Annual Report 2023-2024

SITA

stateinformationtechnologyagency

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PART A
GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	State Information Technology Agency (SITA) SOC Ltd
REGISTRATION NUMBER	1999/001899/30
PHYSICAL ADDRESS	459 Tsitsa Street Erasmuskloof Pretoria 0048 South Africa
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WEBSITE ADDRESS	www.sita.co.za
EXTERNAL AUDITORS	Auditor-General of South Africa
BANKERS	Standard Bank of South Africa PO Box 6232 Marshalltown Gauteng, 2107
COMPANY SECRETARY	Bridget Laka

2. LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARCC	Audit, Risk and Compliance Committee
BBBEE	broad-based black economic empowerment
BBI	Broadband Infraco
CAPEX	capital expenditure
CSIR	Council for Scientific and Industrial Research
DOD	Department of Defence
DHA	Department of Home Affairs
DHET	Department of Higher Education and Training
DCDT	Department of Communications and Digital Technologies
DPSA	Department of Public Service and Administration
EE	employment equity
Exco	Executive Committee
GPCE	Government Private Cloud Ecosystem
HCM	Human Capital Management
ICT	information and communication technology
IMST	information management systems and technology
LAN	local area network
MD	Managing Director
MIOS	Minimum Interoperability Standards
MLP	Management Letter Points
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NT	National Treasury
PPPFA	Preferential Procurement Policy Framework Act
PFMA	Public Finance Management Act
PRC	Presidential Review Committee
SAPS	South African Police Services
SARS	South African Revenue Service
SCM	Supply Chain Management
SDN	software-defined network
SHE	safety, health and environment
SITA	State Information Technology Agency SOC Ltd
SLA	service level agreement
SMME	small, medium and micro enterprise
SOC	state-owned company
SOCC	Security Operations Centre capability
WAN	wide area network
WSP	workplace skills plan

3. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

We, the undersigned do hereby confirm that:

(a) the information and amounts disclosed in the annual report are consistent with the Annual Financial Statement (AFS) audited by the Auditor-General South Africa;
(b) the annual report is complete, accurate and free from any omissions;
(c) the annual report has been prepared in accordance with the guidelines on annual reports as issued by National Treasury;
(d) the AFS (Part E) has been prepared in accordance with the Generally Recognised Accounting Practice standards applicable to public entities;
(e) the Accounting Authority of the entity is responsible for both the preparation of the AFS and for the judgements made based on the information contained in the AFS;
(g) the Accounting Authority is responsible for establishing and implementing a system of internal control, which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the AFS;
(h) the external auditors are engaged to express an independent opinion on the AFS; and
(i) in our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2024.

Ms Makano Mosidi
Chairperson of the Board
State Information Technology Agency SOC

Mr Simphiwe Dzengwa
Managing Director (Acting)
State Information Technology Agency SOC

4. FOREWORD BY THE CHAIRPERSON OF THE BOARD

April 2024 saw SITA celebrating its 25th anniversary, and the vision is to continue to be a robust contributor to the national service delivery agenda, through quality services that are executed in a safe and secure environment with an emphasis on public service delivery. Whilst SITA may face some operational and strategic challenges, the work to correct and improve, is positive within the organization.

We stand on the brink of a new Medium Term Development Plan (MTDP) period, and the developments and advancements in AI, big data, cloud computing, mobile applications, broadband communication, and the Internet of Things provide great opportunities to impact and improve government service delivery. These are all areas that need to be explored and engaged upon—and measured for relevance for the future of our ICT interventions in the country. Critically, these are to be assessed not in terms of the technology itself but in terms of the application of the technology to solve real-world problems on an outcome's basis.

Given this expanded vision of the future and programs to be engaged upon, collaboration with key partners will be a core focus area. To support the vision of ethical and judicious collaboration, SITA is in the process of developing a sustainable partnership model. This is augmented by the work being done to review the SITA operating and business models—as the organization pushes its focus towards improved efficiency, value derivations, continued financial sustainability, strategic risk management, and improved customer services.

SITA's service delivery capability has a direct bearing on the quality of life of the citizens of the Republic of South Africa. To this end, engagements were held with key stakeholders and clients, to ensure improvements and relevance and timely service delivery on programs. This is key to improving customer relations and collaboratively addressing the challenges faced by clients. The Board remains committed to the realization of these imperatives.

From a financial sustainability perspective, SITA has met expectations. Management has delivered in the areas of revenue and cost management. It is also significant to note that locally empowered ICT players continue to benefit from contracts awarded by SITA on behalf of the government. SMME, black, women, youth, and people with disabilities accounted for 58% of the procurement spend. Furthermore, there has been improvement and turnaround in the procurement space; including a finalization success rate of 81.5% for projects above R10million. Procurement is an important service delivery area that needs mentioning—particularly noting the challenging procurement environment that the Agency operates in. Focused attention is on improving governance and service delivery to clients; whilst ensuring that any fraud and/or corruption is prevented. SITA has adopted a risk management approach in the prevention, detection, and investigation of suspected fraudulent activities; and forms part of its zero-tolerance culture to fraud and corruption.

I would also like to take this opportunity to express my profound appreciation for the ongoing work of fellow members of the SITA Board of Directors and the SITA Executive Committee for their contribution to the work of the organization to improve ICT delivery and increase customer-centricity. As we move ahead, we also acknowledge with thanks the management teams—and the employees who are at the heart of SITA's performance.

In conclusion, I would like to take this opportunity to acknowledge the shareholder representative and Honourable Minister of Communications and Digital Technologies, Mr. Solly Malatsi, the Deputy Minister, Mr. Mondli Gungubele and the Director-General of the Department, Ms. Nonkqubela Jordan-Dyani for their roles in ensuring SITA's performance. We look forward to a much better SITA under their leadership.

Ms. Makano Mosidi
Chairperson of the Board of Directors
State Information Technology Agency SOC

5. MANAGING DIRECTOR'S OVERVIEW

As we reflect on our journey over the past year, SITA has been marked by significant strides and challenges alike. It is imperative to acknowledge the dedication and resilience of our team in navigating these turbulent times.

Significant developments unfolded within and around SITA, notably the strides toward reaching its targets, achieving thirteen (13) out of twenty one (21) for the fourth quarter performance as of 31 March 2024, resulting in a performance outcome of 61.9%.

The evaluation of performance across programme areas demonstrates diverse levels of accomplishment, encompassing thought leadership and service delivery, digital infrastructure, skills and capacity development, financial sustainability, and procurement and industry transformation. Nonetheless, there were instances of underperformance and corrective measures that need to be implemented.

In addressing unmet targets, we need to undertake corrective actions through a thorough examination of contributing factors, identifying areas for enhancement, and implementing focused strategies. Insights collected from past challenges will guide future planning endeavours, ensuring a more efficient approach to goal achievement. While implementing these corrective measures, let us remain steadfast in prioritising the resolution of outstanding targets in the upcoming fiscal year, as appropriate.

Central to our progress are the key programmes focused on data/ICT infrastructure and others. These initiatives have propelled us forward in modernising our infrastructure and optimising our workforce.

The digital infrastructure programme encompasses multiple initiatives aimed at enhancing network availability, conducting information security assessments, raising awareness of information security, and implementing the SITA Complaints and Query Management System (SCQMS). We are encouraged to note that SITA surpassed its network availability target by achieving 99.35% availability through investments in software-defined network (SDN) equipment and proactive maintenance.

Assessments for 27 government departments were also completed, resulting in 107 approved reports, with additional assessments surpassing annual goals. Information security awareness campaigns exceeded quarterly targets, with 171 campaigns conducted by Q3, driven by increased client demand and support from government departments and the Government Information Technology Officers Council (GITOC). SCQMS implementation proceeded as planned, achieving all milestones, and enabling customers to register and monitor complaints and queries since March 2024.

From a socio-economic development standpoint – which is non-APP but a strategic initiative that plays a pivotal role in driving and realising SITA's overarching strategic objectives – the agency established numerous cyber-labs across four provinces, namely Northwest, Eastern Cape, Northern Cape and Limpopo. These cyber-labs serve as platforms to introduce learners to the ICT discipline, equipping them with skills to address socio-economic challenges through ICT solutions. Moreover, these schools are internet-enabled, facilitating research, project work and daily school activities.

The SCM reform programme introduced by SITA aims to enhance procurement efficiency through various initiatives. This ongoing strategic effort continually identifies and implements new measures as needed. I am happy to report that considerable progress has been achieved in organisational, personnel and procedural aspects of the reforms, while certain technological initiatives have gained traction and are being steered towards completion. The following provides insight into the completion of SCM reform initiatives:

- In terms of personnel (HCM), 9 initial approved vacancies were filled, followed by the appointment of the remaining 11 vacancies within the SCM structure. Additionally, SCM staff underwent reskilling through expedited skills gap assessments and training sessions covering areas such as report writing and time management.

- Process enhancements included conducting parallel audits for procurement transactions and formulating a strategy for localisation/innovation execution.
- Regarding organisational improvements, lifestyle audits for all SCM staff were successfully concluded, and a client communication interface and reporting mechanism was established.
- From a technological standpoint, the implementation of the ITSM case management module was completed.

Despite our achievements, we have encountered formidable challenges along the way. From technological disruptions to evolving regulatory landscapes, each hurdle has tested our adaptability and resolve. However, it is through these challenges that we have gathered invaluable lessons and emerged stronger as an organisation.

The Auditor-General's report for FY2023/24 highlighted SITA's receipt of qualified audit opinions over the past four financial years. A total of 149 findings, encompassing administrative issues, were identified, and classified into categories such as matters affecting the audit report, other significant concerns, and administrative matters. In response, SITA management has devised action plans to rectify AG findings, demonstrating a proactive approach with ongoing monitoring and reporting.

As we embark on the journey into a new financial year, let us do so with a sense of optimism and determination firmly rooted within us. Drawing from the groundwork established in the preceding year, let us set our sights on a future characterised by innovation, collaboration and sustainable development. With strategic foresight and unwavering commitment to our goals, we stand ready to navigate challenges and capitalise on the opportunities that lie ahead. Together, we will chart a course towards progress and prosperity, propelled by our collective efforts and steadfast resolve.

In closing, I extend my heartfelt gratitude to every member of the SITA family – from our dedicated employees to our esteemed management and executives. Your unwavering support and tireless efforts have been instrumental in our success. Together, let us embark on the journey ahead with renewed vigour and unity of purpose. I would be remiss not to express my sincere appreciation to all those who have contributed to our collective achievements. Your dedication, passion and ingenuity serve as the bedrock of our organisation, driving us ever closer to our shared vision of excellence.

As SITA commemorates its 25th anniversary this year, the organisation takes a reflective stance, considering its history characterised by overcoming challenges and attaining commendable successes in specific areas. Looking ahead, let us address any problems with delivering our services, aiming to make clients happier and gain respect from our peers and stakeholders.

Mr Simphiwe Dzengwa
Managing Director (Acting)
State Information Technology Agency SOC Ltd

6. STRATEGIC OVERVIEW

Vision

The vision of SITA is as follows: "To be the leading information and communications technology (ICT) agency in public service delivery".

Mission

The mission of SITA is as follows: "To render an efficient and value-added ICT service to the public sector in a secure, cost-effective and integrated manner, contributing to service delivery and citizen convenience".

Values

In the quest to achieve its mission and vision, SITA has adopted and seeks to promote the following values:

(a) **Customer-centricity** – exceed customer expectations by providing the best appropriate services and solutions;
(b) **Innovation** – pursue innovation by demonstrating thought leadership and proactive behaviour on the use of ICT to enhance public service delivery;
(c) **Integrity** – conduct our business with integrity at all times to inculcate a culture of honesty, respect and accountability among all our employees;
(d) **Agility** – adaptive and responsive in an evolving environment in order to maintain relevance and competitive advantage;
(e) **Collaboration** – cooperate and support each other in pursuit of our shared goals to achieve synergies and greater productivity; and
(f) **Empathy** – understand and support each other in our different perspectives.

7. LEGISLATIVE AND OTHER MANDATES

7.1 Presidential Review Committee

In 1996, a Presidential Review Commission (PRC) was appointed to review the structures and functions of Government and make recommendations on the transformation of the public service. Chapter 6 of the PRC report, which focuses on Information Management Systems and Technology (IMST) in government, identified a number of challenges. These included the lack of clear roles and responsibilities for IMST in the public sector, lack of co-ordination of IMST initiatives, incompatible systems and architecture that are unable to talk to each other, fragmented investments, duplicate and wastages of resources, insufficient knowledge and skills, and that procurement and development of IMST are not informed by the business objectives and processes of government.

In response to the challenges of Government's IMST, the PRC recommended the establishment of an IMST Lead Agency. Such a Lead Agency should:

(a) Procure ICT goods and services, using economies of scale to reduce cost of ICT;
(b) Develop standards, architectures and strategies to enable systems to exchange information;
(c) Enhance government productivity through the use of ICT; and
(d) Focus government ICT provision towards the betterment of citizen-centric services.

In addition, such a Lead Agency would coordinate the whole-of-government IMST initiatives in relation to a specific set of IMST functions with other participating departments. And, in order to ensure inter-agency cooperation, personnel and resources should be shared on a programme and/or project basis, but ultimately the Minister and senior management responsible for the lead agency would be held accountable for performance.

7.2 State Information Technology Agency Act, 88 of 1998

Following the PRC recommendations, SITA was established in April 1999 through the SITA Act 88 of 1998 and is registered as a schedule 3A public entity, which is self-sustaining and self-funding, and government is the sole shareholder. The then Minister of Communications, Telecommunications and Postal Services exercised the custodian rights attached to the shareholder on behalf of the state.

The agency was established with a core mandate to provide IT services to government. The establishment was the amalgamation of a number of entities (listed below), which had different operating methods, procedures, skills sets, infrastructure and technologies that had to work seamlessly in order to deliver on its mandate:

- Infoplan (Pty) Ltd, the ICT service provider to Department of Defence;
- Central Computer Services of the Department of State Expenditure; and
- Sub-component Information Systems within the Department of Safety and Security.

The mandate of SITA as stated in the Act is as follows: To improve service delivery to the public through the provision of information technology, information systems and related services in a maintained information systems security environment to departments and public bodies; and to promote the efficiency of departments and public bodies through the use of information technology.

SITA is guided by all public services legislation and regulations in executing is role, including but not limited to:

(a) Electronic Communications Act, 36 of 2005;
(b) Public Finance Management Act, 1 of 1999;
(c) Companies Act, 71 of 2008;
(d) Public Service Act, Proclamation 103 of 1994;
(e) Electronic Communication and Transactions Act, 21 of 2002;
(f) National Key Points Act, 102 of 1980;
(g) Preferential Procurement Policy Framework Act, 5 of 2000;
(h) Government IT House of Values, as contained in the e-Government Policy;
(i) The Machinery of Government (May 2003);
(j) Minimum Interoperability Standards (MIOS);
(k) Minimum Information Security Standards; and
(l) National Integrated Information Communication Technology (ICT) Policy White Paper.

The figure below depicts the 'must' and 'may' services that SITA provides in order to achieve its mandate.

SITA MUST	
Private Telecoms Network	Act, Sec 7 (1)(b)(i)
Transversal Systems	Act, Sec 7 (1)(b)(ii)
Transversal Data Processing	Act, Sec 7 (1)(b)(iii)
Information System Security	Act, Sec 6 (a)
Disaster Recovery plan	Regulation, Sec 4.1.2
Procurement	Act, Sec 7 (3)
Standards (Interoperability & Security)	Act, Sec 7 (6)(a)(i), (ii)
Certifiy against Standards	Act, Sec 7 (6)(b)
IS Convergence Strategy	Regulation, Sec 4.1.1 (a)
Information System Inventory	Regulation, Sec 4.6
Research Plan	Regulation, Sec 4.1.1

SITA MAY	
Department ICT Training	Act, Sec 7 (1)(b)(i)
Department System Development	Act, Sec 7 (1)(b)(ii)
Department ICT Maintenance	Act, Sec 7 (1)(b)(iii)
Department Data Processing	Act, Sec 7 (1)(b)(iv)
Advisory Services	Act, Sec 7 (1)(b)(v)
ICT Management Services	Act, Sec 7 (1)(b)(vi)
Provide Authentication products	Act, Sec 7 (6)(c)
Do ICT Research	Act, Sec 7 (6)(d)

Figure 1 – SITA must and may services

7.3 Constitutional mandates

According to the Constitution of the Republic of South Africa 1996, SITA is subject to the constitutional mandates below, as outlined in chapter 10.

