

Friday, 28 November 2025]

No 209—2025] SECOND SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

FRIDAY, 28 NOVEMBER 2025

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Referral to Committees of papers tabled

- (1) The following paper is referred to the **Portfolio Committee on Justice and Constitutional Development**:
 - (a) Proclamation No. R.297, published in *Government Gazette* No. 53707, dated 21 November 2025: Referral of matters to existing Special Investigating Unit and Special Tribunal: In respect of the affairs of the South African Tourism Board, in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996).
- (2) The following paper is referred to the **Portfolio Committee on Land Reform and Rural Development**:
 - (a) Extension of the Application of the Interim Protection of Land Rights Act, 1996 (Act No. 31 of 1996) – published in *Government Gazette* No. 53490, dated 10 October 2025.
- (3) The following paper is referred to the **Portfolio Committee on Social Development** for consideration and report. Financial Statements are referred to the **Standing Committee on Public Accounts** for consideration:
 - (a) Report and Financial Statements of the Central Drug Authority for 2024-25.

2. Membership of Committees

- (1) The following committee membership changes have been made by the Democratic Alliance with effect from 25 November 2025:

Powers and Privileges Committee

Appointed: Bagraim, Mr M (Alternate)

National Assembly Rules Committee

Discharged: Aucamp, Mr WAS
Appointed: Bagraim, Mr M

TABLINGS**National Assembly and National Council of Provinces****1. The Minister of Finance**

- (a) Report on contingent liability exposure of government for the quarter ended 30 June 2024.

2. The Minister of Cooperative Governance and Traditional Affairs

- (a) Customary Initiation Regulations, submitted in terms of section 35 of the Customary Initiation Act, 2021 (Act No. 2 of 2021).

National Assembly**1. The Speaker**

- (a) Third Report of National Assembly (NA) Rules Committee for the Seventh Parliament.



PARLIAMENT

OF THE REPUBLIC OF SOUTH AFRICA

REPORT

NATIONAL ASSEMBLY RULES COMMITTEE

26 NOVEMBER 2025

A. Introduction

- (1) The National Assembly Rules Committee (the Rules Committee) was established by National Assembly Rule 193 with a mandate to, *inter alia*, “*recommend to the Assembly for adoption rules and orders and other policy proposals concerning the business of the Assembly.*” The Rules Committee has a permanent Subcommittee on the Review of Assembly Rules (the Subcommittee) which deliberates on the technicalities of proposed reforms to parliamentary procedure.
- (2) The Rules Committee met on 26 November 2025 when, based on a report from the Subcommittee of 13 November 2025, it agreed on several rule amendments and related matters, namely –
 - (i) Rules for an oversight committee on the Presidency;
 - (ii) Rules to incorporate features of interpellations into the questions procedure; and
 - (iii) the composition of the Committee on Government Undertakings and Petitions.

B. Committee on the Presidency

- (1) The Rules Committee has been seized with the question of how best the Assembly could oversee Vote 1 – The Presidency – as part of the national budget, mindful of the unique and overarching role of the Presidency.
- (2) The Rules Committee of the Sixth Parliament requested the Parliamentary Budget Office (PBO) to undertake preliminary research into the matter. The PBO noted that it was clear that the Budget of Vote 1 was not excluded from any of the applicable regulatory and legislative prescripts. The PBO also found that various jurisdictions made use of committees as forums of inquiry, although there were limited examples of stand-alone committees to scrutinize the office of the Head of State or Government. In April 2023, the Rules Committee undertook a study tour to engage other parliaments to assess how they oversaw the operations of the office of the Head of the Executive.
- (3) Based, in part, on these proceedings, the matter was raised once more in the Seventh Parliament. At the meeting of 31 October 2024, the Rules Committee endorsed the view that the Assembly should have a dedicated committee on the Presidency. The Rules Committee then mandated the Subcommittee to consider the technicalities related thereto and develop rule amendments. The Rules Committee agreed with the recommendations put forward by the Subcommittee and thus recommended that the House adopt the rule amendments contained in **Annexure A** of this report.
- (4) In terms of the composition of the Committee on the Presidency, the Rules Committee agreed that, should the House establish the Committee, it be comprised of 11 members – **ANC 4, DA 2, MKP 1, EFF 1 and other parties 3.**

- (5) While members of the Rules Committee agreed on the general principles some parties were of the view that the committee should have a larger membership to include more parties. On the question of members' participation in committees generally, the Rules Committee accepted the view that greater clarity was required on practices associated with the participation of alternate members, as well as other members, who may wish to attend the various committees. It was noted that the matter of alternates would be raised in the Forum of Committee Chairpersons. At the same time, members concurred that a specific training intervention was required to ensure uniform understanding across committees.
- (6) Lastly, the draft rules also provide that the Committee on the Presidency "*may adopt guidelines regarding the execution of its mandate including the guidelines to provide for liaisons with the President and Deputy President.*" To this end, possible draft guidelines were developed – and are reflected as a footnote in Annexure A – although these guidelines would have to be agreed by the Committee on the Presidency.

C. Composition of Committee on Government Undertakings and Petitions

- (1) The Assembly is constitutionally obligated to provide for mechanisms to ensure that members of the Executive are accountable to it. In addition to the mechanisms that already exist, a gap was identified which necessitated that consideration be given to the establishment of a committee to pursue all undertakings and commitments made by ministers from the floor of the House. There was another view that the Assembly had not, in the past, always processed public petitions in the most effective and timely manner.
- (2) In light of these considerations, the National Assembly established a special Committee on Government Undertakings and Petitions. Assembly Rule 252 B states that "*The Committee consists of the number of Assembly members that the Speaker may determine with the concurrence of the Rules Committee, subject to the provisions of Rule 154.*"
- (3) The Rules Committee endorsed that this committee be comprised of **11 members – ANC 4, DA 2, MKP 1, EFF 1 and other parties 3.**

D. Reforms to Questions Procedure

- (1) The Assembly rules allow members to pose questions to the executive for both written and oral reply. These questions are a fundamental tool to facilitate oversight and foster executive accountability. Up until 2000, parliamentary procedure provided for interpellations – a brief question on a matter of topical interest followed by a short debate of 15 minutes. Over time, it was deemed necessary to review the nature of oral questions to promote spontaneous exchange in the House. In 2024, the Rules Committee agreed to investigate the possibility of re-introducing interpellations.
- (2) In this context the Rules Committee endorsed the position that the prevailing questions process be reformed to incorporate a feature of interpellations, and specifically to allow a member who has posed a question for oral reply to be given both the first and last opportunity to ask a supplementary question. **In this regard, the Rules Committee accepted that the number of supplementary questions to ministers be increased from four to five, and that question time to ministers be extended from three to three and a half hours.**
- (3) Proposed rule amendments to the questions procedure are provided in **Annexure B.**

E. Summary of Recommendations to the National Assembly

In summary, the Rules Committee recommends that the National Assembly –

- (1) adopt the proposed rules on the establishment of a Committee on the Presidency (as contained in Annexure A) and, should the House do so, note the proposed composition of the Committee,
- (2) adopt the proposed rule amendments to the questions procedure (as provided in Annexure B), and
- (3) note the agreed composition of Committee on Government Undertakings and Petitions.

Report to be considered.

A T Didiza, MP

Speaker of the National Assembly

ANNEXURE A – RULES FOR A COMMITTEE ON THE PRESIDENCY

Chapter 12 Part 14 A: Committee on The Presidency

252D. Establishment

There is a Committee on The Presidency.

252E. Composition

The committee consists of the number of Assembly members that the Speaker may determine with the concurrence of the Rules Committee, subject to the provisions of Rule 154.

252F. Functions

The committee -

- (1) must maintain oversight over the budget and work of The Presidency in accordance with the applicable law, the rules and the delegation of functions in the Executive;
- (2) may call upon the member of the Executive designated by the President to account for the budget and administration of The Presidency;
- (3) may call upon the President and Deputy President once per year within the annual programme of the Assembly to discuss policy matters of national or international importance;

- (4) must perform any other function assigned to it by legislation, other provisions of these rules, resolutions of the Assembly or referred by the Speaker; and
- (5) may adopt guidelines regarding the execution of its mandate including the guidelines to provide for liaisons with the President and Deputy President¹.

ANNEXURE B – RULES FOR QUESTIONS FOR ORAL REPLY

142. Times allotted and time limits

- (1) Questions for oral reply have precedence on **question days** [Wednesdays], unless the Programme Committee determines otherwise in accordance with Rule 210.
- (2) The time allotted for questions is three hours **and 30 minutes**.

¹ DRAFT GUIDELINES

(1) PURPOSE OF GUIDELINES

The Rules of the National Assembly establish a Committee on The Presidency whose task is to oversee the budget vote and work of The Presidency. The rules also give the committee the authority to make guidelines to regulate the execution of its mandate regarding the programme of the committee and its liaisons with the President and the Deputy President.

(2) DEFINITIONS

For purposes of these guidelines –

“**Chairperson**” means the Chairperson of the Committee on The Presidency.

“**Committee**” means the Committee on The Presidency.

“**Days**” mean calendar days.

“**Deputy President**” means the Deputy President of the Republic of South Africa.

“**President**” means the President of the Republic of South Africa.

(3) COMMITTEE PROGRAMME

- (a) In the determination of its annual programme, the Committee must liaise with The Presidency to prearrange dates for the President and Deputy President to appear before the Committee.
- (b) The Committee’s annual programme must be developed with due regard to the budget and oversight cycle, as determined by the Money Bills and Related Matters Act (2009) and the rules.

(4) LIAISONS WITH THE PRESIDENT AND DEPUTY PRESIDENT

- (a) The Committee must, at least 15 working days before the Committee is scheduled to meet the President or Deputy President, provide notice on the subjects to be discussed in the meeting.
- (b) The President or Deputy President may, with the approval of the Chairperson, defer a matter for discussion that requires details which are not immediately available. In this event, the Chairperson must make a ruling as to the timeframe in which the President or Deputy President should address the Committee in writing.
- (c) The Chairperson may, subject to the principle of proportionality, impose limitations on the time used by political parties to pose questions to the President and Deputy President.

- (3) The reply to a question is limited to four minutes, but if the presiding officer is of the opinion that the matter is of sufficient importance, an additional two minutes may be allowed.
 - (4) In respect of each question, **five** **[four]** supplementary questions may be asked, the member in whose name a question stands or who takes charge of a question in terms of Rule 137(10) **must be** **[being]** given the first **and last** opportunity to ask a supplementary question.
 - (5) A member who asks a supplementary question may make a statement or express an opinion, but the time allowed for the first **[and last]** supplementary question is limited to two minutes and **the other** **[for subsequent]** supplementary questions one minute.
 - (6) A supplementary question must arise directly from the original question and the reply given thereto and may not constitute a new question.
 - (7) A supplementary question may not consist of more than one question.
 - (8) The reply to a supplementary question is limited to two minutes.
 - (9) The provisions of Subrules [(1),] (2), (3) and (8) do not apply to questions to the Deputy President and the President.
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- (b) Report of the Powers and Privileges Committee into allegations of conduct constituting contempt of Parliament by Hon MV Daniels, MP, during the consideration of the 2025 Fiscal Framework and Revenue Proposals by the House on 2 April 2025.

