with a carrying value of R229 098 have been encumbered due to an attachment order received by the Commission from the Sheriff of the Court.

32. Change in estimate

Property, Plant and equipment

The useful life IT equipment and Furniture and Fittings was estimated to be between 3 - 25 years. In the current period, management has revised the useful life of certain IT equipment and Furniture and Fittings based on management's intention and future usage patterns of the assets. The effect of this revision has decreased the depreciation charge for the current period by R1 069 608.

33. Prior period errors

The Commission has corrected its financial statements to comply with the requirement of GRAP 19 on Provisions, Contingent Liabilities and Contingent Assets regarding the surrender of surplus reversal which was incorrectly accounted for, and also correction on the calculation of surplus provision. This has resulted in a prior period error, due to the incorrect reversal and calculation of the surrender of surplus which resulted in non-compliance with the standard.

The annual financial statements have been restated with the net impact of the prior period error of R23 955 278. The correction of the error results in adjustment as follows:

Statement of financial position

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33. Prior period errors (continued)

2022

	As previously reported	Correction of error	Restated
Accumulated Surplus or Deficit	4,026,555	12,663,589	16,690,144

2023

	As previously reported	Correction of error	Restated
Provision	17,785,327	11,291,689	29,077,016
Accumulated Surplus or Deficit	14,855,357	(11,291,689)	3,563,668
	32,640,684	-	32,640,684

Statement of financial performance

2023

	As previously reported	Correction of error	Restated
Surrender of surpluses	(3,247,179)	(23,955,278)	(27,202,457)

Cash flow statement

2023

	As previously reported	Correction of error	Restated
Cash flow from operating activities - Note 22			
Surplus provision	(3,247,179)	(23,955,278)	(27,202,457)

Errors

The entity has in the current financial year adjusted the note on commitments in line with the guidance provided by the ASB to only disclose commitments which are of a capital nature, as the commitments disclosed in the prior year were operational in nature. The following prior period errors adjustments occurred:

Commitments

	As previously reported	Correction of error	Restated
Authorised capital expenditure	1,459,936	(633,350)	826,586
Authorised operational expenditure	26,480,801	(26,480,801)	-
	27,940,737	(27,114,151)	826,586



FINANCIAL
AND FISCAL
COMMISSION

**For an Equitable Sharing
of National Revenue**