7.3.1 Section 195: Basic values and principles governing public administration

Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles:

(a) a high standard of professional ethics must be promoted and maintained;
(b) efficient, economic and effective use of resources must be promoted;
(c) public administration must be development-oriented;
(d) services must be provided impartially, fairly, equitably and without bias;
(e) people's needs must be responded to, and the public must be encouraged to participate in policy-making;
(f) public administration must be accountable;
(g) transparency must be fostered by providing the public with timely, accessible and accurate information;
(h) good human resource management and career-development practices, to maximise human potential, must be cultivated; and
(i) public administration must be broadly representative of the South African people with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

7.3.2 Section 217: Procurement

(a) When an organ of state in the national, provincial or local sphere of government, or any other institution identified in the national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective.
(b) Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy, providing for the following:
    (i) categories of preference in the allocation of contracts; and
    (ii) protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.
(c) National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.

8. ORGANISATIONAL STRUCTURE

The macro organisational structure is aligned to the current operating model and covers the end-to-end service delivery value chain to enable the strategic direction and mandate of SITA. The macro organisational structure is depicted below.

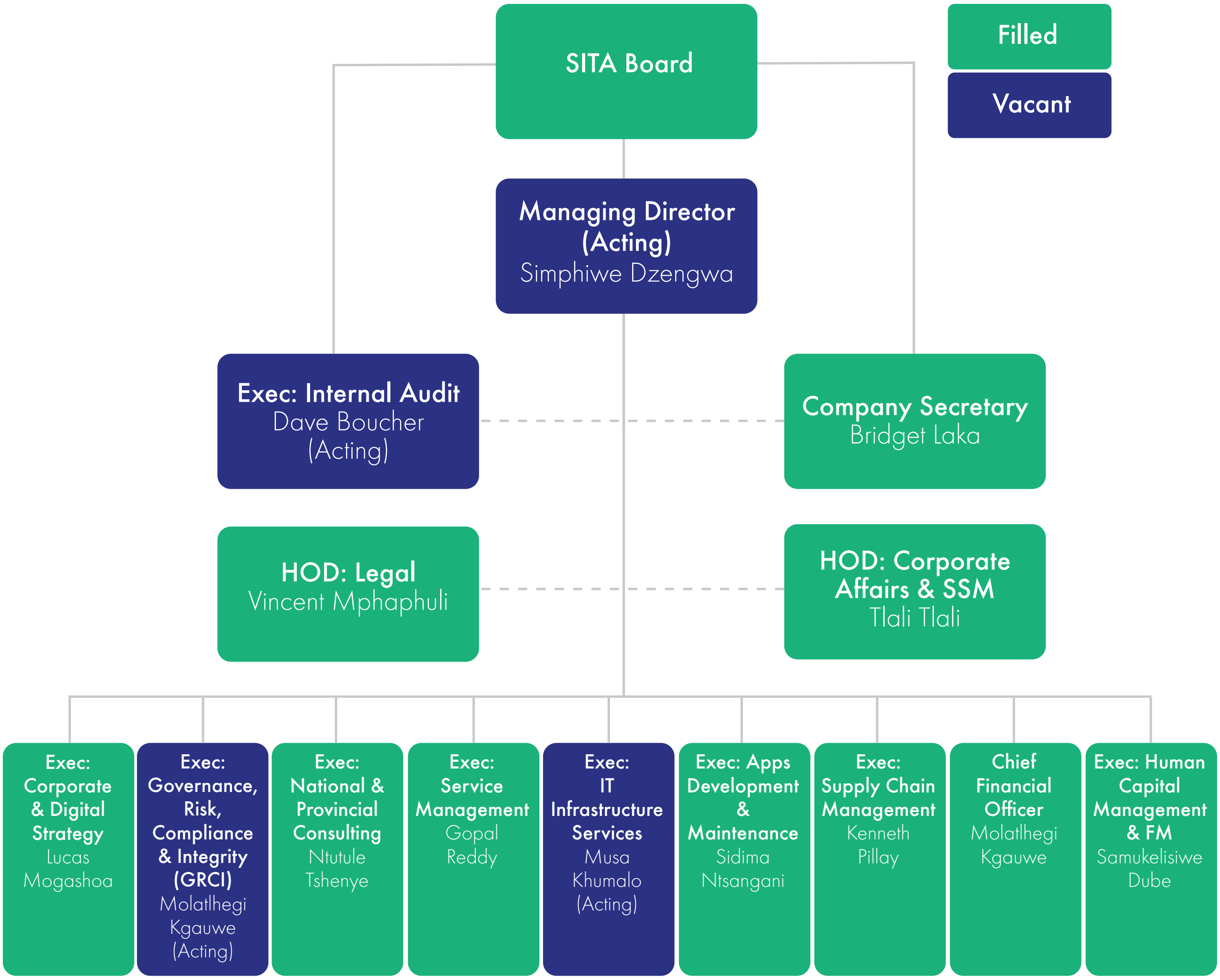


Figure 2 – Organisational structure

Company Secretary
PH Attorneys appointed December 2023 to May 2024.
Ms Bridget Laka appointed April 2024 to May 2024
June Cornelius appointed in June 2024 to September 2024
Nicola Green appointed Acting Company Secretary from 1 October 2024 to 31 October 2024
Bridget Laka re-appointed in 1 November 2024

Executive Supply Chain Management
Malakia Mashiloane appointed to act from February 2024 to 28 October 2024.

Managing Director
SITA underwent significant changes in its leadership structure during the reporting period. Dr Bongani Andy Mabaso assumed the role of CEO in April 2023. However, in the last month of quarter 3, Dr Mabaso requested to be released from his fixed-term contract, with Mr Ntutule Tshenye stepping in as acting Managing Director. In quarter 4, Mr Simphiwe Dzengwa was appointed as the new acting Managing Director, while Mr Tshenye transitioned back to his previous role as executive responsible for national and regional consulting.

PART B
PERFORMANCE INFORMATION

9. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA has conducted audit procedures on some of the predetermined objectives for usefulness and reliability, compliance with laws and regulations and internal control. Refer to pages 101 – 114 of the Auditor-General's Report, included in Part F: Financial Information.

10. OVERVIEW OF PUBLIC ENTITY'S PERFORMANCE

In response to DPME Circular No. 4 of 2023, SITA undertook a revision of its FY2023/24 APP to incorporate three key targets aligned with the Minister's performance agreement. This resulted in SITA adding two targets under Programme 1; namely; the SITA model review and service improvement plan and inclusion of the third target under Programme 5, namely; to implement the SCM dispensation pilot for a selected security services department. In addition, under Programme 4, SITA amended its audit-related targets for alignment with the FY2022/23 audit outcome. The revisions aimed to ensure alignment with government priorities and ensured that all targets were appropriately structured to reflect the current operational landscape and compliance requirements. Through this process, SITA demonstrated its commitment to maintaining strategic agility and accountability in response to the evolving operating environment.

Despite undergoing another change in its Board and the untimely resignation of then Managing Director, SITA is actively strengthening the foundation it has laid for digital service delivery. This includes enhancing its key networks to guarantee seamless connectivity. The continued efforts to implement an enabled digital infrasture renewal programme has started to yield positive results, which have advanced the modernisation, optimise networking capacity, and improve data centre operations agenda. SITA's main focus is on developing robust and streamlined digital platforms that revolutionise the way government agencies utilise technology, collaborate on resources, and deliver services to the public. Furthermore, SITA has continued to make investments in a strong IT infrastructure to ensure the scalability, stability, and security of its digital platforms. This mostly includes cloud computing, data centres, and modern networking technologies.

This section provides an overview of the results that SITA accomplished during the financial year. The comprehensive description of achievements is discussed in the subsequent sections.

(a) SITA successfully attained a 99.35% core network availability rate for multiple government departments.
(b) SITA achieved a procurement success rate of 81.5% for projects above R10m, completing them within the specified turnaround periods.
(d) The procurement spending through SMMEs and designated groups exceeded expectations, achieving 58% against a planned target of 40%, reflecting the organisation's effective strategies aimed at empowering SMMEs and designated groups.
(e) Phase 1 of the Indigent Household application resulted in the deployment of 2 e-services facilitating the registration of title deeds.
(f) SITA automated 4 services within SITA and achieved 90% implementation of the service improvement plan.
(g) Completed information security maturity level assessments for 107 government departments and conducted awareness campaigns for 171 clients.
(h) Implemented the SITA Complaints and Query Management System as planned, ensuring a 100% implementation rate.
(i) Achieved an information security maturity level of 3.93, signifying robust security measures.
(j) 83.11% of personnel trained on the SITA workplace skills plan.

10.1 Service delivery environment

The Court Online phase 1 roll-out plan aimed at achieving 100% implementation but faced setbacks during the FY2023/24, falling short of its target due to various challenges. Some concerns arose regarding the long-term stability of the system despite performance improvements, leading to its indefinite suspension by the client and a request for the original design team's reinstatement. Delays also occurred in obtaining approvals and governance artifacts, impacting project timelines.

SITA has responded by prioritising relations with the client, establishing a war room, and planning for the recall of the design team with Microsoft's assistance. Meanwhile, the Indigent Household application, intended to assist citizens in applying for benefits, also faced delays in reaching its targeted 100% implementation due to prolonged processes such as signing off on agreements and developing necessary interfaces with relevant agencies. Despite delivering the product with required interfaces, delays in accessing production data extended the project into the next financial year for finalisation, ultimately resulting in an 96% completion rate for the phase 1 plan.

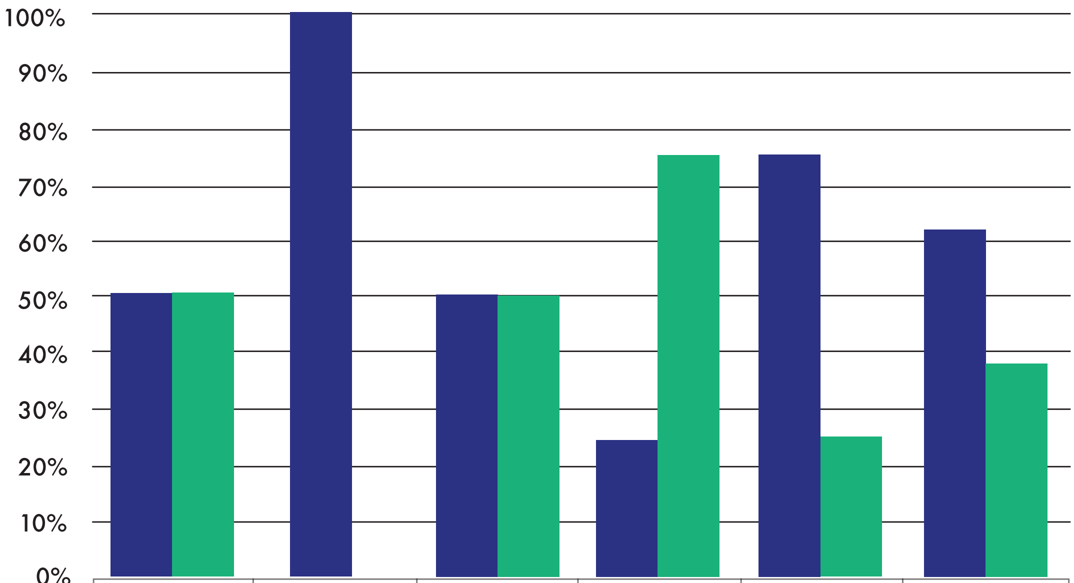
SITA continues to prioritise customer-facing innovative projects, including ensuring that sufficient budget is granted and used efficiently throughout the digitisation process. This includes having authorised the solution architecture for 2 e-services for the electronic registration of a title deed.

SITA has automated 80% of its services, which equates to 4 out of 5 targeted automation services. Progressive interventions (in the advanced stages) are being implemented to ensure that the final service (visitors' access) is effectively automated. Several factors contributed to the delays in visitor access automation that occurred in the last quarter. These include the system's re-configuration after it was discovered that certain email domains were incompatible with Exchange, as well as the failure to match the business application service specification (BASS) with the affected system feature, which resulted in delayed testing.

90% of the customer service improvement plan (CSIP) was effectively implemented. The planned activities stated in the CSIP have been carried out by several divisions within SITA, resulting in an overall improved customer experience. The majority of these actions focus on operational changes, thus efforts to improve service delivery continue. Furthermore, a recent customer survey has been performed, which will help SITA discover and implement ideas to improve the customer experience.

During the year under review SITA had 21 planned targets of which 13 were achieved, resulting in a performance of 61.90% depicted on the figure below.

Annual Performance FY 2023/24



	Thought leadership & Service Delivery	Digital Infrastructure	Skills & capability development	Financial Sustainability	Procurement & Industry Transformation	Total
% of achieved	50.00%	100.00%	50.00%	25.00%	75.00%	61.90%
% of not achieved	50.00%	0.00%	50.00%	75.00%	25.00%	38.10%

Figure 3 – Annual performance as at 31 March 2024

While SITA did not achieve all the intended targets for certain indicators, as illustrated in Figure 3, the overall impact on corporate performance has been minimal. In response, we have implemented robust measures to address these unfulfilled objectives. Continuous strategic performance evaluations are conducted during divisional Manco and Exco engagements, focusing on remedial actions designed to enhance performance. Weekly engagements are dedicated to overseeing the implementation of these actions, with appropriate escalations in place to ensure continual improvement and achievement of our goals.

10.1.1 Digital infrastructure

SITA remains committed to surpassing the predetermined levels of network availability service with its clients, which involves ongoing interventions to improve the quality of service. At present, the core network achieved a 99,35% availability rate, surpassing the target of 97%. Several key reasons contributed to exceeding the goal, particularly SITA's investments in SDN equipment and redundant links, which strengthened the network architecture while improving its durability and ability to recover rapidly. This achievement was furthermore reinforced by proactive surveillance and upkeep procedures, together with committed and competent employees.

During the period under review, SITA completed information security maturity level assessments for 107 government departments. The substantial support by these departments led to increased demand as a result of the assistance received by the GITOC. In relation to the information security awareness campaigns, the annual goal of 100 campaigns has been successfully met, with a current count of 171 campaigns conducted year-to-date. Remarkably, as SITA initiated the campaign rollout, there was a notable surge in client demand for these campaigns. Moreover, there was good support from government departments and from the GITOC.

SITA made significant strides in enhancing our customer relationship management (CRM) capabilities. Internal awareness sessions were conducted in December 2023, paving the way for the SCQMS to go live in January 2024. A special session was held for SITA employees at a SITA Digital Friday session on 23 February 2024, to familiarise them with the new system's features and functionalities. During March 2024, SITA rolled out customer awareness sessions, culminating in the official launch of the system on 31 March 2024. This launch enabled customers to begin registering, tracking and monitoring their complaints and queries, significantly improving the transparency and responsiveness of our service delivery. The internal security maturity level assessment, conducted and concluded in Q4, yielded a score of 3.93 against a target of 3.89 across 21 domains, as assessed by the external Information Security Forum (ISF). Quarterly internal assessments and improvement interventions have been implemented to address areas with lower maturity levels, contributing to achieving the target maturity results. These efforts involved collaborative endeavours across all environments within the organisation. SITA has consistently expanded its portfolio of e-services, placing particular emphasis on digitisation while improving service delivery. The proliferation and exchange of immense volumes of data within the ecosystem will ultimately facilitate the development of advantageous services for government, corporations, public agencies and citizens.

10.1.2 Workplace skills plan

Aligned with our talent management strategy, SITA has successfully enhanced employee skills development through its comprehensive workplace skills plan (WSP). The KPI reveals that 83.11% of SITA employees have completed both digital and non-digital training courses, exceeding the annual target of 80%.

Furthermore, SITA conducted an employee engagement survey across the organisation. The survey was well-received, with more than 82% of the workforce participating either online or via paper-based surveys. However, despite initiatives introduced through SITA's culture plan, the engagement score stabilised at 68.4%, closely aligning with the 2023 figure of 68.1% and falling short of the annual goal of 75% employee engagement level.

10.1.3 Procurement and transformation

SITA has capitalised on economies of scale to transform its procurement services, thereby enhancing the efficiency of the supply chain management (SCM) process. Since 1 April 2023, a new strategic procurement measure has been applied to procurement requests exceeding R10 million. During this quarter, an additional 12 transactions were successfully completed, bringing our year-to-date performance to 81.5%, surpassing the target of 80%.