Report of the Powers and Privileges Committee into allegations of conduct constituting contempt of Parliament by Hon M V Daniels, MP

A. Background

1. On 9 June 2025, the Speaker referred allegations constituting contempt of Parliament by Hon M V Daniels, MP, to the Powers and Privileges Committee (the Committee) for investigation and report. The referral arose from a report that the Speaker received from House Chairperson Mr C T Frolick, MP, about an incident which occurred in the Assembly on 2 April 2025 during the consideration of the *2025 Fiscal Framework and Revenue Proposals* by the House. House Chairperson Frolick was presiding at the time.
2. After the bells had been rung for a division on the *2025 Fiscal Framework and Revenue Proposals* and the doors of the Chamber had been barred, Hon R Tagodien, MP, entered the Chamber. When the matter was pointed out to the presiding officer, he ordered the member to leave the Chamber. After the member had left the Chamber, Hon G Michalakis, MP, rose on a point of order and stated that Hon Daniels had assisted Hon Tagodien to enter the Chamber, despite the doors having been barred. The presiding officer did not act on the matter as he was not fully apprised of the facts surrounding the incident and proceeded with the voting process. By that time, Hon Tagodien had left the Chamber.
3. Hon Michalakis followed up his point of order with a written query to House Chairperson Frolick regarding the conduct of Hon Daniels. Following the query, the House Chairperson studied the parliamentary record, received reports from the Acting Serjeant-at-Arms and a police officer on duty at the door on the day. The reports suggested that, not only were Hon Togodien and Hon

Daniels warned by the officials stationed at the door that members could not gain access to the Chamber after the commencement of voting, but Hon Daniels even “physically pushed the Chamber staff aside to open the door himself, thereby allowing Hon Tagodien to enter the Chamber.”

4. The referral stated that the conduct of Hon Daniels was a serious concern as it amounted to a wilful violation of the rules as well as the provisions of the Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, 2004 (the Powers and Privileges Act), including sections 7, 13 and 26.

B. Consideration of the matter by the Powers and Privileges Committee

1. Assembly Rule 214 prescribes that the Committee must consider and deal with any matter referred to it by the Speaker in terms of the procedure contained in the Schedule to the Rules of the Assembly (the Schedule) and table a report in the Assembly on its findings and recommendations. If the Committee finds a member guilty of contempt, it must recommend an appropriate penalty(ies) from those contained in Section 12(5) of the Powers and Privileges Act.
2. On 11 June 2025, the Chairperson of the Committee, Hon W Tikana-Gxotiwe, MP, wrote to Hon Daniels, inviting him to respond in writing to the allegations as contained in the report of House Chairperson Frolick as empowered by Rule 158(2)(b)(iii). The Chairperson informed him that his response was for purposes of considering the referral and deciding whether the matter should proceed to a formal enquiry to determine whether the member’s conduct constituted contempt of Parliament as contemplated in section 12 of the Powers and Privileges Act. Hon Daniels was

given until 29 June 2025 to respond but chose to respond by 26 June 2025.

3. On 1 July 2025, the Committee noted that in his response to the allegations, Hon Daniels had made partial admissions of wrongdoing and breaching certain rules but disputed certain allegations.
4. Having considered the documentary evidence submitted by the Speaker and Hon Daniel's response, the Committee resolved to proceed to a formal inquiry as there were still matters in dispute which could only be adjudicated upon at the inquiry stage.
5. Accordingly, the services of Adv Monique Lee, the Initiator, were obtained to assist the Committee in gathering and presenting the evidence in respect of the allegations and, at the conclusion of the hearing, to advise the Committee on an appropriate penalty which the Committee could recommend to the House in its report.
6. A Notice of Hearing, dated 15 September 2025, was served on Hon Daniels on the same date, which notified him that a hearing would be held on Tuesday, 7 October 2025 and Wednesday, 8 October 2025. The allegations against the member committing contempt of Parliament were set out in a charge sheet attached to the Notice.
7. The charge against Hon Daniels read as follows:

"It is alleged that you are guilty of contempt of Parliament in terms of section 7(a) and (f)(i) of the Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act (No 4 of 2004) (the Act) and National Assembly Rule 112, in that, as a Member of Parliament and during a voting session in the House Chamber, on 2 April 2025, in the Dome at the Nieuwmeester Parking Site, within the precinct of Parliament, in terms of section

2(1)(d) of the Act, where the business of the day was the consideration of 2025 Fiscal Framework and Revenue Proposals and of the Report of the Standing Committee on Finance, you improperly impeded the performance by Parliament in the exercise of its functions and you failed/or refused to comply with an instruction by a duly authorised staff member, regarding the presence of a person at a particular meeting in the precinct, that you failed and/or refused to obey Rule 112, in that the doors were closed to the Chamber and you wilfully overrode security measures by facilitating a member to enter the Chamber in contravention of Rule 112, thereby disrupting the proceedings and threatening to undermine the integrity of the voting process, by:

1. Failing and/or refusing to comply with the instruction given to you by Ms Mathews that the doors to the Chamber were closed (barred) during the voting session;
2. Physically pushing Ms Mathews aside;
3. Opening the Chamber door during the voting session;
4. Allowing Ms Tagodien MP, a member, to enter the Chamber during the voting session;
5. Hindering and/or obstructing the House in the exercise of its functions, as your conduct, as described hereinabove, created a disturbance, disorder and/or disruption in the House, by:
 - 5.1 Facilitating the entry into the Chamber of a member, during a voting session, after the doors were closed (barred);
 - 5.2 Instructing and/or allowing Ms Tagodien to take a seat in the Chamber during the course of the voting session;
 - 5.3 Causing the voting session to stop;

5.4 Failing to instruct your member, Ms Tagodien MP, to immediately leave the Chamber.”

C. Formal Inquiry into the Conduct of Hon Daniels

1. Due to unforeseen circumstances, the hearing scheduled for Tuesday, 7 October and Wednesday, 8 October was postponed to Tuesday, 28 October 2025 and Wednesday, 29 October 2025.
2. Prior to the commencement of the proceedings, the Initiator, the instructing attorney, and the support staff to the Committee had consultations with Hon Daniels. The purpose of the consultations was to find issues which were common cause between the parties, and those which still remained in dispute between them. The outcome of the consultations was that Hon Daniels would first plead guilty to the charges, and the Initiator would then advise on a proposal on an agreed penalty.
3. At the start of the proceedings, the Initiator informed the hearing that Hon Daniels had submitted an affidavit in response to the allegations against him. She noted that, save for a few exceptions, the member had admitted to wrongdoing and a breach of certain rules. The Initiator informed the hearing that one of the issues that arose during the consultations was in respect of an allegation against Hon Daniels that was contained in the statement of Ms Mathews. The statement alleged that he had pushed her aside in order to open the door. Hon Daniels tried to clarify that his action was not a forceful pushing or assault on Ms Mathews.
4. The Initiator clarified that the charges preferred against Hon Daniels did not include a charge of assault, and it was not the evidence of Ms Mathews that she was assaulted by the member.

5. When recognised to plead to the charges, Hon Daniels pleaded guilty to the charges. He expressed appreciation for the clarity he received when consulting with the team and confirmed that his major concern about Ms Mathews was clarified. In his explanation, he expressed remorse and indicated his agreement to the proposed penalties.
6. The hearing expressed its appreciation for the stance Hon Daniels had taken on the matter and accepted his plea of guilt.
7. The Initiator indicated that section 12(5) of the Powers and Privileges Act provides that when the House finds a member guilty of contempt, it may in addition to any other penalty impose one or more of the penalties provided in the Act. The outcome of the consultation with Hon Daniels was that an appropriate sanction would be a reprimand as well as an apology by Hon Daniels to the House and Ms Mathews, the Chamber Assistant. She added that it was a fitting sanction considering the member's plea of guilty from the beginning of the proceedings.
8. Following deliberations on the matter, the Committee agreed with the proposed sanction. Members noted that Hon Daniels had owned up to his mistake and had expressed remorse for his actions.

D. Recommendations to the House

The Committee, having unanimously noted the plea of guilty the member had entered and his expressions of remorse, recommends in terms of section 12(5)(b) and(c) of the Powers and Privileges Act:

- A reprimand; and

- An order to apologise to the House and Ms Mathews, the Chamber Assistant, in a manner determined by the House.

Report to be considered.

- (c) Report of the Powers and Privileges Committee into allegations of conduct constituting contempt of Parliament by Hon VG Reddy during a sitting of the House on 4 March 2025.

Report of the Powers and Privileges Committee into allegations of conduct constituting contempt of Parliament by Hon V G Reddy

A. Background

1. On 20 March 2025, the Speaker referred allegations of conduct constituting contempt of Parliament by Hon V G Reddy, MP to the Powers and Privileges Committee (the Committee) for investigation and report. The referral of the matter to the Committee followed a report submitted to the Speaker by the Deputy Speaker, which detailed breaches of the rules by Hon Reddy during a sitting of the House on 4 March 2025.
2. The alleged contempt conduct took place while the House was considering the Report of the Portfolio Committee on Water and Sanitation on a petition from residents of Ward 20, Ward 29, Ward 36 and Ward 92, Germiston, Ekurhuleni, which called on the Assembly to investigate water supply in their area (the Report). Hon M O Clarke had submitted the petition on behalf of the petitioners.
3. During party declarations on the Report, Hon Reddy rose on a point of order, and asked why the Minister of Water and Sanitation was absent from the House, to which the Deputy Speaker ruled as invalid. The Deputy Minister of Human Settlements then rose to explain why the Minister of Water and Sanitation was not present in the House. Hon Reddy interjected without being recognised by the Deputy Speaker and tried to shout down the Deputy Minister and completely ignored the Deputy Speaker's instructions not to speak. The Deputy Speaker indicated to Hon Reddy that he was falling foul of the rules, in particular Rules 66 and 67. Rule 66 provides that:

“No member may interrupt another member whilst speaking, except — (a) to call attention to a point of order, subject to Rule 92, or a question of privilege; or (b) at the discretion of the presiding officer, on a point of clarity to request permission to put a question to the member speaking.”

Rule 67 provides:

“Whenever the presiding officer addresses the House during a debate, any member then speaking or offering to speak must resume his or her seat, and the presiding officer must be heard without interruption.”

4. When Hon Reddy took to the podium when it was his party’s opportunity to make a declaration, he chanted towards the end of his declaration that “*Pemmy must go*” and “*the GNU must go.*” He continued chanting despite the Deputy Speaker repeatedly asking him to a) leave the podium as his time had expired, and b) that his behaviour was in contravention of the decorum of the House. Hon Reddy persisted with the chanting and was joined by other members of the uMkhonto weSizwe Party (MKP).
5. When he eventually returned to his seat, the Deputy Speaker informed Hon Reddy that his behaviour was unacceptable and was grossly disorderly in terms of Rule 69. She ordered Hon Reddy to leave the Chamber in terms of Rule 70(1) which provides that if the presiding officer is of the opinion that a member is deliberately contravening a provision of these rules, or that a member is disregarding the authority of the Chair, or that a member’s conduct is grossly disorderly, he or she may order the member to leave the Chamber immediately for the remainder of the day’s sitting.
6. Hon Reddy initially refused to leave the Chamber, and the Deputy Speaker instructed the Acting Serjeant-at-Arms to assist the member to leave the House. The Acting Serjeant-at-Arms reported

to the Deputy Speaker that Hon Reddy had refused to leave the Chamber.

7. The Deputy Speaker, in terms of Rule 73(4), requested the Acting Serjeant-at-Arms and the Parliamentary Protection Services (PPS) to remove Hon Reddy from the Chamber. However, before the Acting Serjeant-at-Arms and the Parliamentary Protection Services entered the Chamber, Hon Reddy had stood up and proceeded to leave the Chamber. As he was leaving, he stood in the passage leading to the exit and allegedly shouted at the Deputy Speaker. The Deputy Speaker alleged that she had heard the member saying that she was a racist, but the member's statements were not captured on the unrevised Hansard.
8. According to the Report of the Deputy Speaker, Hon Reddy's conduct was in contravention of, but not limited to, Rules 69(a), (c), (d) and (e), as well as Rule 82(3) and Rule 84, which deal with grossly disorderly conduct, reference to members in respectful terms, and unparliamentary or unacceptable language or gestures, respectively.
9. The Deputy Speaker was of the view that many other MKP members' behaviour was disorderly and impugned the dignity of the House as well as the presiding officer. Although the MKP members indicated that Hon Reddy's behaviour was a result of the fact that they could not hear the instruction from the Deputy Speaker, the rest of the members in the House indicated that there were no problems with the sound. At the start of the plenary sitting, the sound issue was raised, and the proceedings of the House were suspended for ten minutes while the sound was attended to without any further complaints from members.