To maintain and improve upon this progress, the following initiatives can greatly increase SCM turnaround times:
(a) implementation of the rapid SCM reforms plan, which includes improvements in procedures, technology, structural improvements, and workforce capability, particularly the use of the e-procurement tool; and
(b) strategic expansion of personnel capacity through the employment of permanent employees.

The agency successfully implemented the SCQMS.

SITA also successfully implemented, extended or refreshed 5 out of 15 key transversals, panel contracts and framework agreements, with 10 scheduled for completion by year-end. Although we achieved our target for 5 agreements, the progress was tempered by dependencies on other governance frameworks and ongoing critical transactions and unexpected capacity constraints. These challenges are being managed to ensure our strategic objectives are achieved efficiently. Concurrently, the procurement spend through SMME and designated groups and entities spend was 58% against a planned target of 40%. This is attributed to the organisation's commitment towards SMMEs and designated groups and entities empowerment.

In order to strengthen SITA's performance, continuous efforts are being made to revise the Enterprise and Supplier Development and Localisation (ESDL) Strategy and improve allocated group spending. The implementation of these strategic adjustments is expected to result in favourable outcomes, facilitated by the creation of an operational plan following the Board's endorsement of the ESDL Strategy.

These actions play an important role in maintaining and improving the SITA SCM performance trajectory.

10.1.4 Financial stability

SITA received qualified audits in the financial years FY2020/21 and FY2021/22. In response, the agency established an audit war room to enhance preparedness and address issues swiftly. To ensure effective management of external auditor inquiries, daily meetings are held to oversee requests. Additionally, weekly meetings between SITA and the Auditor-General of South Africa (AGSA) are conducted through the Audit Steering Committee to maintain rigorous oversight and continuous improvement in our audit processes.

10.2 Organisational environment

FY2023/24 represents the fourth year of implementing SITA's strategic plan for the 2020-2025 term. Throughout this time, SITA continued to operate utilising the officially approved macro organisational structure. Nevertheless, following a span of five years during which acting managing directors were in place, SITA ultimately designated a permanent Managing Director. Even so, the Managing Director's term was short-lived as he resigned after a mere eight months of employment. Moreover, the current Minister dismissed the Board due to the ongoing leadership problem and later appointed a new Board. The changes in leadership at various tiers have somewhat hindered SITA from attaining certain key strategic goals. Despite changes in leadership at various tiers, SITA is currently moving forward following the recent appointment of an Acting Managing Director. The organisation's performance has improved.

Currently, SITA has four vacant executive positions that need to be filled: Managing Director, IT Infrastructure Services, GRCI and Internal Audit. Acting executives may not deliver the same level of stability and long-term vision as permanent executives. Furthermore, frequent changes in leadership can have a detrimental effect on employee morale and engagement, since employees may be uncertain about the agency's future and their positions within it.

SITA continues to search for skilled professionals in ICT, AI, digitisation, and other disciplines to advance product development, drive future revenue, and satisfy customer expectations for exceptional service, notwithstanding recent internal and foreign hires. SITA faces ongoing competition for highly specialist, technical, and limited knowledge. Meeting the criteria for EE has proven to be difficult, and thus far, only the objective related to gender has been accomplished.

10.3 Key policy developments and legislative changes

Cyber-security is a primary challenge for SITA. Legislative reforms aimed at increasing cyber-security measures, such as data breach notification regulations, cyber-security standards and audit requirements, and cyber-security project funding, could have a substantial impact on the operations and priorities of SITA.

10.4 Progress towards achievement of institutional impacts and outcomes

IMPACT STATEMENT: Improved citizen experience of government service delivery through digital channels and improved efficiency of government operations through the provisioning of secure and cost-effective ICT solutions, products and services					
MTSF PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION					
PROGRAMME	**PERFORMANCE OUTCOME**	**OUTCOME INDICATOR**	**BASELINE**	**FIVE-YEAR TARGET**	**PROGRESS AS AT 31 MARCH 2024**
Thought Leadership and Service Delivery	Effective and efficient public service with modernised, automated and paperless processes	% implementation of Indigent Household application and integration of phase 1 plan	–	100% implementation of Indigent Household application and integration of phase 2 plan	96% implementation of Indigent Household application and integration of phase 1 plan has been achieved. The project will be finalised in FY2024/25.
Digital Infrastructure	Core network availability achieved	97% core network availability	–	98% core network availability	99.35% core network availability. SITA constantly strives to achieve and, whenever feasible, surpass the 97% benchmark.
Skills and capability development	Employees trained against the SITA workplace skills plan	80% of employees trained against the SITA WSP	–	85% employees trained against the SITA WSP	83.11% of employees trained against the SITA WSP. There are currently plans in place to ensure that the remaining 1.89% of the target is achieved.
Financial stability	Achieved budgeted EBITDA as a percentage of revenue	10% EBITDA as a percentage of revenue	-1% profitability	10% EBITDA as a percentage of revenue	9% EBITDA was achieved due to adjustments that were effected relating to assets and significant interest earned on cash balances.
Procurement and transformation	Increased procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend	40% of procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend	10% of black SMMEs suppliers in SITA	43% procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend	58% of procurement spend through entities designated as SMME, black, women, youth and people living with disabilities. Future targets were adjusted accordingly to reflect the new understanding of the project's capabilities.

10.5 Programme performance information

10.5.1 Outcomes, outputs, output indicators, targets and actual achievements

10.5.1.1 Programme 1: Thought leadership and service delivery

The purpose of this programme is to provide well-researched, tested, innovative and secure solutions, and products and services aimed at digitising government to improve citizens' experience of government services.

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement	Reasons for deviations
Seamless, integrated and trusted public services	Digitalisation of the Court Online solution	Percentage implementation of Court Online phase 1 roll-out plan	-	-	100% implementation of Court Online phase 1 roll-out Plan	0% implementation of Court Online phase 1 roll-out plan	-100%	(a) Delays by OCJ to roll out the solution are due to: (i) Instability of the system: Although implementing SITA stabilisation solution improved system performance, OCJ expressed reservations about relying solely on increased virtual machine resources as a long-term solution. They emphasised the need for a more sustainable approach to system stability. (ii) Limited skills availability within SITA: The client requested that SITA write a letter to Microsoft requesting three resources from the original design team to be involved in the stabilisation processes. (b) Governance artefacts are pending OCJ acceptance: the delays in formalising and signing of project agreements (charter and plan and certificate of conformance) impacted the project timeline and execution.

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement	Reasons for deviations
Effective and efficient public service with modernised, automated and paperless processes	A validated household indigent status based on identified data sources	Percentage implementation of Indigent Household application and integration of phase 1 plan	-	-	100% implementation of Indigent Household application and integration of phase 1 plan	96% implementation of Indigent Household application and integration of phase 1 plan	-4%	(a) Delays in getting the necessary approvals and clarification from government resulted in delays with the development of the required DHA, DSD and SASSA APIs. (b) The delay in API development had a compounding effect on other project activities, leading to an inability to finalise according to the original schedule.
	Electronic application for registration of a title deed	Number of e-services deployed for the application of registration of a title deed	-	-	2 e-services deployed for the application of registration of a title deed	2 e-services deployed for the application of registration of title deed	None	N/a
	Automated services within SITA	Number of services automated within SITA	-	-	5 services automated within SITA	4 services automated within SITA	-1	(a) Reconfiguration of the system after other email domains were not permissible on Exchange. (b) Non-alignment of BASS with the effected system feature. Thus, testing could not be done timeously.

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement	Reasons for deviations
Improved SITA performance	SITA model review and recommendations roadmap	SITA model reviewed and recommendation roadmap developed	-	-	Review SITA model and develop recommendations roadmap	Developed recommendations roadmap	N/a	N/a
	Service improvement plan reports	Percentage implementation of service improvement plan	-	-	90% implementation of service improvement plan	90% implementation of service improvement plan	None	N/a

10.5.1.2 Programme 2: Digital infrastructure

The purpose of this programme is to optimise and/or build the required computing capabilities such as platforms, networks, storage, etc,. to enable the provisioning of digital services and solutions at increased availability, flexibility, scalability, predictability and security.

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement	Reasons for deviations
Increased citizen value through availability and accessibility of digital services	Core network availability achieved	Percentage core network availability	-	-	97% core network availability	99.35% core network availability	2.35%	Several key factors contributed to the target being exceeded, namely: SITA's investments in the SDN equipment and redundant links for robust and resilient network infrastructure, proactive monitoring and maintenance practices.

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement	Reasons for deviations
Seamless, integrated and trusted public services	Government information security maturity level report	Number of government departments' information security maturity level assessments completed	-	-	100 government departments' information security maturity level assessments completed	107 government departments' information security maturity level assessments completed	7	Favorable conditions with customers as there is more awareness and interest in information security.
	Information security awareness achieved	Number of clients provided with information security awareness campaigns	-	-	100 clients provided with information security awareness campaigns	171 clients provided with information security awareness campaigns	71	More departments provided with awareness campaigns than planned due to departments making themselves available for the information security maturity level assessments.
	Implementation of SITA Complaints and Query Management System	Percentage implementation of plan for SITA Complaints and Query Management System	-	-	100% implementation of plan for SITA Complaints and Query Management System	100% implementation of the plan for the SITA Complaints and Query Management System	None	N/a
	Target information security maturity level achieved	Information security maturity level	-	100% implementation of planned milestones for SOCC on all SITA VPNs	Achieve information security maturity level of 3.89	Information security maturity level of 3.93	0.04	Improvement interventions were implemented to address areas with lower maturity levels, contributing to achieving the target maturity results.

10.5.1.3 Programme 3: Skills and capability development

The purpose of this programme is to develop, build and/or buy the required digital skills and capability to enable the strategic drive to digitise government while building a culture of performance, accountability, corruption-free and consequence management.

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement	Reasons for deviations
A high-performing workforce capable of solving complex public service ICT problems and the adoption of innovative solutions	Employees trained against the SITA workplace skills plan (WSP)	Percentage of employees trained against the SITA WSP	70% of employees trained against the SITA WSP	75% of employees trained against the SITA WSP	80% of employees trained against the SITA WSP	83.11% of employees trained against the SITA WSP	3.11%	The high attendance of the AWS Cloud Practitioner Essentials course in Q2 had a snowball effect, positively impacting the annual outcome.
	Target employee engagement level achieved	Employee engagement level	100% of milestones achieved as per the culture plan	100% implementation of milestones as per culture plan	Achieve employee engagement level of 75%	Achieved employee engagement level of 68.4%	-6.6%	The survey results show that employees raised concerns with retention, rewards and attraction, and onboarding. Low scores in these areas impacted the overall score.

10.5.1.4 Programme 4: Financial sustainability

The purpose of this programme is to ensure effective and efficient financial management and commercial awareness of investment decisions to ensure financial growth and sustainability.

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement	Reasons for deviations
Improved governance and financial sustainability	Audit outcome	Audit opinion obtained	-		Unqualified audit opinion with no material audit findings on non-financial performance information	Unqualified audit opinion with no findings identified.	N/a	N/a
	Audit outcome	Audit opinion obtained	-		Unqualified audit opinion with 10% fewer findings than 2022/23 on financial performance information	Disclaimed audit opinion with findings on financial performance information	Unqualified audit opinion with 10% fewer findings than 2022/23 on financial performance information	Weaknesses in the internal control environment as identified by AGSA.
	Achieved budgeted EBITDA as a percentage of revenue	Percentage EBITDA as a percentage of revenue	R633.7m	R327m	10% EBITDA as a percentage of revenue	9%	-1%	The lower than expected EBITDA is due to revenue targets not met.
Innovative digital service investments promoting financial sustainability	Achieved growth in service revenue	Percentage year-on year service revenue growth	-	10% growth in revenue	10% year-on-year growth in service revenue on the FY2022/23 baseline	7%	-3%	This is due to the lower than expected growth in the service revenue. Customers have reduced their SLA values thus resulting in a decrease in service revenue.

10.5.1.5 Programme 5: Procurement and industry transformation

The purpose of this programme is to advance transformation of the ICT sector to stimulate economic growth, development of local ICT content and radically transforming the procurement capability towards the reduction of unemployment and poverty alleviation, supporting skills development and promoting fair, equitable, transparent and competitive procurement services.

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement	Reasons for deviations
Reformed supply chain through ICT economic transformation	Procurement awards >R10m completed within targeted turnaround times	Percentage of procurement awards >R10m completed within targeted turnaround times	-	-	80% of procurement awards >R10m completed within targeted turnaround times	81.5% of procurement awards >R10m completed within targeted turnaround times	1.5%	There was a low number of transactions greater than R10m.
	Concluded transversal, panel contracts and framework agreements	Number of transversal, panel contracts and framework agreements implemented, renewed or refreshed	12 transversal and panel contracts/ framework agreements implemented	15 transversal and panel contracts/ framework agreements implemented, renewed, refreshed and managed	15 transversal, panel contracts and framework agreements implemented, renewed or refreshed	5 transversal, panel contracts and framework agreements implemented, renewed or refreshed	-10	(a) Long lead times in concluding of transversals. One prominent reason is the co-dependency on various other governance structures. (b) Crisis management taking priority on already limited resources. (c) There were unexpected delays due to capacity constraints experienced that hampered the implementation of the special project plan submitted to the Board Portfolio Committee (BPC).

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement	Reasons for deviations
	Increased procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend	Percentage of procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend			40% of procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend	58% of procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend	18%	The over-performance is due to SITA's commitment towards SMME empowerment and industry transformation
Improved efficiency of selected security services department acquisitions	SCM dispensation implementation reports	Percentage implementation of SCM dispensation plan for one selected security services department	-	-	100% implementation of SCM dispensation plan for one selected security services department	100% implementation of security dispensation within Security cluster*	None	N/a

10.5.2 Linking performance with budgets

SITA overspent on most of the programmes mainly due to unplanned activities which resulted in additional costs being incurred. The activities also led to additional revenue as can be seen on revenue table which reflects overall positive variance. The table below provides summary details of payments per programme for the financial year under review.

Programme/activity/objective	2022/2023			2023/2024		
	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Thought-leadership and service delivery	2 136 603,00	2 699 298,03	562 695,03	2 758 001 397,06	2 700 979 309,69	57 022 087,37
Programme 2: Digital infrastructure	2 651 120,00	2 716 607,81	65 487,81	2 952 161 198,52	2 937 378 131,08	14 783 067,44
Programme 3: Skills and capability development	885 391,00	430 704,73	454 686,27	444 874 196,26	817 788 986,88	372 914 790,62
Programme 4: Financial sustainability	141 680,00	169 326,95	27 646,95	166 535 261,03	316 286 943,03	149 751 682,00
Programme 5: Procurement & industry transformation	95 282,00	78 149,47	17 132,53	80 292 802,53	43 558 965,32	36 733 837,21
Total	**5 910 076,00**	**6 094 087,00**	**184 011,00**	**6 401 864 855,39**	**6 815 992 336,00**	**414 127 480,61**

10.5.3 Strategies to overcome areas of underperformance

SITA will implement the following interventions to improve performance, It must be noted that implementation of these intervention has commenced:

(a) Auditor General recommendations to improve the overall control environment

(b) Rectify weaknesses identified in financial management, performance management and compliance with legislation.

(c) Continue to enasure that planning processes include input from all levels of management and subject matter expects to assure that targets are SMART. In addition SITA will desist from including targets that have an external dependency as these increase the risk of non-achievement.

(d) Continue to conduct strategic performance reviews during divisional Manco and Exco meetings to ensure focused efforts on elevating performance to acceptable levels.

(e) Address unmet targets by implementing corrective actions this includes conducting a comprehensive review of contributing factors, identifying areas for improvement, and implementing targeted strategies. This process will involve performing root cause analyses, revising targets to ensure realism and achievability, and reallocating resources as needed.

(f) Ensure proactive planning and executing inventions that necessitate supply chain management and enhancement of recruitment efficiency by reducing the time taken to complete the recruitment process.

(g) Ensure proactive attainement of consumer commitment and allocate budget securely.

(h) Ensure efficient management of customers and stakeholders and enhance the efficiency of processing proposals to reduce the time required for proposal management

10.6 Revenue collection

SITA recorded an overall positive variance on revenue. The overall positive variance is mainly as a result of projects that materialised which had not been planned for. There are a few revenue sources and types which are showing negative variances due to usage by customers being less than anticipated and delays in procurement processes. The items with negative variances did not materially impact on overall positive results in relation to revenue.

The table below will reflect revenue billed as per the SITA service catalogue: Capital investment

Sources of revenue	2022/2023			2023/2024		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Agency Revenue	514 103	759 926	245 823	759 577	949 473	189 896
Service Revenue	5 402 946	5 665 051	262 105	5 856 026	6 041 711	185 685
Application functional support	180 219	184 992	4 773	151 767	173 271	21 505
Application development and maintenance	432 142	466 528	34 386	886 483	648 983	-237 500
BPO service desk	-	1 371	1 371	2 730	-1 040	-3 770
Cloud Hosting services	70 783	76 400	5 617	93 429	96 033	2 604
Dedicated VPN	282 293	213 254	- 69 039	191 263	154 952	-36 310
Enterprise architecture	16 157	14 584	- 1 573	28 391	21 190	-7 201
Hosted batch printing	30 053	27 196	- 2 857	38 395	28 342	-10 053
Internet connectivity	248 398	281 945	33 547	360 079	408 468	48 389
LAN and desktop	763 120	808 112	44 992	775 261	1 089 181	313 920
Mainframe hosting	1 108 331	1 470 512	362 181	1 206 995	1 196 986	-10 009
Midrange hosting	177 711	177 935	224	189 963	123 413	-66 551
Project management	29 725	30 665	940	30 079	17 202	-12 877
Security Policy Dev and Maint	132 901	43 587	- 89 314	127 827	58 476	-69 351
Service management	492 874	580 916	88 042	512 916	638 728	125 812
Shared VPN	1 058 497	876 417	- 182 080	1 045 110	1 157 848	112 738
Training (Solution/App)	32 690	35 090	2 400	62 653	42 707	-19 946
Solution Development	125 411	257 463	132 052	8 292	76 869	68 577
Solution Deployment	9 637	5 977	- 3 660	1 731	12 033	10 303
Unified Communications	58 012	50 389	- 7 623	49 211	35 528	-13 683
Disaster Recovery Services	-	4 909	4 909		20 483	20 483
Sec Architecture Dev/Maint	3 565	904	- 2 661	1 886	628	-1 258
Other	150 427	55 905	- 94 522	91 564	41 430	-50 134
Total	**5 917 049**	**6 424 977**	**507 928**	**6 615 602**	**6 991 183**	**375 581**

10.7 Capital investment

SITA spent R589m on capital expenditure during 2023/24 financial year. The actual spend is below the budget of R1bn due to delays mainly in the procurement process. Capital investment will be made during the next financial year. The procurement process has already started for most of the planned investment projects. The items have been included in next year's budget.

The table below will provide details of capital expenditure in line with the budget for the year under review:

Infrastructure projects	2022/2023			2023/2024		
	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Infrastructure: Network	244 436	39 065	205 371	161 000	0	161 000
Infrastructure: Switching Centres	0	20 768	-20 768	3 200	9 540	-6 340
Infrastructure: Data Centres	234 330	61 699	172 631	532 598	421 277	111 321
Infrastructure: Modernisation	35 210	13 139	22 071	0	0	0
Solution Development: Transversal	0	0	0	0	0	0
Solution Development: Integration	49 642	7 881	41 761	31 930	26 786	5 144
Service Management: Contact Centres	149 432	13 592	135 840	25 000	379	24 621
Service Management: Decentralised Support and 1st Line support	0	3 079	-3 079	41 152	0	41 152
Operational Support: Internal IT	0	1 835	-1 835	47 762	55 359	-7 597
Operational Support: Facilities	0	1 393	-1 393	100 754	205	100 549
Operational Support: Integrated Security	36 910	26 460	10 450	56 604	67 334	-10 730
Total	**749 961**	**188 911**	**561 050**	**1 000 000**	**580 880**	**419 120**

PART C
GOVERNANCE

11. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

12. PORTFOLIO COMMITTEES

Parliament exercises its role through evaluating the performance of the public entity by interrogating their Annual Financial Statements and other relevant documents, which have to be tabled from time to time.

The Portfolio Committee exercises oversight over the service delivery performance of public entities and, as such, reviews the non-financial information contained in the annual reports of public entities, and is concerned with service delivery and enhancing economic growth.

In the year under review, SITA presented to the parliamentary portfolio committees on communications and digital technologies in the main, public service, administration, monitoring and evaluation and SCOPA.

Portfolio committee	Focus area	Date
Communications	Briefing by the Department of Communications and Digital Technologies (DCDT) and its entities on its 2023/24 Annual Performance Plan and Budget	2 May 2023
	Briefing by the DCDT and its entities, and Government Communications and Information Systems (GCIS) and its entity on the impact of loadshedding to universal service obligations and quality of service	16 May 2023
	Briefing by the Public Service Commission (PSC) on the feedback on the roundtable discussion on services offered by SITA	23 May 2023
	Joint sitting of the PCCDT and PCSD on cyber-crime relating to SASSA services	6 June 2023
	Briefing by the DCDT, GCIS and their entities on the 2022/23 third and fourth quarter performance and financial reports	5 September 2023
	Briefing by the DCDT and its entities on its 2022/23 Annual Report, Financial Statements and AGSA Report	10 October 2023
	Briefing by the Minister and SITA on governance and performance-related matters around the entity	17 October 2023
	Briefing by department on revised DCDT, BBI and SITA APP 2023-2024 (letter to Speaker on DCDT received Nov 2023) (revised BBI and SITA APP letter received 14 December 2023)	6 February 2024
	Briefing by the DCDT, GCIS and their entities on the 2023/24 first and second quarter expenditure and financial reports	20 February 2024
	Briefing by department on the turnaround strategy of SITA	12 March 2024
Public Service, Administration, Monitoring and Evaluation	Briefing to the Portfolio Committee on Public Service and Administration on the interventions to improve the system downtime and impact on service delivery in the public sector	20 September 2023
SCOPA	Follow-up meeting with National Treasury on IFMS	13 September 2023
	Follow-up meeting with National Treasury on IFMS	27 March 2024

SITA has implemented various approaches to ensure stakeholder expectations are met and risks associated with the image and reputation is addressed.

13. EXECUTIVE AUTHORITY

During the financial year under review, the following reports were submitted to the Executive Authority:

No.	Description	Date	Comments
1.	Quarter 1 Corporate Performance Report	31 July 2023	The report covered the first quarter of the financial year and dealt with: (a) the appointment of a new Managing Director; (b) the strategy review conducted on 8 and 9 June 2023; and (c) interventions to address challenges.
2.	Quarter 2 Corporate Performance Report	31 October 2023	The report covered the second quarter of the financial year and dealt with the following aspects: (a) The GovTech Conference dated 12 to 14 September 2023; (b) SITA plans for digital transformation; and (c) monthly Exco meetings to address performance-related issues.
3.	The draft APP for financial year 2024/2025	31 October 2023	This report dealt with the SITA's performance plan for the subsequent financial year and the measures that SITA will take to address the shortcomings of the current financial year.
4.	Quarter 3 Corporate Performance Plan	31 January 2024	The report dealt with the following: (a) performance results for the quarter; (b) non-APP strategic projects; (c) initiatives to advance SITA's overarching strategic objectives; and (d) audit findings dealing with risk and mitigation strategies.
5.	Strategic Plan 2020-2025	31 January 2024	This report detailed the measures that SITA would take in order to advance its strategic plan to move government into the new digital economy.
6.	Final APP for financial year 2024/2025	31 January 2024	The plan was submitted to the Executive Authority to provide the organisation's plan for the coming financial year. It details the measures that are being implemented that will have an impact on the next financial year and further the new approach that the organisation intends on taking to propel it and government into a new digital sphere.

14. THE SITA BOARD OF DIRECTORS

The Board is the Accounting Authority, as defined by the PFMA. Board members need to define strategy, provide direction and establish the ethics and values that will influence and guide practices and behaviours to achieve sustainable performance. This is the fundamental purpose of the Board. The roles and responsibilities of the Board are provided for in:

(a) State Information Technology Act;
(b) Public Finance Management Act (PFMA);
(c) Companies Act;
(d) SITA Board Charter;
(e) Memorandum of Incorporation; and
(f) King IV Report on Governance for South Africa (King IV).

14.1 The role of the Board

The roles and responsibilities of the Board as guided by the above legislative framework and governance documents is as follows:

(a) The Board is responsible for the governance of ethics by setting the ethics policies of the organisation and exhibiting them in its conduct.
(b) The Board is responsible for organisational performance and for steering and setting direction for the realisation of the organisation's core purpose and values through its strategy.
(c) The Board sets the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the Managing Director of SITA.
(d) The Board approves policies and operational planning developed by management to give effect to the approved strategy.
(e) The Board delegates to management the responsibility to implement and execute the approved policies and operational plans.
(f) The Board exercises ongoing oversight of the implementation of strategy and operational plans by management against agreed performance measures and targets.
(g) The Board is responsible for the organisation's reporting and sets the direction for how it should be approached and conducted.
(h) The Board is responsible to ensure that adequate measures are taken, and procedures are developed and implemented to provide for the sustainability of SITA as required in terms of the King IV Report principles.

14.2 Board Charter

The SITA Board Charter's departure point is that governance in any context reflects the value system of the society in which it operates. It acknowledges that corporate governance thrives on co-existence, consultation, and high standards of ethics and trust. It further recognises that corporate governance is essentially about leadership – leadership for efficiency, for probity, with responsibility, and which is both transparent and accountable. These are the ideals that inform the SITA Board Charter.

The charter begins by acknowledging the constitutional and legislative roots of SITA governance. This is followed by a brief overview of the principles of corporate governance and the detailing of the powers, functions and responsibilities of the Board and the directors, including delegation of authority. The charter then deals with the constitution, responsibilities, and management of the Board in session and Board committees, the disclosure of directors' interest in the business of the SITA, and the need to assess the performance of individual directors and directors as a collective. It provides for alternative dispute resolution, and highlights the nature and importance of risk management, internal audit, information technology, compliance, and the management of stakeholder relationships. The charter also recognises that directors are entitled to have access to the office of the Company Secretary and to secure independent professional advice at the company's expense.

The current Board Charter is under review and will be assessed by the Board during its quarterly meeting.

14.3 Composition of the Board

The Table below depicts the SITA Board that was appointed on 1 February 2022 – 21 July 2023 by the shareholder representative in accordance with section 10 of the SITA Act 88 of 1998

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Ms M Mosidi	Chairperson	1 February 2022	Replaced on 21 July 2023	• B Com, majoring in Financial Accounting and Computer Science • University Education Diploma (UED) Method of Teaching Accounting and Economy	Finance	Public Investment Corporation (SOC) Ltd	Board	6
Dr S Bvuma	Deputy Chairperson	1 February 2022	Replaced on 21 July 2023	• PhD IT Management • M-Tech IT • B-Tech IT, TWR • ND IT, TWR	Information technology, telecommunications	Small Enterprise Development Agency (SEDA)	Board ICTRDI SECC	6 2 2
Ms Z Hill	Non - Executive Director	1 February 2022	Resigned on 17 July 2023	• Master in Business Administration • Postgraduate Diploma in Accountancy • Bachelor of Commerce (Accounting)	Finance and business	Governing Body: Western Province Preparatory School; Social Housing Regulatory Authority (SHRA)	Board HR & REM ICTRDI	2 2 2
Ms O Ketsekile	Non - Executive Director	1 February 2022	Replaced on 21 July 2023	• MBA General • B Com (Hons) in Labour Relations • B Com in Human Resource	HR and business		Board HR & REM SECC	6 2 2

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Ms S Moonsamy	Non - Executive Director	1 February 2022 Reappointed on 21 July 2023	Replaced on 21 July 2023 Resigned on 21 July 2023	• B Com (Accounting) Honours and CTA • CA (SA) • Master of Business Administration	Finance	Johannesburg Development Agency (SOC) Ltd	Board ARCC BPC	5 3 2
Ms J Morwane	Non - Executive Director	1 February 2022	Replaced on 21 July 2023	• Bachelor of Arts in Information Science • Master of Business Administration	Information technology		Board BPC ICTRDI	2 2 2
Ms L Mseme	Non - Executive Director	1 February 2022 Reappointed on 21 July 2023	Replaced on 21 July 2023	• Bachelor of Arts English and History • Public Administration (Cum Laude)	Public admin		Board BPC ARCC HR & REM	19 1 9 6
Ms N Pietersen	Non - Executive Director	1 February 2022 Reappointed on 21 July 2023	Replaced on 21 July 2023	• B Com (Accounting) • Honours and CTA • CA (SA) • Master of Business Administration	Finance	Mayibuye Transport Corporation (SOC) Ltd; Eastern Cape Department of Health	Board ARCC BPC ICTRDI	10 10 1 5
Mr VM Ratshimbilani	Non - Executive Director	1 February 2022	Resigned on 19 July 2024	• B Proc • Certificate in Business Management • Certificate in Prospecting and Mining Law	Law	Tshisevhe Gwina Rathimbilani INC; Kouga Wind Farm Trust RF; Kouga Wind Community Development Trust	Board BPC ARCC	5 2 5

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Dr T Ratshitanga	Non - Executive Director	1 February 2022	Resigned on 3 July 2023	• BA Development Studies • BA Honours Development Studies • Doctor of Philosophy	Information technology and developmental studies		Board ICTRDI BPC	2 1 0
Mr R Ramabulana	Non - Executive Director	1 February 2022	Replaced on 21 July 2023	• National Diploma in Information Technology • Master's in Engineering – Electrical and Information Engineering	Information technology		Board ICTRDI HR & REM BPC	4 1 2 1
Mr W Vukela	Non - Executive Director	1 February 2022	Replaced on 21 July 2023	• Master of Public Administration • Master's in Human Rights Law • Master of Business Administration • Higher Education Diploma • Post-Graduate Diploma in Management Studies • Diploma in Negotiations	Public admin and law		Board SECC ICTRDI HR & REM	3 2 2 1
Mr K Pillay	Board Chairperson	21 July 2023		• B Sc Electrical Engineering • Completing B Com Hons	ICT, engineering		Board	16

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Ms L Petlele	Deputy Chairperson	21 July 2023		• Bachelor of Social Science • Master's degree in Commerce • Post-Graduate Diploma in Human Resource Management	Human resource management		Board HR & REM BPC ARCC	14 5 4 2
Dr L Abrahams	Non - Executive Director	21 July 2023		• B Sc in Chemistry • Post-Graduate Diploma in Public Policy and Development Administration • Doctor of Philosophy (Ph D) Multi/ Interdisciplinary Studies	ICT	Tertiary Education and Research Network of South Africa (TENET)	Board SECC ICTRDI BPC	14 2 6 5
Ms R Naidoo	Non - Executive Director	21 July 2023		• B Proc • LLM (Labour Law)	Law		Board BPC SECC	13 3 1
Mr M Mnisi	Non - Executive Director	21 July 2023		• LLB • LLM	Law	Denel (SOC) Ltd	Board HR & REM SECC ARCC	14 5 1 3
Mr L Keyise	Non - Executive Director	21 July 2023		• Master's Degree in Computer Sciences • Master of Business Administration	Information technology, telecommunications and academia		Board ICTRDI ARCC HR & REM	14 6 2 5

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Ms K Sibanda	Non - Executive Director	21 July 2023		• B Sc Computer Science • B Sc (Hons) • Master's in Technology Management	ICT		Board BPC ICTRDI	12 5 6
Dr BA Mabaso	Managing Director	1 April 2023	31 December 2023	• B Sc in Electrical and Computer Engineering • Master of Philosophy • Doctor of Philosophy (Ph D), Machine Ethics • Computational Morality Doctor of Philosophy	ICT		Board ARCC	11 8
Mr N Tshenye	Acting Managing Director	1 January 2024	Replaced on 31 January 2024	• Bachelor of Arts (Education) • Master's in Business Leadership	ICT		Board ARCC	3 1
Mr S Dzengwa	Acting Managing Director	1 February 2024		• MBA • MPA, Public Financial Management and Administration • BA and BA Honours, Political Science and Sociology	Public admin business		Board ARCC	3 1
Mr M Kgauwe	Chief Financial Officer	1 December 2020		• Chartered Accountant • CA (SA) • Corporate Law (LLM)	Finance	SA Postbank (SOC) Ltd	Board ARCC	19 10

14.4 Board and Board committees

In order to properly discharge its responsibilities and duties, the Board has delegated certain responsibilities to various committees. However, the creation of these committees does not reduce the directors' overall responsibilities.

During the period under review, the Board organised itself in terms of various committees. The Board retained all the committees, which constitute the following:

(a) Board of Directors Meetings;
(b) Human Resources and Remuneration (HR &REM) Committee;
(c) Information, Communication and Technology, Research, Development and Innovation (ICTRDI) Committee;
(d) Board Procurement Committee (BPC);
(e) Social and Ethics Committee (SEC) and;
(f) Audit, Risk and Compliance Committee (ARCC).