B. Consideration of the matter by the Powers and Privileges Committee

1. Assembly Rule 214 prescribes that the Committee must consider and deal with any matters referred to it by the Speaker in terms of the procedure contained in the Schedule to the Rules of the National Assembly (the Schedule) and must table a report in the Assembly on its findings and recommendations. If the Committee finds a member guilty of contempt, it must recommend an appropriate penalty(ies) from those contained in Section 12(5) of the Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, 2004 (No 4 of 2004) (the Powers and Privileges Act).
2. On 1 July 2025, the Committee considered the matter and resolved, having looked at all the material referred to it, including the review of the video footage, unrevised Hansard and the legal opinion, which advised that the matter should not be dealt with by the Committee. The Committee proffered the following reasons:

The legal opinion stated that section 12(1) of the Powers and Privileges Act, which deals with disciplinary action against members for contempt of Parliament, reads as follows:

“Subject to this Act, a House has all the powers which are necessary for enquiring into and pronouncing upon any act or matter by or under section 13 to be contempt of Parliament by a member and taking disciplinary action provided therefore.”

- (ii) The conduct which the provision refers to is contempt of Parliament and conduct which constitutes contempt of Parliament in terms of the Powers and Privileges Act is dealt with under section 13. Furthermore, Assembly Rule 10 states that “A member who wilfully fails or refuses to obey any rule,

order or resolution of the House may be found guilty of contempt of Parliament in terms of the Act.” However, the rules define misconduct as “a breach of the standing rules of Parliament by a member, except a breach of the code of conduct contained in the schedule to the Joint Rules or conduct constituting contempt of Parliament as defined in the Powers and Privileges Act.”

- (iii) The legal opinion stated that the Committee was empowered to deal only with issues of contempt of Parliament. In terms of Rule 219, misconduct falls in the domain of the Disciplinary Committee. For any matter to serve before the Committee, the matter must be characterised as a matter about contempt of Parliament. Contempt was spelt out in section 13 of the Powers and Privileges Act.
- (iv) Furthermore, the legal opinion stated that the Democratic Alliance’s case regarding the issue of disruption or disturbance provided guidance in this matter. It stated in paragraph 38 that the privilege in section 58(1)(a) of the Constitution can never go so far as to give members a licence to disrupt proceedings of Parliament, that it may hamstrung and incapacitate it from conducting its business. It also noted that in terms of paragraph 43 of the same judgment, the reach of disturbance was defined. The Powers and Privileges Act defines disturbance to mean any act which interferes with or disrupts or which is likely to interfere with or disrupt the proceedings of Parliament, a house or committee. The court stated that to warrant a removal from the Chamber, the interference or disruption must go beyond what is the natural consequence of robust debate. Otherwise, the very idea of parliamentary freedom of speech may be eroded. It states: “In the heat of debate, one must expect that, from time to time, a

member's contribution will not come to a screeching mechanical halt once the presiding officer has ruled that the member must desist from further debate on a subject." That is the threshold the court set, which means that for interference or disruption to be sufficient for the removal of a member, it must be of a nature that hamstringing or incapacitates Parliament from conducting its business. Even so, there must be no anticipation of resumption of business within a reasonable time. Hon Reddy left the Chamber before he was physically removed from the House, and the House was not hamstrung or incapacitated.

- (v) A further consideration was the issue of the sound quality on the day. The sound in the Dome was an issue and was flagged on that day and some other days, not only by different political parties, but by members of the National Assembly Programme Committee (NAPC) as well. The NAPC minutes of 3 April 2025 confirmed that there were challenges in relation to the sound. The Deputy Speaker's report to the Speaker also confirmed this. The second microphone, which the Deputy Speaker had used when addressing Hon Reddy, following the incident, supported this point.
- (vi) The Committee was of the view that if Hon Reddy's alleged conduct did not fall within the parameters of contempt of Parliament as defined by the Powers and Privileges Act, then the Committee should not be seized with the matter.

C. Recommendations to the House

Considering its deliberations on the matter, the Committee recommends that the conduct of Hon Reddy be referred to the Disciplinary Committee to investigate any alleged misconduct by the member.

The MKP objected to the recommendation of the Committee.

Report to be considered.

- (d) Reply by the Minister of Forestry, Fisheries and the Environment to *Budgetary Review and Recommendations Report of the Portfolio Committee on Forestry, Fisheries and Environment on Annual reports and financial statements of the Department of Forestry, Fisheries and the Environment, and its five entities, namely: Marine Living Resources Fund, the South African National Parks (Sanparks), iSimangaliso Wetland Park Authority (iSimangaliso), South African Weather Service (SAWS) and South African National Biodiversity Institute (SANBI) for the 2024/25 financial year*, as tabled in ATC of 28 October 2025.

Referred to the **Portfolio Committee on Forestry, Fisheries and the Environment**.

- (e) Reply by the Minister of Health to a *Report of the Standing Committee on Appropriations on Division of Revenue Bill*, as adopted by the House on 26 June 2025.

Referred to the **Portfolio Committee on Health**.

National Council of Provinces

1. The Chairperson

- (a) Media and Digital Market Inquiry (MDPMI) Report, prepared by the Competition Commission.

Referred to the **Select Committee on Economic Development and Trade** for consideration and report.

COMMITTEE REPORTS

National Assembly

1. Report of the Standing Committee on the Auditor- General on the Integrated Annual Report of the Auditor General of South Africa for the Financial Year 2024/25, dated 28 November 2025

The Standing Committee on the Auditor-General (SCoAG), having considered the 2024/25 Integrated Annual Report of the Auditor-General of South Africa, reports as follows:

1. Introduction

- 1.1 The Auditor-General of South Africa (AGSA) is established in terms of Chapter 9 of the Constitution and is a state institution supporting constitutional democracy. The Constitution guarantees the AGSA's independence and requires that the institution operates in an impartial manner, and performs its functions without fear, favour or prejudice.
- 1.2 Section 10(3) of the Public Audit Act No 25 of 2004 (PAA), as amended, requires the National Assembly to provide for a mechanism to maintain oversight of the AGSA in terms of section 55(2)(b)(ii) of the Constitution. Accordingly, the Rules of the National Assembly provide for the establishment of the Standing Committee on the Auditor General (SCoAG). SCoAG is charged with assisting and protecting the AGSA for the latter to maintain its independence, impartiality, dignity and effectiveness.
- 1.3 According to section 10(1) and (2) of the PAA, the AGSA must annually submit the following documents to the National Assembly: a report on their activities and performance; a report on overall control of the administration; and the AGSA's annual report, financial statements and the audit report on those statements. The AGSA's 2024/25 Integrated Annual Report was tabled and referred to the National Assembly and SCoAG on 29 September 2025 for consideration and report. Section 38 (3) of the PAA requires that the oversight mechanism considers these documents, and within two months of receipt thereof, submit its recommendations to the Speaker for tabling in the National Assembly and to the National Treasury.

1.4 This committee report comprises six parts:

- Part A, providing an overview of the AGSA's strategic objectives
- Part B, on the AGSA's 2023/24 non-financial and financial performance information;
- Part C, on the 2023/24 audit committee report
- Part D, on the AGSA's argument for the retention of the surplus;
- Part E, on the Audit Committee's motivation for the extension of the external auditor contract;
- Part F, containing SCoAG's observations and recommendations.

Part A

2. Overview of the AGSA Strategy

2.1 #Cultureshift 2030 strategy

2.1.1 The AGSA launched its #cultureshift2030 strategy in 2021/22. Through this strategy, the AGSA aspires to a stronger, more direct and consistent impact on the daily lives of ordinary South Africans by sustainably and efficiently shifting public sector culture through insight, influence and enforcement.

2.1.2 The #cultureshift2030 strategy employs the AGSA's knowledge of all three spheres of the public service to assist auditees to improve their financial performance and develop organisational cultures characterised by performance, accountability, transparency and integrity (PATI). The strategy is built around six strategic goals, which are summarised in paragraphs 2.1.3 to 2.1.8 below.

2.1.3 *Strategic Goal 1: Shift Public Sector Culture* aims to move a critical mass of auditees towards organisational cultures that are predominated by behaviours that reflect consistent performance, accountability, transparency and institutional integrity.

2.1.4 *Strategic Goal 2: Insight* aims to generate insights that illuminate understanding, drive action and yield results.

2.1.5 *Strategic Goal 3: Influence* aims to move stakeholders from mere awareness of the AGSA's messaging to action and advocating for such awareness.

- 2.1.6 *Strategic Goal 4: Enforcement* focusses on applying the AGSA's powers to directly or indirectly recover resources lost to the state and taxpayers and ensuring the application of consequences for wrongdoing.
- 2.1.7 *Strategic Goal 5: Sustainably* aims to unlock latent capacity in the AGSA's existing resource base and lowering the cost and effort with which the institution derives each marginal unit of quality, insight, influence and enforcement.
- 2.1.8 *Strategic Goal 6: Efficiently* aims for the acquisition, development and maintenance of the quantity, quality and configuration of resources, and capabilities to achieve and sustain the AGSA's desired levels of impact.

Part B

3. Overview of non-financial performance (Audit)

3.1 Strategic Goal 1: Shift Public Sector Culture

- 3.1.1 Table 1 below illustrates the AGSA's performance in respect of this goal.

| KPI | Target | Year-end Status |
|---------------------------------------------|-----------------------|--------------------|
| Assessment of overall performance by the AG | Favourable assessment | Partially achieved |

Table 1: Strategic Goal 1 performance

- 3.1.2 In the period under review the AGSA's aim for this goal was for to help move a critical mass of auditees towards cultures and outcomes that reflected performance, accountability, transparency and institutional integrity (PATI). The progress of these auditees was evaluated and ranked year-on-year using what they called the Cultureshift Continuum.
- 3.1.3 On the Cultureshift Continuum, auditees were categorised from Doing Harm (the lowest performing category) to Doing Good (the highest category, indicating auditees with clean audits and who used that as a foundation to perform and deliver per their legislated mandates).
- 3.1.4 While there had been some auditee improvements on the Cultureshift Continuum compared to last year, the AGSA were still not satisfied with the overall performance and rate of progress of their auditees, hence the partially achieved rating.

3.2 Strategic Goal 2: Insight

3.2.1 Table 2 below illustrates the AGSA's performance in respect of Strategic Goal 2.

| KPI | Target | Year-end Status |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Implementation of the multi-year audit plan (MYAP) | Produce all planned insights per the MYAP and product vision. Share insights with relevant stakeholders. | Achieved |
| Percentage of signed-off commitment schedules with executive authorities and/or oversight committee chairs | Metro municipalities: 60% Targeted value chains (infrastructure): 60% Disclaimer auditees: 100% Clean audit cluster: 50% | Achieved |
| Percentage of AGSA recommendations implemented | 30% (high-impact auditees) | Achieved |

Table 2: Strategic Goal 2 performance

- 3.2.2 On the AGSA performance indicators related to signed commitments, they either met or exceeded their targets for 2024-25. They prioritised soliciting commitments from executive authorities as setting the tone from the top within auditees was key to getting buy-in from the rest of the management structures.
- 3.2.3 These commitments also fostered shared ownership and auditee responsibility for solutions to the weaknesses that AGSA raised through their audit findings and recommendations.
- 3.2.4 The AGSA recommendations measure was how they assessed their strategic intent of illuminating auditee understanding and driving action. On this performance target, they achieved a 31% implementation rate for their recommendations to high-impact auditees, versus their target of 30%
- 3.2.5 While the AGSA was encouraged by the increasing uptake of their audit recommendations year-on-year, they would continue to focus on increasing the implementation of service delivery-related recommendations, as these made up a smaller percentage of implemented recommendations (compared to those on financial management and compliance).

3.3 Strategic Goal 3: Influence

3.3.1 Table 3 below illustrates the AGSA's performance in respect of Strategic Goal 3.

| KPI | Target | Year-end Status |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------|
| Accountability ecosystem effectiveness for targeted auditee segments | AG assessment of overall audit portfolio performance in working to influence the accountability ecosystem | Partially achieved |
| Public sentiment rating | Maintain baseline rating | Achieved |

| | | |
|---------------------------------------------------------------------|-----------------------------------------------|----------|
| | 80% – 100% implementation of improvement plan | Achieved |
| Percentage achievement of outcomes as part of stakeholder programme | 75% | Achieved |

Table 3: Strategic Goal 3 performance

Positive stakeholder perception

3.3.2 During 2024-25, the AGSA implemented action plans to enhance stakeholder engagement and value-add. This was with the aim of maintaining and improving the baseline results from our first AGSA Stakeholder Perception Survey in 2023-24.

3.3.3 While the next full Perception Survey was only planned for the next financial year (per the strategic plan), the AGSA proactively conducted a high-level dipstick assessment with only their auditees, to keep updated on how they experienced the office and its work. The results, as depicted below, were encouraging as the organisation received no less than 80% on each of the four assessment areas:

| Dimension | PFMA | MFMA |
|-----------------------------------------------------|------|------|
| Awareness and familiarity with #culture2030strategy | 83% | 88% |
| Stakeholder engagement | 86% | 88% |
| Understanding of recommendations | 85% | 85% |
| Quality of engagements | 89% | 89% |

Advancing influence with executives and coordinating institutions

3.3.4 Recognising that a key enabler to the auditee improvements that AGSA was striving for required strong leadership and an understanding of the role of inter-governmental coordination, they focused their influence efforts on coordinating institutions such as the Presidency, National Treasury and COGTA.

3.3.5 In further promoting public sector accountability and effectiveness, the AGSA successfully advocated for the DPME and the DPSA to amend performance management guidelines.

3.3.6 Utilising the AGSA's insights, the Presidency developed a cluster improvement plan guide to enhance the effectiveness of Forum of South African Directors-General clusters.

3.3.7 Additionally, AGSA have helped strengthen National Treasury's support to internal audits and audit committees, ensuring they functioned effectively as assurance providers.

Stronger collaboration with Parliament

- 3.3.8 Following the AGSA's parliamentary induction programme with the 7th administration, we are encouraged to note the performance of the various Parliamentary oversight structures
- 3.3.9 As one of their key stakeholders, SCOPA continued to structure its oversight activities using AGSA reports and recent briefings showed positive trends, such as the use of their insights to call for auditee accountability.
- 3.3.10 Select committees had also increased their focus on local government and provincial departments, which was a positive result to note considering the efforts made by AGSA to collaborate more with these committees.
- 3.3.11 The National Council of Provinces had also showed greater willingness to engage with the AGSA. Following the tabling of budget review and recommendation reports in October 2024, committees had taken resolutions and made recommendations to departments informed by AGSA insights. Many also followed up with departments for enhanced accountability.

Civil society support and enablement

- 3.3.12 CSOs and their networks were an important vehicle through which the outcomes of the work of the AGSA could be disseminated, while helping to drive stronger citizen engagement with the country's democratic processes. Thus, they played a significant role in the accountability ecosystem. Through AGSA engagements with civil society organisations, they ensure that issues of importance to citizens were elevated in audits and messaging.
- 3.3.13 In 2024-25, strategic discussions with organisations such as Water Can, Asivikelane, Outa and Corruption Watch helped to amplify support for AGSA audit messages, especially those on the basic-services value chains. As they continue engagements with CSOs, AGSA remains guided by their constitutional mandate and the principles of integrity and independence, so as to always maintain the integrity of the institution.

3.4 Strategic Goal 4: Enforcement

3.4.1 Table 4 below illustrates the AGSA's performance in respect of the Strategic Goal 4.

| | KPI | Target | Year-end Status |
|---|---------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------|
| 1 | Percentage of auditee material irregularity process in full implementation | 100% | Achieved |
| 2 | Percentage of material irregularities on which there has been adherence by the AGSA to timelines (newly raised MIs) | 60% | Higher-achieved |
| 3 | Percentage of backlog material irregularities eradicated | 60% | Higher-achieved |
| 4 | Percentage of high-impact material irregularities | 80% | Achieved |
| 5 | Percentage implementation of material irregularity unit capacitation plan | 90 – 100% | Achieved |
| 6 | Percentage implementation of material irregularity end-to-end review recommendations | 90 – 100% | Achieved |
| 7 | AG assessment of effectiveness of material irregularity system | Favourable assessment | Achieved |

Table 4: Strategic Goal 4 Performance

3.4.2 AGSA expanded the reach of the material irregularity process since its inception in 2019. Having started with 25 auditees in 2019-20, 2024-25 saw 100% implementation achieved across all national, provincial and local government auditees.

3.4.3 AGSA also broadened the scope of the process. While initial focus was on non-compliance and material financial losses, by 2021-22 AGSA had applied the full definition of a material irregularity, covering fraud, theft and breaches of fiduciary duty

3.4.4 This broadened scope has strengthened AGSA's ability to comprehensively identify performance, transparency, accountability and integrity issues and to prompt accounting officers and authorities to take corrective action and drive improvement.

3.4.5 AGSA interventions (whether through recommendations, remedial actions or referrals) strengthened governance responses, supported consequence management and enabled the recovery or prevention of financial losses (as outlined below):

| FINANCIAL IMPACT 2023-24 | PFMA | | MFMA | | TOTAL | | ADDITIONAL IMPACT 2023-24 | PFMA | | MFMA | | TOTAL | |
|--------------------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|------------------------------------------------------------------------------------|------|--|------|--|-------|--|
| | Number of cases | Amount | Number of cases | Amount | Number of cases | Amount | | | | | | | |
| Financial loss recovered | 36 | R1 453 863 352 | 28 | R709 262 186 | 64 | R2 163 125 538 | Internal controls improved to prevent recurrence | 133 | | 187 | | 320 | |
| Financial loss being recovered | 43 | R859 262 239 | 30 | R370 240 783 | 73 | R1 229 503 022 | Fraud/criminal investigations instituted | 55 | | 29 | | 84 | |
| Financial loss prevented | 13 | R1 081 844 283 | 14 | R244 117 404 | 27 | R1 325 961 688 | Responsible officials identified and disciplinary process completed or progressing | 103 | | 89 | | 192 | |
| TOTAL | 92 | R3 394 969 874 | 72 | R1 323 620 373 | 164 | R4 718 590 247 | Supplier contracts stopped where money was being lost | 17 | | 12 | | 29 | |
| | | | | | | | TOTAL | 308 | | 317 | | 625 | |

- 3.4.6 These gains could be attributed to a stronger MI operating model and purposeful engagement with key accountability ecosystem roleplayers.
- 3.4.7 The AGSA had recently issued its first-ever certificate of debt to the Ngaka Modiri Molema District Municipality for R4.6 million loss due to contract mismanagement.

3.5 Strategic Goal 5: Sustainably (Audit Operations)

- 3.5.1 Table 5 below illustrates the AGSA's performance in respect of Strategic Goal 5.

| | KPI | Target | Year-end Status |
|---|-----------------------------------------------------------------------------------------------|----------|-----------------|
| 1 | Percentage of audits completed within legislated timelines (excluding late-submission of AFS) | 90%-100% | Achieved |
| 2 | Percentage quality control rating achieved | 80%-90% | Achieved |

Table 5: Strategic Goal 5 performance (Audit Operations)

- 3.5.2 The ability of AGSA's audit teams to adhere to legislated timelines was a critical part of how they, as the country's supreme audit institution, ensured they set the right example and operated by the same performance and institutional integrity principles that they advocated for externally.
- 3.5.3 AGSA's ability to complete audits timeously was also key to enabling the accountability work that oversight structures needed to engage in and for 2024-25, they attained a completion rate of 93%.
- 3.5.4 Per AGSA commitments, they also improved their audit quality rating, from 69% in 2023-24 to 82% in 2024-25.
- 3.5.5 The quality rating improvement was the result of a number of efforts, including strengthened technical support, increased leadership proximity to audits and increased training support to all AGSA audit business units.

3.6 Strategic Goal 5: Sustainably (Financials)

- 3.6.1 Table 6 below illustrates the AGSA's performance in respect of strategic goal 5.

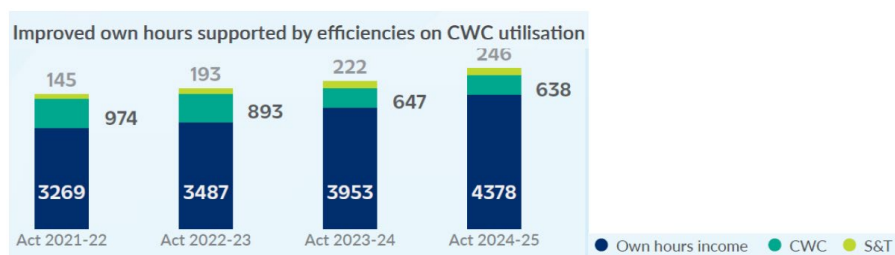
| | KPI | Target | Year-end Status |
|---|--------------------------------------------------------------|----------------------------------------|-----------------|
| 1 | Net surplus percentage | 2%-5% | Over-achieved |
| 2 | Cash Safety Margin | 2 – 3 months average across whole year | Achieved |
| 3 | Overhead to income ratio | 36% | Achieved |
| 4 | Contract work creditors (CWC) as percentage of total revenue | 16% | Over-achieved |
| 5 | Gross margin | 40% | Achieved |
| 6 | Average collection of debt | 85% | Over-achieved |

| | | | |
|---|-----------------------------------------------------------------------------------------|-------------|--------------------|
| 7 | Clean audit | Clean audit | Achieved |
| 8 | Complainant satisfaction with responsiveness and resolution of threats and intimidation | 85%-90% | Partially achieved |

Table 6: Strategic Goal 5 Performance

3.6.2 Despite challenging local and global economic conditions, AGSA's financial performance remained resilient, with the organisation, meeting all its key financial metrics.

3.6.3 The results achieved were the results of reducing costs (especially external costs such as CWC spend), building a digitally-enabled audit workforce and retaining critical skills.



3.6.4 AGSA's cost optimisation efforts, coupled with internal and external collaborations to drive improved debt collection, also contributed to the strong financial performance.

3.6.5 With all the above-mentioned successes, AGSA remained committed to maintaining affordable audit fees, driving efficiencies and investing in the digital transformation necessary to deliver value for money to our auditees.

Benchmarking of AGSA Audit Fees: local government

3.6.6 The AGSA is constitutionally mandated to audit all government entities, ensuring transparency and accountability in public finance management. Unlike other public institutions, the AGSA does not receive direct funding from the fiscus. Instead, it operates on a commercial basis, funding itself through audit fees determined on a time and material basis. This unique business model underscores its financial independence and legal autonomy as enshrined in the Public Audit Act.

3.6.7 Contrary to the perception that AGSA's audit fees were high, benchmarking data reveals its average charge-out rates was lower than those of private sector firms, including the Big Four audit firms, even though the AGSA is the biggest audit firm in the country. This is despite the AGSA providing a broader scope of audit services, encompassing financial statements, compliance, performance

information, and material irregularities. The perceived high fees are driven by the complexity, size, and risk associated with the auditees, rather than inflated rates.

3.6.8 The following were additional factors driving audit fees:

- AGSA charged lower audit fees compared to the private sector.
- Higher audit hours were driven by poor audit outcomes.
- Resubmissions contributed significantly to increased audit hours.
- Skill gaps in the workforce of auditees led to inefficiencies.
- Consultants were often used without delivering added value.
- Material misstatements were still being identified despite these efforts.