The table below provides details of the Board committee meetings for the year under review.

14.4.1 Previous Board

Committee	Name of members	No. of meetings held	No. of meetings attended
Board of Directors meetings	Ms M Mosidi	6	6
	Dr S Bvuma	6	6
	Ms Z Hill	6	2
	Ms O Ketsekile	6	6
	Ms Moonsamy	6	5
	Ms J Morwane	6	2
	Ms L Mseme	6	6
	Mr W Vukela	6	3
	Ms N Pietersen	6	1
	Mr M Ratshimbilani	6	5
	Mr R Ramabulana	6	4
	Dr T Ratshitanga	6	2
	Mr MK Kgauwe	6	4
	Dr Mabaso	6	3
HR & REM	Ms Z Hill	2	2
	Mr R Ramabulana	2	2
	Ms L Mseme	2	1
	Ms O Ketsekile	2	2
	Mr W Vukela	2	1
ICTRDI	Dr T Ratshitanga (Chair)	2	1
	Dr S Bvuma (New Chair)	2	2
	Mr R Ramabulana	2	2
	Ms J Morwane	2	2
	Mr W Vukela	2	2
BPC	Mr M Ratshimbilani (Chair)	2	2
	Ms S Moonsamy	2	2
	Ms N Pietersen	2	1
	Ms J Morwane	2	2
	Ms L Mseme	2	1
	Mr R Ramabulana	2	1
SEC	Dr S Bvuma	2	2
	Mr W Vukela	2	2
	Ms O Ketsekile	2	2

Committee	Name of members	No. of meetings held	No. of meetings attended
ARCC	Mr M Ratshimbilani	5	5
	Ms S Moonsamy	5	3
	Ms L Mseme	5	5
	Ms N Pietersen	5	5

14.4.2 New Board

Committee	Name of members	No. of meetings held	No. of meetings attended
Board of Directors meetings	Mr K Pillay (Chair)	16	16
	Ms L Petlele	16	14
	Mr L Keyise	16	14
	Ms R Naidoo	16	13
	Ms L Mseme	16	14
	Ms K Sibanda	16	12
	Dr I Abrahams	16	14
	Ms L Pietersen	16	9
	Mr M Mnisi	16	14
	Dr Mabaso	16	8
	Mr M Kgauwe (CFO)	16	15
	Mr N Tshenye (Interim AMD)	16	3
	Mr S Dzengwa	16	3
HR & REM	Ms L Petlele (Chair)	5	5
	Mr L Keyise	5	5
	Ms L Mseme	5	5
	Mr M Mnisi	5	5
ICTRDI	Mr L Keyise (Chair)	6	6
	Dr L Abrahams	6	6
	Ms K Sibanda	6	6
	Ms N Pietersen	6	5
BPC	Ms K Sibanda (Chair)	5	5
	Ms R Naidoo	5	3
	Dr L Abrahams	5	5
	Ms I Petlele	5	4
SECC	Dr L Abrahams (Chair)	2	2
	Ms R Naidoo	2	1
	Ms N Pietersen	2	2
	Mr M Mnisi	2	1
ARCC	Ms N Pietersen (Chair)	5	5
	Ms L Petlele	5	2
	Mr M Mnisi	5	3
	Ms L Mseme	5	4
	Mr L Keyise (replaced by Ms L Petlele in the committee)	5	2

14.5 Remuneration of Board members

Non-executive directors representing departments are not remunerated for their contributions to the Board and its committees. Fees are determined by the shareholders, with the concurrence of the Minister of Finance in line with the Treasury rates. Non-executive directors and committee members who are employed by government (National Treasury and DPSA) are not entitled to remuneration.

Executive directors are remunerated according to the policies of the organisation.

Full disclosure on the remuneration of non-executive and executive directors is included under note 26 of the financial statements.

15. RISK MANAGEMENT

The SITA Board undertakes responsibility for the process of risk management within SITA. This function has been delegated to the ARCC. In addition, every Board sub-committee manages the risks for its respective area of responsibility. The Risk Management business unit, led by a Senior Manager and a staff compliment of three of which one is vacant, reports to the Governance, Risk, Compliance and Integrity (GRCI) division. The annual risk implementation plan sets out the activities to be undertaken within the Risk Management business unit.

The approved Risk Management Policy is applicable to all business processes and business units within SITA and requires all executives and heads of departments to actively embed risk management activities into their management responsibilities.

The risk management process, as outlined in the SITA Risk Management Policy, is aligned to the principles of the King IV, ISO31000 and the PFMA, and aims to ensure that all key risks are identified, measured and managed. Risk management plays an integral part in improving performance, growth and sustainable value creation. SITA adopts a common and integrated approach to managing risk, such that knowledge and experience is shared, and risk management becomes embedded in all the activities and the way the company works.

The risk management process includes the annual identification and assessment of existing and emerging risks. The process aims to understand these risks and how they affect the SITA objectives, as well as whether they are strategic or operational. To achieve this, the potential impact and likelihood of the risks and identified mitigation plans are assessed and evaluated by management. This ensures that risks and potential opportunities are identified, evaluated, prioritised and manged at the appropriate level in each department.

Risks are considered against the approved risk appetite and tolerance levels as defined in the Risk Management Policy.

Reporting on key risk indicators and critical risks to the Assurance and Finance Committee, a sub-committee of Exco, is done on a monthly basis. The progress of implementation of mitigation plans is reported on a quarterly basis to the ARCC. SITA management remain committed to implement these measures to ensure long-term sustainability.

16. INTERNAL AUDIT AND AUDIT COMMITTEES

The Board is ultimately responsible for establishing a framework of internal controls. These controls are designed to provide cost-effective assurance of the financial wellness and financial management of the company. The internal control environment (including the assignment of authority and responsibility, segregation of duties, supervision, integrity and ethical values, and governance structures) is managed and monitored by the Internal Audit department.

While internal controls were in place during the year, internal control weaknesses were nevertheless identified by Internal Audit and by the AGSA. These control deficiencies were reported to management for appropriate corrective action. Progress on the implementation of the corrective action is further monitored by Exco, the ARCC and the Board.

The Internal Audit department reports functionally to the ARCC. The committee was established in terms of section 51(1)(a)(ii) of the PFMA and section 27.1.1 of the Treasury Regulations (PFMA 76(4) (d)), whereby the Board must establish an audit committee as a subcommittee of the Board. The committee monitors, inter alia, compliance with legislation and ensures that appropriate systems of internal control are implemented and maintained to protect SITA's interests and assets. The committee further reviews the activities and effectiveness of Internal Audit.

The establishment and mandate of Internal Audit are outlined in the PFMA section 50(1) (a)(ii), and IA complies with section 76 and 77 of the Act.

Internal Audit focuses on the risk, governance, compliance and control processes of the organisation and is responsible for expressing an opinion on the adequacy and effectiveness of the internal controls within those processes. Internal Audit is not responsible for the implementation and related controls of any business processes. SITA management is responsible for the achievement of the business objectives, which include the design, implementation and monitoring of adequate and effective internal controls.

Internal Audit evaluates processes with the view of providing assurance that the internal controls of the company are operating as intended and in so doing, assist in the achievement of the strategic objectives of the organisation. Internal Audit further ensures that any identified weaknesses in controls, governance and risk are adequately and timeously resolved. The work of Internal Audit and External Audit is monitored by the ARCC, a subcommittee of the Board.

During the financial year (2023/24) under review, Internal Audit operated in line with the Internal Audit Charter, duly approved by the ARCC.

Internal Audit has contributed significantly to the efficient and effective operations of SITA, through the provision of assurance on risk management, internal control and governance processes. During the 2023/24 financial year all planned audits were completed, together with integrity reviews over SCM transactions, as well as a number of ad hoc audit reviews as requested by management.

The table below demonstrates IA's performance against the Internal Audit annual plan approved by the ARCC.

Annual performance against the plan	No.
Planned audits	36
Integrity reviews	67
Forensic audits	40
Ad hoc management requests	15
Total audit projects	**168**

The following key areas were subject to Internal Audit review during the year 2023/24:
(a) supply chain management;
(b) IT governance;
(c) SITA's Enterprise Resource Planning (ERP) infrastructure;
(d) data centres;
(e) provincial operations; and
(f) key financial controls and Annual Financial Statements review.

Internal Audit identified areas within the supply chain management environment, cyber-security and SITA's ERP system that still require improvement. However, progress continues to be made in regard to compliance with the required ICT legislation, and the upgrading and maintenance of certain data centres.

17. COMPLIANCE WITH LAWS

SITA has moved from a regulatory universe to a compliance universe, which was approved by the Board during the past financial year. The compliance programme was executed with compliance risk management plans developed and/or monitoring of compliance performed for the following legislation:
(a) Constitution of the Republic of South Africa, 2016;
(b) Control of Access to Public Premises Act, 53 of 1985;
(c) Construction Industry Development Board Act, 38 of 2000;
(d) Institution of Legal Proceedings Against Certain Organs of State Act, 40 of 2002;
(e) Labour Relations Act, 66 of 1995;
(f) Promotion of Equality and Prevention of Unfair Discrimination Act, 4 of 2000;
(g) Prescription Act, 68 of 1969;
(h) Public Holidays Act, 36 of 1994;
(i) Companies Act, 71 of 2008;
(j) Cybercrimes Act, 19 of 2020;
(k) Employment Equity Act, 55 of 1998; and
(l) Protected Disclosures Act, 26 of 2000.

Compliance monitoring is maturing with monthly reporting on the status of compliance to the Strategy, Digitalisation and Compliance Committee, a sub-committee of the Exco and quarterly reporting to the ARCC.

18. FRAUD AND CORRUPTION

SITA remains steadfast in its commitment to combating fraud and corruption, as evidenced by the SITA Fraud Prevention Policy, which underscores the organisation's zero-tolerance for fraud. The SITA Fraud Prevention Policy governs the Fraud Prevention and Awareness Implementation Plan (FPAIP), which includes key activities aimed at the safeguarding of SITA resources against fraudulent activities, financial misconduct, corruption, and misuse of funds.

The primary objective of the fraud prevention plan is to mitigate associated risks through proactive measures and controls, encompassing comprehensive assessments across organisational operations, including financial systems, procurement processes, and employee conduct. The FPAIP is also aligned to the key principles contained in the National Anti-Corruption Strategy.

To encourage transparency and accountability, SITA has implemented an anonymous ethics and fraud hotline, providing a platform for whistle-blowers to report suspected instances of fraud and corruption. The management of the SITA Ethics Line is entrusted to a reputable third-party service provider to ensure independence and confidentiality. All incidents reported through the SITA Ethics Line are investigated by Internal Audit. Reports on fraud and corruption investigations, as well as fraud prevention interventions, are presented to the ARCC, as well as the Social and Ethics Committee (SEC), on a quarterly basis.

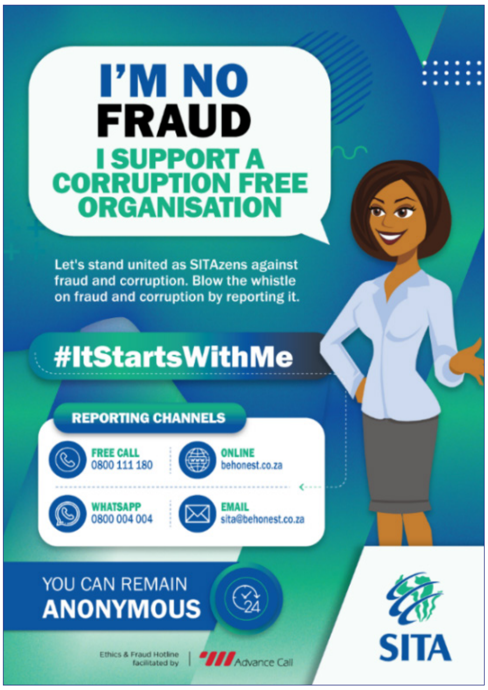


Figure 4 – SITA Ethics Line contact details

Fraud awareness training of all employees remains a critical preventative initiative. As part of this initiative, SITA actively participates in the annual International Fraud Awareness Week, observed globally from 12 to 18 November 2023. This significant event serves as a highlight on our corporate calendar, providing an opportunity to highlight the adverse impact of fraud and corruption and advocates for measures to identify and report unethical behaviour. The week-long event was inaugurated on 13 November 2023, with addresses delivered by Dr Lucienne Abrahams, Chairperson of the Social and Ethics Committee, and Dr Bongani Mabaso, Managing Director. The keynote address was delivered by Professor Peter Goss, a distinguished author, academic, and advisor specialising in fraud and corruption within the public and private sectors.

Figure 5 – Launch of the SITA Fraud Awareness Week

19. MINIMISING CONFLICTS OF INTEREST

Ensuring the effective management of conflicts of interest is crucial for SITA to uphold its commitment to transparency, integrity and public trust.

In adherence to the SITA Conflict of Interests Policy, all employees are obliged to annually disclose any personal interests that could potentially compromise their judgment, decisions or behaviour in relation to their official duties at SITA.

The annual declaration encompasses any interests that might lead to a potential, perceived or real conflict of interest. The Integrity Management department reviews all submitted declarations, aligning with the prohibitions and pertinent clauses outlined in the Conflict of Interests Policy. Line managers are tasked with either endorsing or declining these declarations and may seek further clarification from employees, where deemed necessary.

The graph below illustrates the level of compliance maturity over the past three years, with 99.70% of employees having submitted their annual declarations for the 2023/24 financial year.

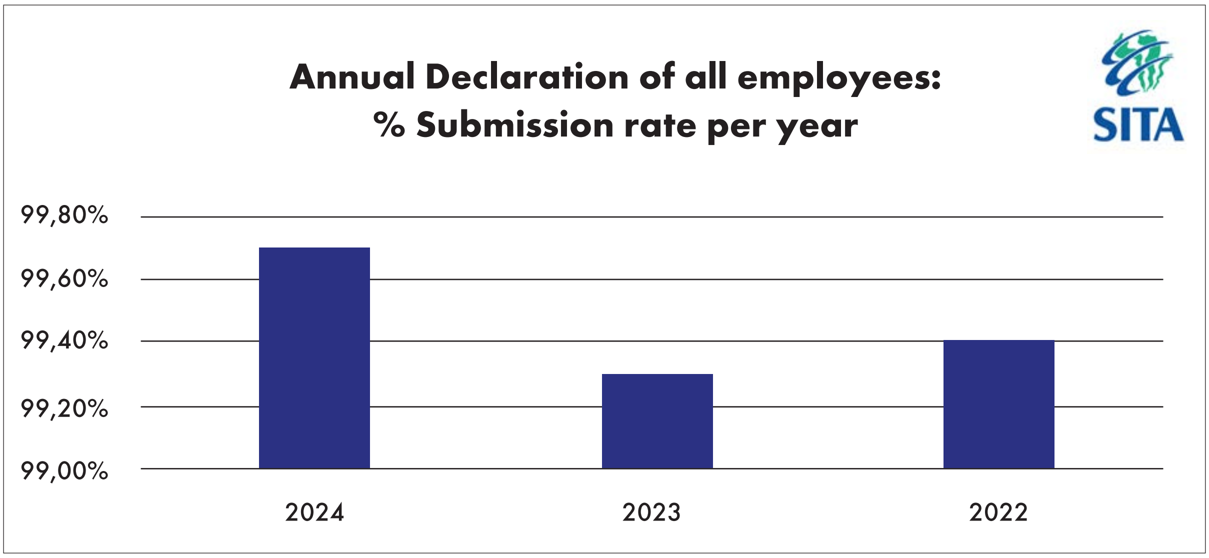


Figure 6 – Annual employee declarations

In addition, throughout every phase of the supply chain management process, it is mandatory for employees to disclose their interests and identify any potential conflicts. Furthermore, members of bid adjudication committees must abstain by recusing themselves from participating in any transactions where they possess either a potential, perceived or real conflict of interest.

In terms of the Gifts and Hospitality Policy, employees are mandated to seek approval prior to accepting any gratification exceeding the value of R 350.00 or exceeding a cumulative total of R3,000.00, received in gratification in the particular financial year. Employees cannot accept gratification exceeding R3,000.00 annually, even if received in multiple instances below R350.00.

A process of obtaining management approval, followed by an online declaration, within stipulated timelines, is enforced.