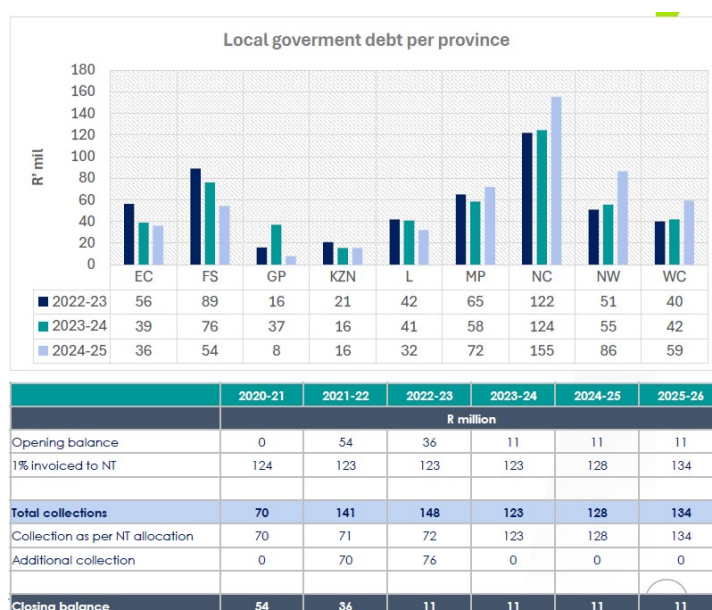
1% Allocation – 5 year Overview

3.6.9 The debtors balance at 31 March 2025 was R1,338 billion (March 2024: R1,165 billion). Included in this balance was the local government debt of R518 million (March 2024: R488 million) or 38% of the debt book. The outstanding debt collection challenges in this category were mainly from the Free State, North-West, Western Cape and the Northern Cape. Most of the municipalities from these provinces were in financial distress and based in impoverished locations with low-income generation.

3.6.10 To improve the debt book and to deal with long outstanding debt, the following were some key initiatives that took place during the year:

- Implementation of the debt management plan, which included streamlining billing processes, revision of the debt management policy, centralisation of debt collection management, an improved litigation process and collaboration with key stakeholders, in particular the National Treasury.
- Implementation of the debt re-structure programme for Northern Cape local municipalities in financial distress. Through this programme, the current outstanding debt and future invoice will be settled over the next 48 months. This would ensure that the organisation could start to liquidate the R155 million outstanding debt.

- The collections of the normal 1% allocation from the National Treasury which was used to liquidate some of the long-outstanding debt. Since the implementation of the revised section 23(6), the AGSA had received an average of R130 million per year from National Treasury to assist municipalities that qualified for 1% audit fees, and this constituted about 2,5% of AGSA total revenue.
- On-going collaboration between AGSA and the National Treasury. During the year, National Treasury sent warning letters to 32 auditees in default with no payment arrangements to settle their long outstanding debt.



3.7 Strategic Goal 5: Sustainably (Risk Management)

3.7.1 Table 7 below outlines the AGSA's performance in respect of this goal.

| | KPI | Target | Year-end Status |
|---|-------------------------------------------------------------------------------------|----------------------|-----------------|
| 1 | Percentage of strategic risks managed (per ISO31000 Standard) | 80% - 90% | Achieved |
| 2 | Risk management maturity level | Managed | Achieved |
| 3 | Evaluation of an effective AGSA system of quality management by the Auditor-General | Reasonable assurance | Achieved |
| 4 | Ethics maturity level | Attain AA rating | Over-achieved |

Table 7: Strategic Goal 5 performance (Risk Management)

3.7.2 AGSA attained an AAA ethics rating, the highest that an organisation can achieve.

3.7.3 97% of AGSA organisational risk was successfully managed, an achievement that was significantly higher than its target of 80% - 90% .

3.7.4 With the areas of improvement previously identified in AGSA's complaints management process, they developed a comprehensive improvement plan, which has been earmarked for rollout in the 2025-26 financial year.

3.8 Strategic Goal 5: Sustainably (People and Culture)

3.8.1 Table 8 below outlines the AGSA's performance in respect of this goal.

| | KPI | Target | Year-end Status |
|---|-------------------------------------------------------------------------------------|-------------------------------------------|-----------------|
| 1 | 360-degree leadership rating/ Leadership confidence indicator | Maintain baseline leadership rating (3,6) | Achieved |
| 2 | Percentage of people tracking above benchmark relative to target leadership profile | 20% | Achieved |
| 3 | Culture index | 2% increase on baseline | Achieved |
| 4 | Percentage of people in top 20th percentile of performers retained | Maintain baseline (94%) | Achieved |
| 5 | Achievement of assessment of professional competence pass rate | 55% | Achieved |
| 6 | Improved efficiency and productivity | 2,5% increase on baseline | Achieved |













Table 8: Strategic Goal 5 Performance (People and Culture)

3.8.2 AGSA priorities included improving productivity by unlocking internal capacity, enhancing internal organisational culture and deepening leadership capability.

3.8.3 AGSA focused on the intake of young professionals, targeted investments in professional competence development, strengthening their leadership pipeline and holistic employee wellbeing.

3.8.4 The outcomes of all the above included improvements in professional competence pass rate, a high retention rate for high-performing employees and an increase in our organisational culture score.

3.8.5 AGSA also continued to focus on the continued professionalisation of at their offices, especially within audit, as the core of our business.

| Number of audit professionals | | | | | | | | | | | | |
|-------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| | Total | | ACCA | | Saiga | | Cisa | | Saica | | ACFE and ICFP | |
| |  |  |  |  |  |  |  |  |  |  |  |  |
| African | 592 | 790 | 8 | 11 | 152 | 194 | 24 | 51 | 404 | 522 | 4 | 12 |
| Coloured | 49 | 43 | 1 | 1 | 12 | 5 | 5 | 1 | 31 | 35 | 0 | 1 |
| Foreign | 6 | 5 | 3 | 3 | 0 | 0 | 0 | 0 | 3 | 2 | 0 | 0 |
| Indian | 64 | 49 | 2 | 5 | 21 | 9 | 4 | 1 | 37 | 34 | 0 | 0 |
| White | 92 | 192 | 2 | 4 | 42 | 21 | 10 | 3 | 38 | 164 | 0 | 0 |
| Total | 803 | 1079 | 16 | 24 | 227 | 229 | 43 | 56 | 513 | 757 | 4 | 13 |
| March 2025 | 1882 | | 40 | | 456 | | 99 | | 1270 | | 17 | |
| March 2024 | 1646 | | 41 | | 450 | | 80 | | 1045 | | 25 | |

3.9 Strategic Goal 6: Efficiently

3.9.1 Table 9 below outlines the AGSA's performance in respect of this goal.

| | KPI | Target | Year-end Status |
|---|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------|
| 1 | Percentage implementation of Exco-approved audit software project (ASP) plan | Launch pilots for flagship projects 1. Audit process management 2. Audit portfolio management 3. AGSA Kopano | Achieved |
| 2 | Percentage implementation of Exco-approved enterprise resource planning (ERP) roadmap | 80% – 100% implementation of ERP readiness initiatives (<i>process re-engineering and data clean-up</i>) | Achieved |
| 3 | Percentage implementation of intelligent automation roadmap | 80% - 90% | Achieved |
| 4 | Project portfolios return on investment | Achieve 60% – 75% in-year benefits | Achieved |
| 5 | Percentage over-expenditure on capital expenditure project costs | 5% (maximum) | Achieved |
| 6 | Data/system recovery time on critical systems | 100% compliance with service level agreement and disaster recovery plan | Achieved |

Table 9: Strategic Goal 6 (Digital Technology and Information)

3.9.2 AGSA made significant progress on its flagship digital transformation programme, the audit software project (ASP).

3.9.3 In 2024-25, AGSA successfully executed phase 1 of the programme and advanced it to its pilot stage.

3.9.4 This project would enable the more efficient and effective extraction of both audit and internal business insights.

3.9.5 AGSA continued its infrastructure modernisation project, focused on refreshing old infrastructure in implementing the AGSA-specific private cloud. The project

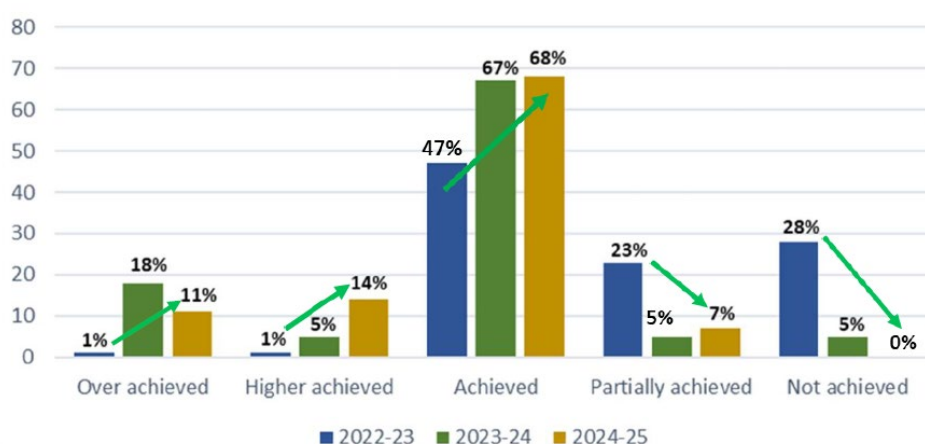
was a key dependency for the audit software programme and the fuller digital transformation journey.

- 3.9.6 Benefits of the infrastructure modernisation work included up-to-date technology infrastructure and better system availability.

Performance trends: 2022 to 2024-25

- 3.9.7 AGSA execution rate (signified by the combined percentage of targets attained ‘achieved’, ‘higher-achieved’ and ‘over-achieved’ ratings) had improved significantly, increasing from 49% in 2022-23 to 90% in 2024-25.
- 3.9.8 AGSA’s ‘Achieved’ targets increased, from 47% in the first year of implementation (2022-23) to 63% in 2024-25.
- 3.9.8 No organisational targets fell in the ‘Not Achieved’ category in 2024-25. This was in line with the consistent decrease in the ‘Not Achieved’ targets over the years, from 28% in the first implementation year to 5% in 2023-24 and 0% in 2024-25.

**Organisational Performance Outcomes:
Year-on-Year**



Part C

4. Report of the Audit Committee

4.1 Committee Governance

- 4.1.1 The audit committee is a statutory oversight structure, constituted in terms of section 40(1)(a) of the PAA. It is accountable to the Auditor-General as well as to SCoAG. As required, all committee members were independent of the AGSA, and periodically declared their independence by confirming that they were not conflicted in discharging their statutory duties.
- 4.1.2 The committee was governed by terms of reference developed in line with best practices, which were reviewed annually and approved by the Auditor-General, as necessary. The committee developed annual work plans that directed its activities.
- 4.1.3 The committee conducted its affairs and discharged its responsibilities to enable it to conclude, as outlined in its activities below, that for the reporting period:
- The systems of internal control over financial reporting were adequate and operated effectively.
 - Risk management processes were adequate and effective.
 - The finance department has the required skills, competence and capacity to perform its duties.
 - The oversight responsibilities are adequately discharged in respect of the integrated annual report (IAR).
 - The system of internal audit is adequate to provide the committee with the required assurance on the internal control.
 - The combined assurance model was implemented adequately.

4.2 Evaluation of the Annual Financial Statements

- 4.2.1 The audit committee reviewed the annual financial statements and concurred with management that the AGSA was a going concern.
- 4.2.2 They considered the audit approach and audit risks in approving the external audit plan and considered and reviewed the management report from the external auditors and the summary of unadjusted differences. None was recorded for the period under review.

- 4.2.3 They considered the appropriateness of the accounting policies, accounting treatments, and any significant unusual transactions and judgement areas, and reviewed compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the PAA.
- 4.2.4 The audit committee reviewed the external audit report on the annual financial statements and on performance against predetermined objectives.
- 4.2.5 They ensured that non-audit services were not material to compromise the independence of the external auditor.
- 4.2.6 The audit committee reviewed the integrated annual report and considered relevant factors and risks that may impact the integrity of information contained therein.

4.3 Internal Audit

- 4.3.1 In accordance with the terms of reference and the internal audit charter, the audit committee reviewed and approved the annual internal audit plan and the internal audit charter; evaluated the independence, effectiveness and performance of the internal audit function and the effectiveness of the chief audit executive; and considered reports from the internal auditors on the internal audit work performed throughout the year and their annual written assessment.
- 4.3.2 The audit committee engaged separately with the internal auditors in the absence of management and was satisfied that the independence, quality, credibility and effectiveness of the internal audit process were maintained and received confirmation that no restrictions were placed on them with regard to the audit.
- 4.3.3 The committee was assured that based on the work undertaken during the 2024-25 financial year, the system of internal control, risk management and governance at the AGSA was adequate and effective. There has been an improvement in the overall control environment compared to prior years; however, the inherent risk around IT security environment required continuous improvement.

4.4 Risk Management

- 4.4.1 The Risk and Ethics business unit led by the chief risk officer, was responsible for co-ordinating the risk management function of the AGSA.

- 4.4.2 The audit committee exercised oversight on, amongst others, the strategic risks of the organisation including the mitigation strategies and was satisfied that risks had been managed to an acceptable level.

4.5 Assessment of the finance function and CFO

The committee considered the composition, experience and skills set of the finance function as well as the performance and expertise of the chief financial officer and was satisfied that the function had the requisite capacity and appropriate skills to fulfil their responsibilities.

4.6 Other matters

During the 2024-25 period, the committee was bolstered with an additional member with IT and digitalisation expertise, which allowed the committee to better navigate the cybersecurity environment. The committee continued to support the executive committee in the ongoing implementation of the #cultureshift2030 strategy.

Part D

5. Retention of Surplus

- 5.1 Section 38(4) of the PAA provide that the Auditor-General may, after consultation with the National Treasury and by agreement with the oversight mechanism, at the end of a financial year retain for working capital and general reserve requirements, any surplus as reflected in the financial statements or a portion thereof. The portion of surplus not retained must be paid into the National Revenue Fund.

- 5.2 The AGSA pointed out that was critical to sustain investment in digital transformation and technology (CAPEX spend), which were key to driving productivity and audit quality improvements; strengthen working capital and liquidity, especially given persistent debt collection challenges from financially distressed municipalities and state-owned entities; and ensure continuity and resilience in fulfilling AGSA's audit mandate for the public sector.
- 5.3 The AGSA accordingly sought the SCoAG's approval to retain the 2024-25 surplus of R331 million. This surplus, which represented 6% of audit income, was the result of disciplined cost management, operational efficiencies and interest income.

Part E

6. External Auditor

- 6.1 Section 39(1) of the PAA provided that the SCoAG had the authority to appoint the external auditor on an annual basis.
- 6.2 The audit committee engaged with the external auditors, Crowe JHB (Crowe) which was appointed in 2017 and whose contract expired in 2028, in the absence of management, to ensure that the quality, credibility and effectiveness of the external audit process were maintained. They also received confirmation that no undue pressure was exerted on the external auditors to suppress any findings or place limitations on their scope.
- 6.3 Having assessed the external auditor's independence as required by section 39(2)(c) of the PAA, the audit committee was satisfied that they were independent, not conflicted in any and that the 2024-25 financial year audit was effectively conducted by Crowe.
- 6.4 The audit committee recommended that Crowe be re-appointed as the AGSA's external auditors for the 2025-26 financial year as their transformation had significantly improved and they had achieved a B-BBEE level 2 contributor status.

Part F

7. Observations and Recommendations

7.1 *Implementation of the amendments to the Public Audit Act No 25 of 2004 (PAA):*

- 7.1.1 The Committee welcomes the issuing of the first certificate of debt in terms of the powers granted to AGSA by the amendments to the Public Audit Act. This sends a significant message to all role-players in the accountability ecosystem, especially accounting officers, to take their responsibility for the financial management of public entities seriously.
- 7.1.2 The Committee commends the AGSA's for further utilising these powers in bringing about tangible successes in the area of recovering financial losses, where of R2.163 billion rand was recovered, R1.229 billion was in the process of being recovered, and R1.325 billion was prevented from being lost.
- 7.1.3 The Committee noticed with concern that there is still a lack of consequence management across all spheres of government and that officials are in many instances not held accountable for improprieties, especially on municipal level, due to external investigations being manipulated.
- 7.1.4 *Therefore, the Committee recommends, that the AGSA to provide detailed feedback on investigations into irregular expenditure and write-offs during MFMA cycle. Legislative amendments should be considered to ensure accountability for material irregularities.*
- 7.1.5 *The AGSA is to provide a status report during the first quarter of 2026 on the issued certificate of debt and the consequences thereof.*

7.2 *Enhance Information Technology Security and Capacity*

- 7.2.1 The Committee remains concerned about the AGSA cyber-security and integrity of its data, but the progress made in this regard is welcomed.
- 7.2.2 *The committee recommends that the AGSAs to prioritise cybersecurity measures, ensure local data storage remain secure and accelerate digital transformation projects to improve audit efficiency. The Committee should be furnished with progress reports for each quarter*

7.3 *Audit Fee Affordability:*

7.3.1 The Committee notes that the AGSA's audit fees are lower than that of private sector firms, however the report acknowledges that poor audit outcomes, resubmissions, and auditees' skills gaps contributed to high audit hours. The current audit fees structures are creating financial pressure on especially smaller or financially-constraint municipalities.

7.3.2 The AGSA's investment in digitisation and automation would bear fruit enabling auditors to spend less time on the completion of the work, thus delivering efficiency, provided that auditees' manual records are in good order and can be found easily.

7.4 *Stakeholder Engagement:*

7.4.1 The Committee highlights that an improvement of stakeholder engagement was necessary so that the people of South Africa could be made more aware of the important role the AGSA plays in ensuring service delivery, as well as the availability of whistleblowing opportunities related to audit processing.

7.4.2 *AGSA to expand public awareness campaigns and whistle-blower channels to strengthen oversight. The Committee should be furnished with progress reports bi-annually.*

7.5 *Appointment of External Auditor*

7.5.1 The audit committee gave assurance that there were no concerns about the independence of the external auditor.

7.5.2 *The SCoAG therefore recommends the approval of Crowe's appointment for a further year until 31 January 2027.*

7.6 *Retention of 2024/25 surplus*

7.6.1 Although the SCoAG is concerned about the long-term impact of the non-payment of audit fees, it is satisfied with the AGSA's financial management and sound financial position. The efficiencies built into the operational environment, which resulted in the R331 million surplus, is commendable. SCoAG further noted that the AGSA would require R1,1 billion over the next 5 years to fully implement the digitisation strategy aimed at modernising IT infrastructure and software to improve business processes and make audits more efficient.

7.6.2 The Committee thus notes that in the event that this surplus retention was not granted, AGSA would have to increase audit fees to fulfil their mandate, delay the implementation of the digitisation and automation strategy, and this was not desirable.

7.6.3 *The SCoAG therefore recommends the approval of the retention of the 2024-25 surplus of R331 million.*

Report to be considered

2. Report of the Standing Committee on the Auditor-General on the draft 2026-2029 Strategic Plan and Budget of the Auditor General of South Africa dated 28 November 2025

The Standing Committee on the Auditor-General (SCoAG), having considered the 2026-2029 draft Strategic Plan and Budget of the Auditor General of South Africa, reports as follows:

1. Introduction

- 1.1 The Auditor-General of South Africa (AGSA) is established in terms of Chapter 9 of the Constitution of the Republic of South Africa, 1996 (the Constitution) and is a state institution supporting constitutional democracy. The Constitution guarantees the AGSA's independence and requires that the institution operates in an impartial manner, and performs its functions without fear, favour or prejudice.
- 1.2 Section 38(1) of the Public Audit Act No 25 of 2004 (PAA) requires that the AGSA's affairs must be conducted in accordance with a budget and business plan prepared for each financial year. The plan must include the estimates of revenue and expenditure for the year to which it relates, the projected revenue and expenditure for the two financial years following the year to which the budget and plan relates; as well as the basis on which audit fees for the year to which the budget relates and the following two years are to be calculated.
- 1.3 Section 38(2) requires that the above-mentioned information must be submitted to the oversight mechanism at least six months prior to start of the financial year to which the budget relates. The 2026-2029 business plan and budget information were accordingly submitted to the Standing Committee on the Auditor-General (SCoAG) on 29 September 2025.
- 1.4 The PAA requires that the SCoAG should consider the budget and business plan and within two months of receipt of the information make recommendations to the Speaker of the National Assembly (NA) with regard to the tabling of the plan in the NA; as well as to the National Treasury.
- 1.5 Section 13 of the PAA requires that the Auditor-General must, after consulting the oversight mechanism, determine the standards, frequency, nature and scope

of audits. This consultation formed part of the above-mentioned engagement of 21 November 2025.

1.6 This committee report comprises seven parts:

- Part A, providing an overview of the AGSA's strategic objectives;
- Part B, on the environment in which the AGSA will be operating in 2026 – 2029;
- Part C, on the 2026/27 to 2028/29 performance targets;
- Part D, on the AGSA's 2026/27 budget;
- Part E, on the AGSA audit fee structure and benchmarking;
- Part F, containing SCoAG's observations; and
- Part G, containing the SCoAG's recommendation to the Speaker of the NA, and the National Treasury.

Part A

2. Overview of the AGSA Strategy

2.1 #Cultureshift 2030 strategy

2.1.1 The AGSA launched its #cultureshift2030 strategy in 2021/22. Through this strategy, the AGSA aspired to stronger, more direct and consistent impact on the daily lives of ordinary South Africans by sustainably and efficiently shifting public sector culture through insight, influence and enforcement. To achieve this the AGSA contributed to creating a public sector that was characterised by performance, accountability, transparency and integrity (PATI), to better serve the people of South Africa.

2.1.2 The #cultureshift2030 strategy employed the AGSA's knowledge of all three spheres of the public service to assist auditees to improve their financial performance, develop organisational cultures conducive to maintaining strong, financial management disciplines and, eventually, improve service delivery performance. The strategy was built around six strategic goals, which are summarised in paragraphs 2.1.3 to 2.1.8 below.

2.1.3 *Strategic Goal 1: Shift Public Sector Culture* aims to move a critical mass of auditees towards organisational cultures that are predominated by behaviours

that reflect consistent performance, accountability, transparency and institutional integrity.

- 2.1.4 *Strategic Goal 2: Insight* aims to generate insights that illuminate understanding, drive action and yield results.
- 2.1.5 *Strategic Goal 3: Influence* aims to move stakeholders from mere awareness of the AGSA's messaging to action and advocating for such awareness.
- 2.1.6 *Strategic Goal 4: Enforcement* focusses on applying the AGSA's powers to directly or indirectly recover resources lost to the state and taxpayers and ensuring the application of consequences for wrongdoing.
- 2.1.7 *Strategic Goal 5: Sustainably* aims to unlock latent capacity in the AGSA's existing resource base and lowering the cost and effort with which the institution derives each marginal unit of quality, insight, influence and enforcement.
- 2.1.8 *Strategic Goal 6: Efficiently* aims for the acquisition, development and maintenance of the quantity, quality and configuration of resources, and capabilities to achieve and sustain the AGSA's desired levels of impact.

Part B

3. 2026 – 2029 Operating Environment

The AGSA highlighted the following conditions that would impact the environment in which public audits would be performed in the period 2025-2028.

3.1 Complex audit environment

- 3.1.1 AGSA's portfolio of state-owned entities continued to grow, increasing the number of specialised and complex environments that was audited.
- 3.1.2 Auditee pushbacks and litigation often risked compromising AGSA's ability to meet legislated timelines and required the allocation of already scarce financial resources towards legal fees.
- 3.1.3 The poor quality of auditee financial statements and performance reports continued to absorb valuable audit time and attention.
- 3.1.4 Public discourse around the occasional disparities between clean audits and the level of service delivery provided to citizens on the ground.