Through the proactive measures implemented to address conflicts of interest, SITA aims to ensure that decisions are made impartially, free from undue influence or bias, and always in the best interest of the company, its clients, shareholder and the general public.

20. CODE OF CONDUCT

SITA's code of conduct, "Living our values", was officially launched in September 2020, after an organisation-wide consultation process to which all employees were invited to participate to help shape the company values that are the foundation of a high-performance culture. The figure below depicts the SITA values.

Figure 7 – SITA values

SITA has implemented initiatives to entrench its values, in particular the value of customer-centricity. During the reporting year, 4 558 employees were trained on customer-centricity to enable employees to understand the right behaviours, activities and mindset they need to adopt in building a high-performance culture. The training incorporated the entrenchment of SITA values and expected behaviours based on customer-centricity index findings. Customer-centric behaviours are depicted in the figure below.

We are a high performance driven, customer centric company

We consistently exceeds internal and external customer expectations.	**We find the best practical solutions whilst managing my customer expectations.**	**We own up to service mistakes and remedies them in a positive spirit.**	**We will not accept or produce work of an inferior standard. I am excellent and produce quality work.**

Figure 8 – Customer-centric behaviours

21. OCCUPATIONAL HEALTH AND SAFETY

The Occupational Health and Safety (OHS) Act, 85 of 1993, requires the employer to provide and maintain as far as reasonable and practical, a work environment that is safe and without risk to the health of employees. Similarly, the Act is supported by subordinate legislation, regulations and codes of practice, which give practical guidelines on how to manage health and safety issues in the workplace. SITA is therefore committed to the provision of a safe and healthy work environment to its employees.

21.1 Occupational hygiene surveys

During the year under review, occupational hygiene surveys were conducted in 16 SITA offices to evaluate and ensure control of environmental factors such as lighting, noise and air quality that may cause illness, discomfort and injury to employees. The intermittent findings that were highlighted in most of these offices were the low levels of illumination, as some lamps were off, and the high levels of carbon monoxide in the office because of faulty HVAC systems.

21.2 Emergency evacuation

SITA is committed to complying with the requirements of the OHS Act and thus, any non-compliances are dealt with immediately.

Emergency evacuation drills, which are conducted to acquaint appointed SHE delegates about their roles and responsibilities in an emergency, and to test employees' response to an emergency, were conducted in SITA buildings.

21.3 OHS training

OHS training, which is a fundamental aspect of creating a safe and healthy work environment, equips employees with the knowledge and skills necessary to identify potential hazards, respond to emergencies, and prevent accidents. During the year under review, SHE delegates were trained in SHE representative, incident investigation, first aid and fire marshal, evacuation and practical chair sessions.

21.4 OHS policy

During the year under review, the OHS policy was reviewed and communicated to relevant parties. This showed a commitment to managing and improving OHS within SITA.

21.5 Risk assessments

Walkthrough risk assessments are continuously conducted for all SITA buildings to ensure compliance with the OHS Act.

22. COMPANY SECRETARY

The Company Secretary is appointed in terms of section 86(1) of the Companies Act, 71 of 2008, and is responsible for ensuring corporate governance by the Board of Directors, their committees and Exco.

In line with section 88 of the Companies Act, the Company Secretary is accountable to the Board of Directors and his/her duties include, but are not restricted to:

(a) providing the directors of SITA, collectively and individually, with guidance as to their duties, responsibilities, and powers;
(b) making the directors aware of any law relevant to or affecting SITA;
(c) reporting to SITA's Board of Directors any failure on the part of the entity or a director to comply with the Memorandum of Incorporation, or policies of SITA or the Companies Act;
(d) ensuring that minutes of all Board meetings and the meetings of any sub-committees of the Board of Directors, are properly recorded in accordance with the Companies Act;
(e) certifying in SITA's Annual Financial Statements whether the entity has filed the required returns and notices in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date; and
(f) ensuring that a copy of SITA's Annual Financial Statements is sent, in accordance with the Companies Act, to every person who is entitled to it.

Other duties of the Company Secretary include:

(a) inducting and orienting new directors and guiding directors as to their duties, responsibilities, and powers, with particular reference to ethics and good governance;
(b) assisting with the Board Strategic Plan and APP development sessions, as well as monitoring performance against predetermined objectives;
(c) ensuring the Board has relevant, accurate, timely and complete information in order to monitor, review, make decisions and report to the shareholders; and
(d) preparing agendas for Board and Board committee meetings in consultation with the chairman of the Board and chairpersons of Board committees, as well as ensuring that adequate notices of meetings are given, and all meeting papers and other important information are provided in time.

23. SOCIAL RESPONSIBILITY

SITA's corporate social responsibility (CSR) is aligned to key government priority areas foremost on digital skills creation and gender economic transformation and lastly lower down the priority ranks to support industry transformation, as well as social alleviation through donations infrastructure development, human resources, and other acts of charity. The following CSR initiatives were implemented during the reporting year.

23.1 Establishment of cyber-labs

SITA established four cyber-labs in the FY2023/24. Schools were identified and selected in four provinces, namely KwaZulu-Natal, North West, Eastern Cape and Northern Cape. The organisation also launched an additional four cyber-labs with the shareholder representative to kickstart the upskilling of the learners. The purpose of the cyber-labs initiative was to enable learners to be introduced to the ICT discipline, where they can acquire skills in the ICT field for them to be able to develop ICT solutions that are aimed at addressing their socio-economic challenges. These cyber-labs seek to:

(a) contribute towards a global agenda of internet access for learners;
(b) assist in the growth of teaching professionals using e-learning teaching tools;
(c) contribute towards the academic performance of learners using e-learning tools; and
(d) develop teaching professionals that can assist in the management of schools, leveraging connected tools and technologies.

These schools will be connected to the internet to allow learners access to the internet for their research and development, as well as for projects and day-to-day schoolwork. The cyber-labs are a foundation for the establishment of smart schools where every subject will be taught using computers.

23.2 Driving the efforts to increase the STEM learners and 4IR skills

23.2.1 Coding and Robotics 2023/24

In the 2023/24 financial year, the second year kickstarted the Coding and Robotics challenge, whereby grade 7, 8 and 9 learners who are part of the schools engaged in the pilot project, were invited to participate. SITA aimed to support and help accelerate the department's initiative by encouraging learners from all backgrounds to participate and apply their robotics knowledge and skills in a competitive setting amongst their peers. The aim is engaging the learners in hands-on experimentation and inspiring them to pursue careers in science, technology, engineering and mathematics (STEM). The purpose of the challenge is to help schools develop and enhance knowledge in the robotics space and allow learners to develop skills in this area. This challenge creates a foundation for 4th Industrial Revolution (4IR) skills that prepare the learners better for the future.

This year, the organisation ushered in primary schools. Grade 7 learners crafted essays outlining their plan to build a robotics-based solution that aligns with SDG 3: Good health and well-being.

Grade 8 and 9 focused on NDP2030 goals in their essays to identify a societal problem that needs improvement in their province, community or country. The top 20 learners have been selected that will develop solutions for both primary schools and senior secondary schools respectively.

SITA strives for inclusion and emphasises the importance of ensuring that everyone is included in the digital transformation, and that no one is left out.

23.2.2 Solve for Tomorrow

SITA, in partnership with Samsung, launched the second Solve for Tomorrow (SFT) Samsung challenge. The challenge is designed to increase interest and proficiency in STEM education. This competition encourages young people to apply STEM to find creative solutions, to solve challenges, and to address risks faced in their local communities.

The country's grade 10 and 11 learners from public schools in underserved communities are given an opportunity to use STEM education to address some of the challenges that are faced by their respective communities.

This year, in particular, the country's learners from public schools did not only have an opportunity to gain invaluable skills, but also a chance to display their scientific talents by using STEM to find creative solutions that can be applied to positively impact their local communities' environmental challenges.

The Solve for Tomorrow programme is a unique competition that encourages innovative thinking, creative problem-solving, and teamwork to nurture social innovation ideas that address the communities' most pressing problems.

Samsung, in collaboration with SITA, through a media event on 19 March 2024, launched the second phase of the Solve for Tomorrow initiative in South Africa. The top 10 schools were announced out of the 23 entries, and they will proceed to the next phase of the competition.

23.3 Alleviation of poverty and closing the gap

During Nelson Mandela Month, SITA aligned to commemorate the month under the global 2023 theme, "The legacy lives on through you: Climate, food, and solidarity".

The theme for 2023 emphasised the relevance of Mandela's legacy in addressing contemporary issues. It highlighted the urgent need to tackle climate change and food insecurity, promoting sustainable practices, and ensuring access to nutritious food for all. Additionally, the theme underscored the importance of solidarity and collaboration in overcoming global challenges.

For SITA CSR, the focus was on empowering those who – just like Mandela – took it upon themselves to uplift and assist the needy. Some of the initiatives, over and above cyber-bullying and cyber-security awareness, included supporing NGOs in the following manner:

(a) Assisted at Amangwe Village, KwaMbonanbi and Ikhayalethemba Community Centre in KwaZulu-Natal, by planting a number of vegetable seedlings, installed a safety gas pipe for the stove, supplied laptop and office packages to generate reports, provided gas stove (outdoor) to cook meals for kids (creche), small microwave, groceries, and crockery. The team also assessed the website and shared enhancements.

(b) Donated ICT equipment to Mpumalanga Nursing College.

(c) Donated four washing machines to the Stellar Star Children in East London.

(d) Provided Hearing Hands, a place of safety in Port Elizabeth for women, with beddings, bought a new bed for the doctor to examine and did electrical work.

(e) Refurbished and upgraded the computer lab of Zonnebloem High School in Western Cape by repainting of the lab's interior walls and doors, supplied and installed an overhead projector and screen to assist with lessons, supplied and fitted block-out roller blinds for use during presentations, supplied laptops to assist the educators to prepare lessons for the learners, upgraded the current security DVR system from 16 channels to 32 channels for monitoring, and supplying additional monitoring cameras to be installed inside the computer lab.

(f) Donated funds to Tawana and Yabana Village in Gauteng for operations.

(g) Donation of dignitary packs to schools where SITA launched cyber-labs throughout the year.

(h) Supported Boitumelo Special School in Northern Cape by enhancing its learning environment, providing essential resources, and catering to the specific needs of the students.

(i) Sourced a carpenter and acquired materials to establish dedicated sewing and woodwork workstations tailored to the needs of the students. Also acquiring physical education equipment to promote physical activity, improve gross motor skills, and encourage teamwork among the students. By providing suitable equipment, such as balls, cones, etc., we aim to facilitate inclusive physical education experiences for all students.

23.4 Empowering women

SA Women's Day 2023's theme was, "Women's socio-economic rights and empowerment: Building back better for women's improved resilience".

The programme aimed to produce a cohort of empowered female social entrepreneurs who have the skills, knowledge and resources to effectively navigate the ICT social entrepreneurship landscape. Participants will be able to contribute to the socio-economic development of their communities by leveraging ICT solutions to address real-world challenges while building viable and sustainable businesses.

By combining mentorship, education, empowerment and networking, the Women in ICT social entrepreneurs programme for rural and township communities seeks to create a supportive environment where women can thrive as successful social entrepreneurs in the dynamic and impactful ICT sector.

23.5 Girls coding bootcamp

The Girls Who Code bootcamp convened 50 girls and teachers from North West. It was an exciting and immersive camp designed to empower young minds and foster creativity, innovation and leadership skills. This camp provided an interactive and collaborative environment where participants to explore their potential, engage in hands-on activities, and develop a mindset for innovation. Through a series of workshops, challenges and team-building activities, participants were equipped with the tools and inspiration to become future innovators and change-makers.

The camp focused on the introduction on ICT and developing app linked to sustainable development goals, artificial Intelligence, and aviation. With the focus on artificial intelligence, aviation, and app development, participants had the opportunity to get hands-on experience with digital tools, platforms and coding, making them digitally adept and learning how to code drones in a short space of time.

24. AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

24.1 Introduction

The ARCC report is prepared in terms of the PFMA, Treasury Regulation 27 and in line with the recommendations of the King IV Report on Corporate Governance for South Africa. The ARCC was constituted as an independent committee to fulfil its statutory duties in terms of section 51(1)(a)(ii), section 76 and section 77 of the PFMA, and associated Treasury Regulations, the Companies Act as well as all other duties assigned to it by the Board.

24.2 Terms of reference of the ARCC

The ARCC adopted formal terms of reference as approved by the Board. The ARCC confirms that it has complied with its statutory obligations and terms of reference during the financial year under review. The committee's terms of reference are reviewed annually and are amended as required, to incorporate changes in legislation, business circumstances, and corporate governance principles.

A key responsibility of the ARCC is to assist the Board in fulfilling its oversight responsibilities with regard to the evaluation of the adequacy and efficiency of accounting policies, internal controls, and financial and corporate reporting processes. In addition, the ARCC reviews and assesses the effectiveness of the Internal Audit function and the independence and effectiveness of the company's external auditors (AGSA).

24.3 Committee responsibility

The committee has complied with its responsibilities arising from the requirements of the Companies Act of 2008, the PFMA, and Treasury Regulations of 2005. The committee has adopted appropriate formal terms of reference as its charter, has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein.

24.4 The quality of financial information provided

The committee is of the opinion that, based on the information and explanations given by management, the Internal Auditors and particularly the AGSA management report on the results of the audits conducted, it is evident that the financial information provided to the users of such information requires improvement and the committee will continue to monitor the progress in this regard.

24.5 The effectiveness of internal control

The committee considered the effectiveness of the entity's internal control system, including information technology security and controls. The committee has noted the integrated audit action plan developed during the reporting period and will continue to monitor the progress thereof. The committee reviewed the Internal Audit and AGSA findings and related remedial action plans to understand the impact on the financial reporting process, the recommended and planned remedial actions, considered their appropriateness, and advised accordingly. While the committee is providing the assurances required in line with the statutory requirements, it will closely monitor progress to resolve the audit findings and performance gaps. Furthermore, the filling of critical vacant executive posts, namely Executive: Internal Audit, and Executive: Governance, Risk, Compliance and Integrity (GRCI), will be expedited.

24.6 Internal financial control

During the 2023/24 financial year, the ARCC reviewed the effectiveness of the company's system of internal financial control and, based upon the processes and assurances obtained from management, internal audit and external audit, the committee noted the internal financial controls and the need for improvement to ensure that they are effective, especially the areas highlighted in the Auditor-General's report.

24.7 The effectiveness of Internal Audit

The committee received a wide variety of risk-based audit reports from the internal auditors and is of the opinion that Internal Audit has generally been effective in the fulfilment of its mandate. However, gaps in the identification of the internal control systems were highlighted as evidenced by the matters raised in the Auditor-General's report.

We are satisfied with the activities of the Internal Audit function, including its annual work programme, quality assurance, coordination with the external auditors, the reports of significant investigations and generally, the responses of management to specific recommendations.

24.8 Audit committee members and meetings

The table below discloses relevant information on the audit committee members.

Name	Qualifications	Internal or external	Date appointed	Date resigned	No. of meetings attended
Ms N Pietersen	• Master's in Business Administration (MBA) • Chartered Accountant (SA) • B Com (Accounting) • Honours/CTA B Com (Accounting)	External	1 February 2022	-	10
Ms L Mseme	• PhD candidate • Masters Public Administration • Honours Public Administration • Bachelor of Arts English and History	External	1 February 2022	-	9
Mr M Ratshimbilani	• B Proc • Certificate in Business Management • Certificate in Prospecting and Mining Law	External	1 February 2022	19 July 2023	5
Ms M Moonsamy	• BCom (Accounting) • Honours and CTA • CA (SA) • Master of Business Administration • PhD candidate	External	1 February 2022	21 July 2023	3
Mr M Mnisi	• LLB • LLM	External	21 July 2023	-	3
Mr L Keyise	• Master's Degree in Computer Sciences • Master of Business Administration	External	21 July 2023	-	2
Ms L Petlele	• Bachelor of Social Science • Master's Degree in Commerce • Post Graduate Diploma in Human Resource Management	External	21 July 2023	-	2

Nolitha Pietersen
Chairperson of the Audit, Risk and Compliance Committee
State Information Technology Agency SOC Ltd

25. BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the department/public entity applied any relevant Code of Good Practice (BBBEE certificate levels 1-8) with regards to the following:		
Criteria	**Response Yes/no**	**Discussion (Include a discussion on your response and indicate what measures have been taken to comply)**
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	N/a	
Developing and implementing a preferential procurement policy?	Yes	Developed ESDL Strategy to implement preferential procurement initiatives. After the approval of the Preferential Procurement Policy on 31 January 2023, in October 2023 the ESDL Strategy, together with its initiatives, was approved by the Board.
Determining qualification criteria for the sale of state-owned enterprises?	N/a	
Developing criteria for entering into partnerships with the private sector?	N/a	
Determining criteria for the awarding of incentives, grants and investment schemes in support of BBBEE?	N/a	

PART D
HUMAN CAPITAL MANAGEMENT

26. INTRODUCTION

The SITA Human Capital Management (HCM) division's focus for the year under review was to develop, acquire and nurture digital skills to align with the organisation's strategic plan. Additionally, the division placed significant emphasis on fostering a culture of high performance, innovation, accountability and integrity. Several initiatives were implemented in alignment with the abovementioned focal points and the following are the key successes for the year under review:

(a) The recognition and reward of high-performing employees.
(b) SITA completed 83.11% of its workplace skills plan, with attendance of only one training intervention per employee.
(c) The agency awarded bursaries to its employees, with a focus on ICT qualifications aligned to employees' career pathing and supporting SITA's retention strategy.
(d) SITA presented an internship programme to 219 unemployed graduates.
(e) The deployment of the chatbot to enable employees to receive automated answers to queries and questions that they may have regarding HR services.
(f) Successful implementation of the culture programme initiatives.
(g) Successful employee relations cost-containment through the allocation of internal employee relation resources to manage both internal and CCMA matters.;
(h) SITA places a strong emphasis on employee wellness, recognising that a healthy and happy workforce is key to the success of the company. To support this, SITA implemented variety of programmes and resources to promote physical, mental, and emotional wellbeing among employees.