- 3.1.5 Occasional attempts by some stakeholders to politicise AGSA work and the audit outcomes issued.

3.2 Economic Context

- 3.2.1 The global economy was undergoing a period marked by persistent disruptions and heightened uncertainty, as well as long-term structural change.
- 3.2.2 Locally, slow economic growth and increasing pressure on the national fiscus continued to put pressure on auditees' ability to pay AGSA, which impacted liquidity.
- 3.2.3 These tough global and local economic conditions had increased AGSA focus on initiatives that would ensure AGSA protected their financial independence.
- 3.2.4 There was increased competition for specialised and scarce skills. With a strategy that required employees with specialised skills such as engineering, health, environmental studies, etc., the attraction and retention of these skills had become an area of focus.

3.3 Political landscape

- 3.3.1 Declining public trust in public institutions (as evidenced by instances of decreasing voter turnout for national elections over the years) was of concern to the AGSA as one of the institutions established by Chapter 9 of the Constitution to support constitutional democracy.
- 3.3.2 Financial maladministration continued to plague the country, emphasising the need for a national audit office that could audit the public sector in a rigorous, transparent and ethical manner.
- 3.3.3 The trend of frequent leadership changes, especially at a local government level, made it difficult for AGSA to work with the affected administrative authorities in a consistent manner (aimed at enabling sustained improvements in auditee financial management and, eventually, their performance).
- 3.3.4 Therefore, AGSA was heartened that the 7th administration continued to work collaboratively with them, as an accountability ecosystem partner, for increased public sector effectiveness.

3.4 Technological context

- 3.4.1 The trend of rapid technological advancement was one that all organisations, locally and abroad, needed to contend with (and ideally leverage), as seen in the strong focus on digitising the work of the AGSA.
- 3.4.2 The benefits that digitisation brought to audits were immense and went beyond just helping to create audit process efficiencies and eventually reducing the cost of doing business. They also had the potential to improve the quality of audits (reduction of human error) whilst also allowing auditors to focus on analysis and insights elevation.
- 3.4.3 However, these technological advancements also came with risks, as evidenced by the increasing rate of hacking and other forms of cyber attacks against organisations in both the public and private sectors.

Part C

4. 2026-2029 Performance Targets

From 2026/27 to 2028/29 the AGSA would pursue the strategic commitments and performance targets outlined in paragraphs 4.1.1 to 4.6.2 below.

4.1 Strategic Goal 1: Shift Public Sector Culture

- 4.1.1 Table 1 below sets out the AGSA's 2026 to 2029 performance targets in respect of strategic goal 1.

| Targeted Outcome | Key Performance Indicator | Targets | | |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------|-----------------------|
| | | 2026/27 | 2027/28 | 2028/29 |
| Favourable assessment of overall performance of the organisation and its delivery of the #cultureshift2030 strategy | Assessment of overall performance by the AG | Favourable assessment | Favourable assessment | Favourable assessment |

Table 1: Strategic Goal performance targets

- 4.1.2 Key initiatives that would underpin AGSA's pursuit of this strategic goal and related targets were:

- Implementation of targeted cultureshift programmes across the following categories of the auditee base:
 - Metropolitan municipalities
 - Key public entities
 - Disclaimer auditees
 - Co-ordinating institutions
- Introduction of key public entities into the Cultureshift Continuum plotting, per the strategy's implementation timeline.
- Continuation of the plotting of AGSA auditees, to assess if insight, influence and enforcement efforts were leading to shifts in their performance.

4.2 Strategic Goal 2: Insight

4.2.1 Table 2 below sets out the AGSA's 2026 to 2029 performance targets in respect of strategic goal 2.

| Targeted Outcome | Key Performance Indicator | Targets | | |
|----------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| | | 2026/27 | 2027/28 | 2028/29 |
| Illuminate auditee understanding | Produce audit insights per the multi-year audit plan (MYAP) focus areas | Produce all planned insights per the 2026/27 focus areas and share insights with relevant stakeholders | Produce all planned insights per the 2027/28 focus areas and share insights with relevant stakeholders | Produce all planned insights per the 2028/29 focus areas and share insights with relevant stakeholders |
| Drive auditee action | Percentage of AGSA recommendations implemented | 35% | 35% | 35% |

Table 2: Strategic Goal 2 performance targets

4.2.2 Key focus areas that would underpin AGSA's pursuit of this strategic goal and related targets would be:

- The development of insights-based products that could be made available to various stakeholders, per the MYAP focus areas.
- Continued extraction and dissemination of insights on key value chains, metropolitan municipalities and disclaimer auditees.

- The introduction of intermediary cities and key public entities to AGSA's targeted audit insight areas.

4.3 Strategic Goal 3: Influence

4.3.1 Table 3 below sets out the AGSA's performance targets in respect of strategic goal 3.

| Targeted Outcome | Key Performance Indicator | Targets | | |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| | | 2026/27 | 2027/28 | 2028/29 |
| Effective accountability ecosystem | AG assessment of audit portfolio's work to make agreed-upon accountability ecosystem (AES) members more active and effective | Favourable assessment | Favourable assessment | Favourable assessment |
| Maintain an enabling reputation with stakeholders | AGSA public sentiment rating | 10% improvement on baseline rating | 90% - 100% implementation of initiatives in the improvement plan for 2027/28 | 90% - 100% implementation of initiatives in the improvement plan for 2028/29 |
| Develop & leverage enabling partnerships | Percentage achievement of outcomes targeted in stakeholder programme | 80% - 100% | 80% - 100% | 80% - 100% |

Table 3: Strategic Goal 3 performance targets

4.3.2 Key focus areas that would underpin AGSA's pursuit of this strategic goal and related targets would be:

- Implementation of initiatives in the public sentiment improvement plan, to help AGSA as an office to keep being responsive to stakeholder needs.
- Roll out influence work, per AGSA audit implementation plan and leader-led influence approach.

4.4 Strategic Goal 4: Enforcement

4.4.1 Table 4 below illustrates the AGSA's performance targets in respect of strategic goal 4.

| Targeted outcome | Key Performance Indicator | Targets | | |
|----------------------------------------------|-----------------------------------------------|-----------------------|-----------------------|-----------------------|
| | | 2026/27 | 2027/28 | 2028/29 |
| Demonstrated effectiveness of the MI process | AG's assessment of effectiveness of MI system | Favourable assessment | Favourable Assessment | Favourable assessment |

Table 4: Strategic Goal 4 performance targets

4.4.2 Key initiatives that would underpin AGSA's pursuit of this strategic goal and related targets would be:

- Continue to improve the MI process, including increasing its speed and ensuring that it helped audit teams to raise more high-impact MIs.
- Tracking the status of high-impact MIs issued in previous years.
- Continue the work of strengthening partnerships with public bodies.

4.5 Strategic Goal 5: Sustainably

4.5.1 Table 5 below illustrates the AGSA's performance targets in respect of strategic goal 5.

| Targeted outcome | Key performance indicator | Targets | | |
|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
| | | 2026/27 | 2027/28 | 2028/29 |
| Deliver audits timeously | Percentage of audits completed within legislated timelines (with annual financial statements are submitted on time) | 90%-100% | 90%-100% | 90%-100% |
| Ensure quality of audits | Percentage adherence to quality standards | 80%-90% | 80%-90% | 80%-90% |
| | Evaluation of the effectiveness of the AGSA's system of quality management by the AG | Reasonable assurance obtained | Reasonable assurance obtained | Reasonable assurance obtained |
| Maintain good governance, high ethical standards and robust risk management | Ethics maturity level | AA | AA | AA |
| | External audit opinion | Clean audit | Clean audit | Clean audit |
| Maintain financial sustainability | Net surplus | 1% - 4% | 1% - 4% | 1% - 4% |
| | Cash safety margin | 2-3 months | 2-3 months | 2-3 months |
| Healthy and safe employees, with high morale | Turnover of high-performing employees | <5% | <5% | <5% |
| | Achievement of assessment of professional competence pass rate | 45%-60% (calculated based on first-time APC writers) | 45%-60% (calculated based on first-time APC writers) | 45%-60% (calculated based on first-time APC writers) |
| | Culture Index | 2,5% increase on 2025/26 | Above industry benchmark (3,6%) | Above industry benchmark (3,6%) |

Table 5: Strategic Goal 5 performance targets

4.5.2 Key initiatives that would underpin AGSA's pursuit of this strategic goal and related targets would be:

- Implementation of the new ESD strategic programme.
- Implementation of the updated AGSA security plan, focused on dealing with threats and intimidation in a more proactive (prevention-focused) manner.

- Continued implementation of the young professionals programme.
- Continued implementation of the updated ethics strategic programme.

4.6 Strategic Goal 6: Efficiently

4.6.1 Table 6 below illustrates the AGSA's performance targets in respect of strategic goal 6.

| Targeted Outcome | Key Performance Indicator | Targets | | |
|----------------------------------------|--------------------------------------------------------------------|------------------------|------------------------|------------------------------------------------|
| | | 2026/27 | 2027/28 | 2028/29 |
| Efficient audit and business processes | Implementation of the digital transformation programme and roadmap | 60%-80% implementation | 75%-80% implementation | 75%-80% implementation of the 2027-28 ERP plan |

Table 6: Strategic Goal 6 performance targets

4.6.2 Key initiatives that would underpin AGSA's pursuit of this strategic goal and related targets would be:

- Continued implementation of the audit software plan, the flagship project in the digital transformation programme.
- Implementation of the intelligent automation programme, which will include the AI position and plan.

Part D

5. 2026/27 Budget

5.1 Overview

5.1.1 Table 7 below contains an overview of AGSA's 2026-27 budget.

| Description | Actual 2024-25 | Budget 2025-26 | Forecast 2025-26 | Budget 2026-27 |
|----------------------------------------|-------------------|-------------------|---------------------|-------------------|
| (R million) | | | | |
| Audit Income | 5 265 | 5 539 | 5 631 | 5 881 |
| - Own hours | 4 374 | 4 494 | 4 510 | 4 795 |
| - Contract Work | 638 | 831 | 831 | 837 |
| - S&T | 246 | 213 | 220 | 249 |
| Direct Expenditure | 3 168 | 3 268 | 3 363 | 3 528 |
| Own hours as a % of audit income | 83% | 81% | 82% | 82% |
| CWC as % of audit income | 12.10% | 15.00% | 15% | 14.10% |
| Gross Profit | 2 097 | 2 271 | 2 269 | 2 353 |
| Gross Profit % | 40% | 41% | 40% | 40% |
| Overhead expenses | 1 955 | 2 110 | 2 209 | 2 229 |
| Overheads as % of Audit Income | 36% | 38% | 39% | 37% |
| Trading surplus | 142 | 161 | 59 | 124 |
| Trading surplus as a % of audit income | 2.70% | 2.90% | 1.0% | 2.10% |
| Other Income | 188 | 162 | 162 | 190 |
| Surplus/(deficit) | 331 | 322 | 221 | 314 |
| Surplus as % of audit income | 6.30% | 5.80% | 3.9% | 5.34% |

Table 7: Overview of AGSA's 2026-27 budget

- 5.1.2 The AGSA reported that the funding model of AGSA was premised on the organisation being self-sustaining and financially independent. The AGSA's 2026-27 budget was tabled at a time of cautious optimism for South Africa's economy, but also persistent fiscal and operational challenges.
- 5.1.3 The 2026/27 budget positioned AGSA to deliver on its mandate with resilience and agility, balancing strategic investment with financial discipline. It was responsive to AGSA's priorities, addresses key risks, and provided a clear roadmap for sustainable growth and operational excellence.
- 5.1.4 It ensured AGSA's continued financial sustainability, strategic agility, and delivery on its constitutional mandate, while supporting the #cultureshift2030 strategy.
- 5.1.5 Against this backdrop, the AGSA's funding model would remain self-sustaining and commercially viable, but would be under pressure from rising operational costs, a growing debt book, and the need for significant investment in digital transformation.
- 5.1.6 The 2026-27 budget projected audit income at R5,9 billion, a 6% increase from 2025-26 budget and a 4% increase compared to the 2025/26 forecast (revised budget).

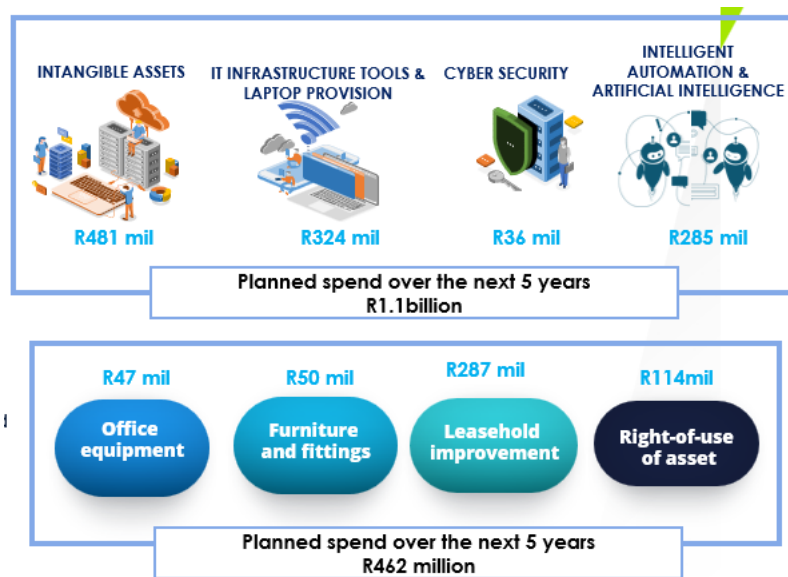
- 5.1.7 Cost containment efforts had yielded R1,18 billion in savings over the past seven years, but overheads and capital expenditure requirements, especially for digital transformation, would continue to rise.
- 5.1.8 The AGSA was on a digital transformation journey and would be spending on capital expenditure which would have expected cashflow implications. They were concerned that the difficulties with audit fee collections would make it difficult to meet these plans and their response would be to delay the expenditure, where needed, and perhaps approach financial institutions for funding.
- 5.1.9 The AGSA's ability to deliver on its constitutional mandate, invest in digital transformation, and maintain financial sustainability was largely dependent on revenue optimisation, containment of overheads expenditure and positive working capital management was a carefully considered plan that balanced the need for the AGSA's financial independence with fiscal prudence. Accordingly, the AGSA remained committed to delivering on its strategic objectives efficiently, to ensure that it would maintain its financial sustainability.

Cost optimisation

- 5.1.10 Cost optimisation initiatives were underway in the organisation, and included investments in technology automation and tools to help reduce operating costs.
- 5.1.11 The AGSA's overhead expenses were projected to remain at the same level as in the 2024/25 period. The overheads and capital expenses factor in the funding of the #cultureshift2030 strategy. The successful implementation of the strategy depended on the organisation being commercially viable and financially independent.
- 5.1.12 The projected statement of comprehensive income reflected a total audit income of R5.2 billion for the 2024/25 fiscal year, which would increase to about R5.5 billion in the 2025/26 fiscal year. By 2027/28 the audit income was expected to be R6,162 million.

5.2 Capital Expenditure

- 5.2.1 The illustration below reflects the AGSA's capital expenditure budget for 2026 to 2029.



5.2.2 The capital expenditure requirements for the next 5 years was estimated to be around R1.6 billion, of this amount R1.1 billion related to capital investment in digital transformation. As part of the #CultureShift2030 strategy, the organisation was embarking on capital investment programmes on the digitization of AGSA business to ensure they improved operational processes, i.e. leverage technology by automating audit process.

5.2.3 This required significant financial investment and the retention of surpluses was critical to the achievement of these objectives. Some of the key initiatives for 2025-26 financial year and beyond included, among others:

- Implementation of the new audit software program (ASP) through a phase-in and piloting approach. The ASP was aimed at bringing audit efficiencies into the audit process. It was also supported by initiatives such as data-led audits (project iMpilo) and continuous review of the audit methodology.
- Continue to produce high quality products and services (Enhance the system of quality management throughout all required aspects as per ISQM 1 and develop, implement and institutionalise a quality management framework that applied consistent quality standards and remedial action across all support units).

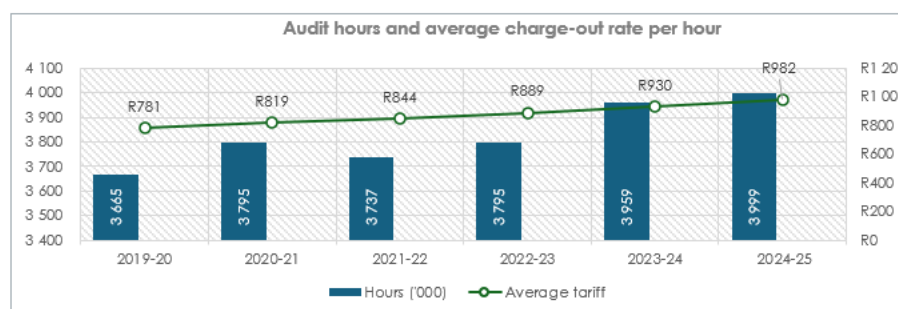
5.2.4 The AGSA continued to struggle to translate retained surplus funds into cash due a poor payment culture from financially distressed auditees, especially those at local government and state-owned entities.

Part E

6. AGSA Audit Fee Structure and Benchmarking

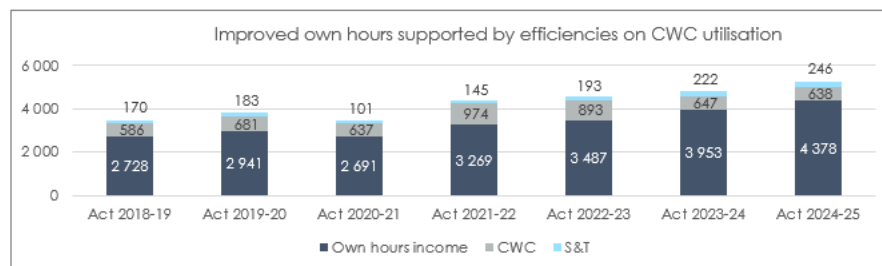
- 6.1 The illustration below reflects an analysis of AGSA's audit fee increases versus hours spent on audits as from 2019-20 to 2024-25, and the projected annual percentage increase for audit fees for 2026-2029 period:

AGSA AUDIT FEE ANALYSIS



Annual average audit fee increases

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Average over 5 years |
|---------------------|---------|---------|---------|---------|---------|---------|----------------------|
| Average audit fee | 781 | 819 | 844 | 889 | 930 | 982 | 874 |
| Annual increase (%) | | 4,87% | 3,05% | 5,33% | 4,61% | 5,59% | 4,69% |



- 6.2 The Auditor General South Africa (AGSA) was constitutionally mandated to audit all government entities, ensuring transparency and accountability in public finance management. Unlike other public institutions, the AGSA did not receive direct funding from the fiscus. Instead, it operated on a commercial basis, funding itself through audit fees determined on a time and material basis. This unique business model underscored the AGSA's financial independence and legal autonomy as enshrined in the Public Audit Act (PAA). Contrary to the perception that AGSA's audit fees were high, benchmarking data revealed that average charge-out rates were lower than those of private sector firms, including the Big Four audit firms, even though the AGSA was the biggest audit firm in the country. This was despite the AGSA providing a broader scope of audit

services, encompassing financial statements, compliance, performance information, and material irregularities. The perceived high fees were driven by the complexity, size, and risk associated with the auditees, rather than inflated rates.

6.3 The following were additional factors driving audit fees:

- AGSA charged lower audit fees compared to the private sector
- Higher audit fees were driven by poor audit outcomes
- Resubmissions contributed significantly increased audit hours
- Skill gaps on the workforce of auditees led to inefficiencies
- Consultants were often used without delivering added value
- Material misstatements were still being identified despite these efforts

6.4 AGSA audit fees represented only 0.2% of government expenditure, and rates remained consistently lower than private sector audit firms.

6.5 AGSA's annual adjustments remained aligned with inflation. In contrast, AGSA benchmarking indicated that private audit firms applied significantly higher annual increases—ranging from 9% to 22%.

6.6 AGSA audited approximately 1,000 auditees annually. Revenue growth was driven by expansion of the audit scope, reclaiming audits from private firms, and clearing backlogs. Annual fee adjustments had remained modest, averaging 3% to 5.6% over the past 5 years.

6.7 Expansion in audit scope was driven by strict compliance rules and rising auditee risks from weak financial controls, irregular spending and material misstatements in their financial statements.

Part F

7. SCoAG observations

7.1 Audit fee affordability and Digital Transformation

The Committee established that AGSA had started using a differentiated audit methodology to reduce municipalities' audit costs; they had also been investing

in technology and audit software to help deal with efficiencies on their side so that this could be passed those on to municipalities; AGSA would consider developing a municipal audit preparation guide to assist with auditee readiness and reduce workload.

7.2 Consequence Management and Professionalisation of Public Sector

- 7.2.1 The Committee noted that there should be stronger consequence management for poor quality submissions. This matter had been flagged continuously by AGSA over the years without significant transformation. It had also been raised in the context of ongoing and inappropriate reliance on the use of consultants which demonstrated there was not enough attention given to investing in and building capacity to doing the basics. The Committee urged all leaders in government to build and maintain institutional capacity in order to meet service delivery aspirations.
- 7.2.2 The Committee support the Auditor-General's emphasis on ensuring that all the role players needed to play their part in the accountability ecosystem in a way that realised the appropriate balance between transparency and accountability on the one hand and efficiency and effectiveness on the other.
- 7.2.3 The Committee noted AGSA's strategy to curb corruption was to use its enforcement powers better, however, AGSA felt that relying on one player in the accountability ecosystem to do everything was unsustainable and would not yield the desired results. What was needed was for accounting officers to execute their function and be held accountable for it. They should ensure their participation on internal audit steering committees throughout the audit process to ensure disputes were ventilated and resolved before the issuing of audit outcomes.
- 7.2.4 The AGSA reported that the National Framework towards the Professionalisation of the Public Sector had been approved and believed that this framework could be a real game changer in driving the effectiveness of the accountability ecosystem, provided its implementation was given the necessary attention.

7.3 Stakeholder Liaison

- 7.3.1 The Committee noted that Stakeholder Liaison costs had increased by 116% from R4.3 million to R9.3 million. AGSA reported that this related to AGSA repositioning and rebranding as an employer of choice at universities. The AGSA was competing with other private audit firms to recruit talent.

Universities, on average, produced about 2,000 qualified graduates with Honours annually, so a number of activities centred around creating visibility for AGSA recruitment.

Part G

8. SCoAG recommendations

8.1 Tabling of the AGSA's 2026-2029 strategic plan and budget

- 8.1.1 The Committee having considered the AGSA's draft 2026-2029 strategic plan, and draft 2026/27 budget, recommends to the Speaker of the National Assembly that the above-mentioned documents, which are included with this report, should be tabled in the National Assembly without amendment.
- 8.1.2 The SCoAG further confirms to the National Treasury that it supports the 2026/27 budget as prepared by the AGSA.

8.2 Projected AGSA Audit Fee percentage increase for the 2026-2029 period

- 8.2.1 The SCoAG having been consulted on the projected average annual percentage increase of audit fees for the 2026-2029 period and the factors driving audit fees, confirms that it supports this increase.

8.3 Further recommendations

- 8.3.1 The Committee commends the measures implemented by the National Treasury to assist the AGSA to change the municipal behaviour of non-payment of audit fees and to continue collaboration with AGSA to improve enforcement in this area. The National Treasury should provide the Committee with quarterly updates on progress made.
- 8.3.2 The Committee recommends the approval of the proposed audit directive for 2026/27 financial year.

Report to be considered