Although the agency has achieved some successes, there are some lowlights regarding performance on HCM initiatives, and these are as follows:

(a) failure to achieve the employee engagement target of 75%;
(b) failure to achieve the employee equity target relating to people living with disabilities; and
(c) development of digital transformation leadership capabilities.

Details regarding performance on some of the initiatives are discussed below. In the next financial year, SITA will focus on implementing the following HCM initiatives among others:

(a) implementation of an organisational employment equity plan;
(b) implementation of a sourcing strategy to cover key position;
(c) development of digital transformation leadership capabilities;
(d) implementation of the talent management strategy;
(e) designing a fit-for-purpose organisational structure;
(f) building a high-performance culture; and
(g) overhaul of the HCM system to increases productivity and efficiencies by integrating and automating the organisation's hierarchy, vacancy management, talent acquisition, onboarding, administration, succession planning and development and reporting processes, as well as enhancing employee self-service and human experience.

26.1 Human resource digitisation

The human resource digitalisation initiative is aimed at creating a digitally transformed, customer-centric HCM division. The aim is to ensure quick turnaround times with regard to queries, solution design and offerings, based on the unique client requirements posed by the complex core business. The key focus area for the year under review was to develop a chatbot to enable employees to receive automated answers to queries and questions that they may have regarding HR services. This initiative has been completed, with the chatbot solution being successfully deployed.

26.2 Talent development

SITA's learning and development vision is to develop a high-performing workforce capable of solving complex public service ICT problems, through the adoption of innovative solutions. As the agency drives digital transformation within government through the implementation of digital technologies and solutions, there is an increased demand placed on limited digital skills. Therefore, SITA has implemented various skills development approaches, including partnerships with OEMs, industry and academic institutions, with a view to building a customised digital skills academy system. The sole purpose of this system is to aggressively build the ICT skills of the future, to meet the current and future business needs.

Below are the initiatives implemented during the year under review.

26.2.1 Skills development

SITA implements training initiatives through an approved workplace skills plan, which provides the agency with the ability to identify and develop the required skills to meet current and future business needs. The workplace skills plan is submitted to SETA annually to ensure completion of training against the plan, which is based on training gaps identified on each employee's individual developmental plan. SITA completed 83.11% of its workplace skills plan, with attendance of only one training intervention per employee. In addition, through collaboration with OEMs such as Microsoft, IBM and Huawei, employees undergo self-paced learning, as well as attaining occupation-specific certifications in SITA's core business.

26.2.2 Leadership development

Leadership development focused on the implementation of succession planning for identified critical, core and scarce positions within the organisation. The aim is to ensure planned and timeous skills transfer, identification, development and training in mentoring and coaching, as well as training of managers in people management, customer-centricity and high-performance culture skills through management and leadership development programmes.

26.2.3 Bursaries

The SITA bursary scheme seeks to create a technical pipeline aimed at addressing the current skills gaps within the information and communication technology fraternity. The agency awarded bursaries to its employees, with a focus on ICT qualifications aligned to employees' career pathing and supporting SITA's retention strategy. Two hundred and seventy (270) bursaries were awarded to employees, of which 213 were for ICT qualifications and 57 for non-ICT qualifications.

26.2.4 Internships

SITA has presented an internship programme to 219 unemployed graduates during the year under review in partnership with FASSET and MICTSETA. This programme serves to create a talent pipeline to meet current and future business needs. The agency has a plan in place to absorb some of the graduates who completed the internship programme as fixed-term contractors, to enable them to acquire further work experience.

26.3 Organisational culture and engagement

SITA undertook a culture transformation in 2020/21 to build a digitally capable workforce to enable the digitalisation of government. SITA's culture vision is to build a fully customer-centric, digitally innovative, ethical, and high-performance culture – a culture where employees perform well because they are engaged, valued, recognised, rewarded and continuously learning, giving their work a greater purpose.

In order to assess the impact of the implementation of the culture programme and its effectiveness since its commencement, the focus for the year under review was to increase employee engagement levels. The employee engagement survey was launched, and 3 414 employees were invited to take part in the survey, of which 2 796 took part, indicating an 82% completion rate. The survey responses, therefore, captured the sentiments of 82% of all staff. SITA achieved a high overall engagement score of 68.4%, a similar result to 2023 (68.1%). The highest score obtained is for ethical behaviour (86.9%), indicating that employees place a high value on ethical behaviour within SITA. Leadership received the second highest score (79.6%), with immediate supervisors largely seen as knowledgeable, behaving in line with the SITA values and leading by example. Moderate levels of engagement were reported for attraction and onboarding (53.7%). Individuals moderately scored the recruitment (52%) and onboarding (55%) processes. Reward received the lowest score across all factors, with 44.4% reported for "I am rewarded fairly for the work that I do". Based on the employee engagement results, an improvement plan will be developed to close the gaps identified by the survey to enhance the desired high-performance culture.

26.4 Employee wellness

SITA has adopted a holistic approach to wellness. The employee wellness programme supports the wellness strategy, of which the overall goal is to optimise human and social capital. The employee wellness programme has offered support to a reported 248 matters, through self-referral and managerial referral. The top flagged presenting matters were mental health, occupational stress, finance-related stress as well as family matters. The ongoing general marketing of the employee wellness programme, the promotion of wellness initiatives and managerial training will assist and contribute to addressing these flagged psychosocial challenges. Furthermore, managers continue to be capacitated regarding the managerial services (consultation and referral) available to them.

The following interventions were implemented during the year under review:

(a) **Employee Assistance Programme (EAP) and utilisation:** Service installation sessions to embed the programme and encourage utilisation of services SITA-wide were implemented, both virtually and in contact, including induction sessions with new employees. The service provider was appointed (July 2023) for the provision of EAP services for a period of 12 months. As at 31 March 2024, a 7.2% utilisation rate was achieved, and the top flagged presenting matters were mental health, occupational stress, finance-related stress as well as family matters.

(b) **Proactive wellness initiatives: "It's in your hands" employee wellness solution:** This is a solution designed to deliver a wellness dashboard to manage the SITA employee wellness programme, by enabling a holistic approach to the programme implementation. The acceptance certificate has been submitted for acceptance and approval; as well as a request to add the VMs to the SITA internal domain. The networking component needs to be completed first (create an independent VDC (tenant)) as an additional networking requirement. This has been logged to Gijima to assist, as the internal cloud networking team has created the network, now it needs to be added to the VPC. The next step will be to handover of the VMs and the installation of MS SQL Server to employee wellness.

(c) **Proactive wellness Initiatives: Comrades Marathon 2023:** The EW provided support to 21 SITA employees who participated in the 2023 Comrades marathon, a "down-run" which took place in June, starting in Pietermaritzburg and finishing at the Kingsmead Stadium in Durban.

(d) **Proactive wellness initiatives: Corporate Wellness Day:** The Employee Wellness unit, in partnership with MOSO Consulting, Health Fit SA (the SITA EAP service provider), the City of Tshwane, the WITS Reproductive Health and HIV Institute, as well as the three in-house medical aid schemes (Bonitas, Discovery Health and Medihelp), hosted the SITA Corporate Wellness Day in December 2023. Client information and group education sessions were held, as well as a core suite of wellness health risk assessments. Additionally, support and a platform was provided to all employees to manage their experience (and possible challenges) of the corporate landscape, which is dynamic, influenced by intrinsic and extrinsic factors and characterised by long working hours, erratic or infrequent physical activity, stress and impaired work/life integration.

(e) **Sports and recreation clubs:** The ten most popular sport and recreation codes (aerobics, soccer, yoga, athletics, golf, netball, chess, bookclub, cycling and tennis) were launched at the Corporate Wellness Day. Terms of references for the various club committees and the Sports and Recreation Forum were drafted and are currently in consultation with stakeholders.

(f) **Policies and SOPs:** The Employee Wellness Policy (incorporating the HIV and Aids Policy and elements of the Disability Strategy, as well as the Substance Abuse Policy (incorporating the No Smoking Policy) were tabled at the special Exco and recommended for Board approval. The accompanying SOPs have been drafted and are in circulation for additional input and will be submitted for approval by the Executive:HCM. Once approved, the policies and SOPs will be socialised organisation-wide.

(g) **Employees continue to engage with the e-learning course on elimination of harassment in the workplace on SITAVarsity:** The course outlines the Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace, which aims to eliminate all forms of harassment in the workplace by providing guidance on the policies and procedures to be implemented in the event that harassment occurs in the workplace. As of 31 March 2024, since the module was placed on SITAVarity, 10.38% employees have completed the course.

(h) **Gender Forum:** Widespread consultation and benchmarking were conducted in the process to reestablish the Gender Forum and ensure the incorporation of the LGBTQIA+ rights and optimal inclusivity. Approval has been granted to proceed and nominations were received, and planning is currently underway for the forum to be launched company-wide.

(i) **Incapacity management:** The Absence Management Committee is a mechanism critical to ensure that systems for reporting, recording and investigating all incidents relating to the management of medical incapacity and additional sick leave requests. Additionally, the relevant cases continue to be referred for functional capacity evaluation to determine some employees' readiness to return to work after injury, as well as for purposes of reasonable accommodation. As such, accommodation plans are currently being implemented, to be monitored and reviewed quarterly.

26.5 Employee performance management framework

SITA has adopted an integrated Corporate Performance Management Policy, which is aligned to the planning processes and guidelines of the organisation. The policy guides performance management processes at a corporate and employee level. It focuses on planning, monitoring, reviewing, reporting and performance implementation. SITA implemented this policy during the year under review. The performance of qualifying employees will be rewarded by the implementation of performance-based increases according to the guidelines once the moderation process has been concluded and a Board decision obtained. In addition, should the agency meet the requirements to pay performance bonuses, it will be processed upon receipt of Board approval. The agency did not meet the requirements to pay performance bonuses during 2023/24 as indicated in section 7.3 below. SITA continues to establish a high-performance culture and implement improvement interventions to achieve high-level and sustainable performance results.

27. HUMAN CAPITAL MANAGEMENT OVERSIGHT STATISTICS

27.1 Personnel cost per occupational level

The table below reflects personnel costs per occupational level.

Salary band	Total expenditure for the entity (R'000)	Personnel expenditure (R'000	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000
Top management	6 815 992	2 652	0.04%	1	2 652
Senior management	6 815 992	76 698	1.13%	42	1 826
Professional qualified	6 815 992	846 847	12.42%	885	957
Skilled	6 815 992	884 652	12.98%	1 856	477
Semi-skilled	6 815 992	99 965	1.47%	438	228
Unskilled	6 815 992	1 810	0.03%	14	129
Total	**6 815 992**	**1 912 624**	**28.06%**	**3 236**	**591**

The personnel expenditure amount of R1 912 624 000 reflected in the table above represents the Total Cost to Company (TGP), which includes salaries, benefits and other personnel-related expenses. In contrast, the staff cost reported in the Annual Financial Statements (AFS) primarily accounts for direct labour costs (R1 159 959 000) and staff costs (R1 006 393 000), which include variable pay elements such as overtime, standby allowances, and leave encashments.

27.2 Employment equity statistics per occupational level

The table below reflects employment equity statistics per occupational level.

Occupational levels	Male employees							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	1						
Senior management	21	21	1	3	5	1	5	3
Professional qualified	357	388	24	48	28	16	103	50
Skilled	762	811	57	99	52	34	141	105
Semi-skilled	229	238	15	29	3	10	5	31
Unskilled								
Total	**1 371**	**1 459**	**97**	**179**	**88**	**61**	**254**	**189**

Occupational levels	Female employees							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management		1						
Senior management	13	17		2	2		2	2
Professional qualified	269	323	19	41	12	9	104	40
Skilled	724	675	31	86	14	19	131	84
Semi-skilled	287	198	15	25	2	6	5	25
Unskilled								
Total	**1 293**	**1 214**	**65**	**154**	**30**	**34**	**242**	**151**

Occupational levels	Disabled employees							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management								
Senior management		1						
Professional qualified		14		2			2	2
Skilled	10	30		4		1	7	4
Semi-skilled	24	9		1		1	3	1
Unskilled								
Total	**34**	**54**		**7**		**2**	**12**	**7**

27.3 Employment and vacancies

The filling of vacancies in the financial year was progressive despite a few instances of multiple re-advertisements and an awaited award of agency panels to assist, especially with the scarce skills and leadership positions.

A total of 5 appointments were made for top management – 1 x MD and 4 x Ministerial Task Team.

The table below reflects a summary of employment and vacancies.

Occupational levels	2022/23 No. of employees	2023/24 Approved posts	2023/24 No. of employees	2023/24 Vacancies	% of vacancies
Top management	1	8	2	1	13%
Senior management	42	19	49	8	42%
Professional qualified	885	309	916	159	51%
Skilled	1 856	444	1 913	259	58%
Semi-skilled	438	58	561	41	78%
Unskilled	14		0		
Total	**3 236**	**838**	**3 441**	**468**	**56%**

27.4 Employment changes

Turnover rates provide an indication of trends in the employment profile of the public entity. The table below reflects a summary of employment changes.

Occupational levels	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	1	6	1	2
Senior management	42	7	4	49
Professional qualified	885	86	89	916
Skilled	1 856	193	107	1 913
Semi-skilled	438	262	50	561
Unskilled	14	0	0	0
Total	**3 236**	**554**	**251**	**3 441**

27.5 Reasons for staff leaving

The table below reflects a summary of reasons for staff leaving.

Type	Reason	Number	% of total no. of staff leaving
Functional voluntary	Resignation	146	58%
Involuntary	Death	13	5%
	Dismissal	4	2%
	Retirement	44	17%
	Ill health	7	3%
	Expiry of contract	15	6%
Other		22	9%
Total		**251**	**100%**

27.6 Misconduct and disciplinary action

The table below reflects misconduct and disciplinary action.

Nature of disciplinary action	Number
Verbal warning	0
Written warning	1
Written warning plus leave without pay	1
Final written warning	6
Final written warning plus 1 month suspension from work without pay	2
Dismissal	5

27.7 Personnel expenditure

The personnel expenditure per programme in the table below is based on the March 2024 total guaranteed packages. This excludes variable costs (acting allowances, mobile and data allowances, overtime, shift, and standby allowances) for the financial year ended 31 March 2024.

Variable costs are excluded in the total personnel cost as reflected in the table below as these variable components could not be allocated to personnel cost per programme reflected in the table on a reasonable basis.

Programme	Total expenditure for entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	Number of employees	Average personnel cost per employee (R'000)
Programme 1: Thought leadership and service delivery	6 815 992	1 163 565	17.07%	1929	603
Programme 2: Digital infrastructure	6 815 992	469 033	6.88%	866	542
Programme 3: Skills and capability development	6 815 992	192 288	2.82%	311	618
Programme 4: Financial sustainability	6 815 992	49 200	0.72%	75	656
Programme 5: Procurement and industry transformation	6 815 992	38 538	0.57%	55	701
Total	**6 815 992**	**1 912 624**	**28.06%**	**3236**	**591**

27.8 Performance rewards

The table below reflects performance rewards.

Occupational levels	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	0	2 652	0%
Senior management	0	76 698	0%
Professional qualified	0	846 847	0%
Skilled	0	884 652	0%
Semi-skilled	0	99 965	0%
Unskilled	0	1 810	0%
Total	**0**	**1 912 624**	**0%**

27.9 Training cost

A total of 3 013 employees were trained from April 2023 to 31 March 2024, at a total cost of R17 663 944.51. The training costs below are inclusive of short courses and bursaries for internal employees for the provision of NQF-aligned qualifications. 2 743 employees attended short courses to the value of R9 218 662.48 and 270 employees were awarded bursaries for further studies in pursuit of formal qualifications to the value of R8 449 226.03.

The table below reflects training costs.

Occupational levels	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	15	0.08%	3	5
Senior management	297	1.7%	31	10
Professional qualified	4 557	25.80%	792	6
Skilled	10 874	61.56%	1 641	7
Semi-skilled	1 841	10.42	529	3
Unskilled	79	0.44%	17	5
Total	**17 664**	**100%**	**3 013**	**5**

Furthermore, Learning and Development spent R14 696 500.00 on internship stipends for 219 interns recruited during this period.

PART E

PFMA COMPLIANCE REPORT

28. INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

28.1 Irregular expenditure

28.1.1 Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	2 165 927	1 716 754
Prior Period Errors	-211 995	-225 658
As Restated	1 953 932	1 491 096
Add: Irregular expenditure confirmed	112 201	465 665
Less: Irregular expenditure condoned	0	-2 830
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	0
Closing balance	**2 066 133**	**1 953 932**

Reconciling notes

Prior period error relates to items that were erroneously recognised as irregular expenditure in the register due to SDB forms not being able to be located. In the process of investigating the case it was identified that the related forms exists and thus the amount recognised did not meet the definition of irregular expenditure.

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure that was under assessment in 2022/23	0	0
Irregular expenditure that relates to 2022/23 and identified in 2023/24	0	13 662
Irregular expenditure for the current year	112 201	465 665
Total	**112 201**	**479 327**

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

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment	976	1 885
Irregular expenditure under determination	317 739	508 454
Irregular expenditure under investigation	0	0
Total	**318 715**	**510 339**

28.1.3 Details of current and previous year irregular expenditure condoned

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned	0	-2 830
Total	**0**	**-2 830**

28.1.4 Details of current and previous year irregular expenditure removed - (not condoned)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

28.1.5 Details of current and previous year irregular expenditure recovered

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure recovered	0	0
Total	0	0

28.1.6 Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure written off	0	0
Total	0	0

28.1.7 Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Additional disclosure relating to Inter-Institutional Arrangements

Description
No Inter-institutional arrangement at SITA that had such non-compliance cases
Total

28.1.8 Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2023/2024	2022/2023
	R'000	R'000
None	0	0
Total	0	0

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

Description
Disciplinary cases were implemented were possible, and there were cases which action could not be taken as employees have resigned.
Total

28.2 Fruitless and wasteful expenditure

28.2.1 Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	47 115	42 720
Add: Fruitless and wasteful expenditure confirmed	0	11 368
Less: Fruitless and wasteful expenditure written off	0	-6 972
Less: Fruitless and wasteful expenditure recoverable	0	-1
Closing balance	**47 115**	**47 115**

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	0	292
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2023/24	504	0
Fruitless and wasteful expenditure for the current year	0	11 368
Total	**504**	**11 660**

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

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	292
Fruitless and wasteful expenditure under determination	0	46 823
Fruitless and wasteful expenditure under investigation	23 002	0
Total	**23 002**	**47 115**

28.2.2.1 Details of current and previous year irregular expenditure recovered

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure recovered	0	-1
Total	**0**	**-1**

28.2.2.2 Details of current and previous year irregular expenditure not recovered and written off

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure written off	0	- 6 972
Total	**0**	**- 6 972**

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

Disciplinary steps taken
Disciplinary cases were implemented were possible, and there were cases which action could not be taken as employees have resigned.

28.3 Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

28.3.1 Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2023/2024	2022/2023
	R'000	R'000
Theft	465	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
Total	**465**	**0**

28.3.1.1 Details of other material losses

Nature of other material losses	2023/2024	2022/2023
	R'000	R'000
Theft of computer equipment	465	0
Total	**465**	**0**

28.3.1.2 Other material losses recovered

Nature of losses	2023/2024	2022/2023
	R'000	R'000
None	0	0
Total	**0**	**0**

28.3.1.3 Other material losses written off

Nature of losses	2023/2024	2022/2023
	R'000	R'000
None	0	0
Total	**0**	**0**

29. INFORMATION ON LATE AND / OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
	R'000	R'000
Invoices paid within 30 days or agreed period	5,336	2,379,174
Invoices paid after 30 days or agreed period	8,228	3,021,581
Invoices older than 30 days or agreed period (unpaid and without dispute)	2,562	569,491,073
Invoices older than 30 days or agreed period (unpaid and in dispute)	112	77,881
Total	**16,238**	**574,969,709**

30. INFORMATION ON SUPPLY CHAIN MANAGEMENT

30.1 Procurement by other means

No.	Project description	Name of supplier	Type of procurement by other means	Contract number	Consolidated value R'000
1.	Request to deviate from the normal procurement process to request a single source to appoint TiradeProps 136 (Pty) Ltd for operating lease agreement for SITA Modimolle satellite office for a period of sixteen months	TiradeProps 136 (Pty) Ltd-	Single source	SUB 262/2009	R305 711,55
2.	Service renewal for the supply of virtual private network supreme (VPNS) services to SITA on behalf of North West Provincial Government (NWPG) on a month-to-month basis for a period not exceeding twelve (12) months	Business Connexion Proprietary Limited	Sole source	SS 4225-2021	R12 127 197,37
3.	Procurement of Broadcom software licences via CA Southern African (Pty) Ltd with maintenance and support for the period of two (2) years	CA Southern Africa (Pty) Ltd	Sole source	SS 4632-2022	R2 260 670,10
4.	Renewal of EI@B software agreement between SITA and Ilex South Africa for maintenance and support for South African Military Health Service (SAMHS) laboratory systems for a period of one (1) year	Ilex South Africa (Pty) Ltd	Sole source	SSP 4733-2022	R1 990 507,07
5.	Procurement and supply of AG Software that is compatible with IBM mainframe for the Department of Education's examination system, to comply with the Limpopo Provincial VPN prescripts for a period of three (3) years	Software AG South Africa (Pty) Ltd	Single source	SSP 4925-2023	R2 386 231,60

No.	Project description	Name of supplier	Type of procurement by other means	Contract number	Consolidated value R'000
6.	Request to increase the current capped amount for diesel replenishment services to the 157 SAPS switching centres, nodal point sites and SAPS high sites for the remaining period of the contract ending on 16 April 2024	Infrasol (Pty) Ltd	Single source	SSP 4769-2022	R29 281 875,00
7.	Stabilisation of the SITA Library Information Management System (SLIMS) environments nationally with maintenance and support	Citizen Connect (Pty) Ltd	Sole source	SS 4754-2022	R5 655 817,74
8.	Request for office accommodation for the SITA Rustenburg office for a period of three (3) years	Land and Agricultural Development Bank of South Africa	Single source	SSP 4504-2022	R340 468,45
9.	Replacement of the production mainframes in the Centurion primary data centre for a period of three (3) years	IBM (Pty) Ltd	Sole source	SS 4740-2022	R272 456 906,68
10.	Purchase through single source mechanism – leased ICT equipment for National Treasury (training venues)	Rena Business Solutions	Single source	SSP 5075-2023	R430 626,70
11.	Renewal of Uniface software licence maintenance and support for a period of three (3) years	Rocketsoftware BV Netherlands	Sole source	SS 4945-2023	R8 000 000,00
12.	The provision of e-mail cleansing services for a period of twelve (12) months	Dimension Data	Single source	SSP 5010-2023	R7 337 000,46
13.	Request for a single source procurement bid process for DLK Group (Pty) Ltd contract renewal	DLK Group (Pty) Ltd	Single source	SSP 5071-2023	R1 225 162,37

No.	Project description	Name of supplier	Type of procurement by other means	Contract number	Consolidated value R'000
14.	Renewal of the current maintenance and support contract between SITA and Canon South Africa for the maintenance and support of OCÉ VS7110 Flash Fusion printer that is currently installed at SITA Beta in Pretoria for a period of three (3) years	Canon South Africa (Pty) Ltd	Sole source	SS 5102-2023	R1 238 412,36
15.	Renewal of HCL Lotus Notes licences for the Limpopo Office of the Premier for a period of twelve (12) months	MySolutions (Pty) Ltd	Single source	SSP 5012-2023	R697 450,27
16.	The renewal of maintenance and support for CA Performance Management software suite for the new generation network (NGN), South African Police Service (SAPS), and the Department of Defence (DOD)	CA Southern Africa	Sole source	SS 5084-2023	R8 116 150,35
17.	Appointment of Ubuntu Technology (Pty) Ltd on a month-to-month basis for a period not exceeding twelve (12) months for access data lines connecting departments to the next generation network (NGN)	Ubuntu Technologies (Pty) Ltd	Single source	SSP 4619-2022	R2 446 813,97
18.	Request for the procurement of Microsoft unified support services for the Department of Defence Active Directory (AD) environment	Microsoft SA (Pty) Ltd	Single source	SSP 5157-2023	R3 298 648,33
19.	Appoint Zutari as a fire engineering consulting company to design the fire suppression and detection system for all SITA Tshwane buildings	Zutari (Pty) Ltd	Single source	SSP 5032-2023	R5 125 528,55
20.	Renewal of licensing, support and maintenance on perceptive enterprise search for the e-Cabinet for a period of three (3) years	OrangeNow (Pty) Ltd	Single source	SSP 5079-2023	R1 696 426,48

No.	Project description	Name of supplier	Type of procurement by other means	Contract number	Consolidated value R'000
21.	Bateleur software licence subscription renewal for to the Government Pensions Administration Agency (GPAA) for the period of thirty-six (36) months	Bateleur Software(Pty) Ltd	Sole source	SS-5161-2023	R2 910 038,73
22.	Renewal, maintenance and support of licences for the Limpopo Pharmaceutical Depot Stock Management System known by the department as the PDSX for a period of two (2) years	Vuna Healthcare Logistics (Bokoni-Bophirima) (Pty) Ltd	Single source	SSP 5014-2023	R4 709 250,00
23.	Procurement of six (6) Oracle Database Enterprise Edition licences, support and maintenance for hosting SAPS Numerus data centre environment for a period of one (1) year	Oracle Corporation (South Africa) (Pty) Ltd	Single source	SSP 4934-2023	R3 392 489,78
24.	Request to extend the memorandum of agreement between SITA and Blue Turtle Technologies (Pty) Ltd in order to ensure continuity of support and licensing of the Macro 4 Dumpmaster software and licence keys on a month-to-month basis for a period not exceeding eight (8) months	Blue Turtle Technologies (Pty) Ltd	Sole source	SS 2876-2020	R1 836 557,87
25.	Request to re-appoint Brilliant Telecommunications (Pty) Ltd to provide access link (DWA0017-22) services for the Department of Water Affairs, for a period of twenty-four (24) months	Brilliant Telecommunications (Pty) Ltd	Single source	SSP 5166-2023	R617 356,00

No.	Project description	Name of supplier	Type of procurement by other means	Contract number	Consolidated value R'000
26.	Request for the procurement of Oracle cloud infrastructure, installation, maintenance and support for South African Police Services (SAPS) for a period of five (5) years	Oracle Corporation South Africa (Pty)	Sole source	SS 4846-2022	R113 767 059,17
27.	Renewal of Microsoft enterprise agreement between SITA and Microsoft	Microsoft Ireland Operations Limited	Sole source	SS 5158-2023	R161 619 077,53
28.	Renewal of Software AG enterprise licence agreement (ELA) between SITA and Software AG for a period of three (3) years	Software AG South Africa (Pty) Ltd	Sole source	SS 4782-2022	R443 468 639,06
29.	Request for the annual renewal of Oracle hardware maintenance and software support installed at the SITA data centres, including DOD, SAPS and SITA Centurion Hosting	Oracle Corporation South Africa (Pty)	Sole source	SS 4931-2022	R281 374 135,33
30.	Renewal of the Micro Focus suite licences, maintenance and support of the licences for a period of thirty-six (36) months	Axiz (Pty) Ltd	Sole source	SS 5007-2023	R171 970 337,80
31.	Procurement request for quotation for 1 (one) monochrome high-speed printer with three (3) years maintenance contract	Altron Document Solutions	Sole source	SS 5179-2023	R2 210 000,00
32.	Appointment of EOH Mthombo (Pty) Ltd for ICT support and maintenance for the Department of Water and Sanitation for a period of 6 months	EOH Mthombo (Pty) Ltd	Single source	SSP 5154	R49 277 230,00
33.	Procurement of the software licences, support and maintenance agreement of the Adabas products for Centurion and Numerus data centres for a period of three (3) years	Bateleur Software (Pty) Ltd	Sole source	SS 4977-2023	R6 026 593,26

No.	Project description	Name of supplier	Type of procurement by other means	Contract number	Consolidated value R'000
34.	Single source procurement for asset warehousing on behalf of Gauteng Department of e-Government (e-Gov) for a period of eight (8) months	Artesa Trading (Pty) Ltd	Single source	SSP 5260-2023	R2 171 232,00
35.	Provision of cleaning and hygiene services at SITA Durban office on a month-to-month for a period not exceeding three months	SNO Cleaning Services CC	Emergency procurement	ER 5057-2023	R21 564,82
36.	Kaspersky end-point security software maintenance and support for a period of five (5) months	Ikasi Solutions	Emergency procurement	ER 5117-2023	R736 105,88
37.	Emergency procurement request for the immediate resolution of a leaking pipe affecting the Centurion building level 2	Evemohlo Trading and Projects (Pty) Ltd	Emergency procurement	ER 5362-2023	R75 313,00
Total					**R1 612 600 585,63**

30.2 Contract variations and expansions

No.	Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of the contract expansion / extension
1.	Approve the scope expansion on contract RFB 2468-2021 in order to include the supply, installation and maintenance of a multi-vendor software defined network (SDN) controller solution for the duration and remainder of the contract ending 30 November 2026	In2IT (Pty) Ltd	Contract variation	RFB 2468-2021	R160 599 676,60	N/a	R21 940 704,87
2.	Approve the variation of scope of work for CVT – REQ 0000205 for the rental of access bandwidth with Amber Falcon Properties 187 (Pty) Ltd t/a Sonke Telecommunications for the Department of Public Works Ethekwini's regional office in KZN for the remainder of the current contact period	Amber Falcon Properties 187 (Pty) Ltd t/a Sonke Telecommunications (Pty) Ltd	Contract variation	CVT-REQ 0000205	R453 740,00	N/a	R421 590,00
3.	Request to approve the contract variation between Mubvumela Corporation (Pty) Ltd and SITA	Mubvumela Corporation (Pty) Ltd	Contract variation	RFQ0000221	R62 215 034,05	N/a	R691 840,00
4.	Scope expansion for 11 additional sites connectivity for Thuthuzela centres (TCC) National Prosecuting Authority (NPA) for a period of five (5) years	Telkom SA SOC Limited	Contract variation	CVT 4537-2022 (REQ 209)	R16 631 810,00	N/a	R6 232 234,01
5.	Request to extend the current contract duration and value for LAN and desktop support for a period of six (6) months on behalf of the KwaZulu-Natal Department of Human Settlements	Datacentrix (Pty) Ltd	Contract variation	RFB 2490-1183-2019	R11 422 869,42	R1 265 000,00	R1 932 000,00

No.	Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of the contract expansion / extension
6.	Extension of RFB 1626/2017 – panel for training supplier database	Panel – various	Contract extension	RFB 1626-207	N/a	N/a	R0,00
7.	Request to approve the contract extension to provide maintenance to the sixty-eight (68) SAPS high sites on a month-to-month basis not exceeding six (6) months, (19 May 2023 to 18 November 2023) between XON systems (Pty) Ltd and SITA	XON Systems (Pty) Ltd	Contract variation	RFB 1994-2019	R17 559 679,67	R7 111 881,70	R7 111 881,70
8.	Contract variation for Vodacom for the movement of three (3) access lines (DHA0041-18, DOE0009-18, NPP0001-18) from Bedfordview to either Centurion or Beta switching centre	Vodacom (Pty) Ltd	Contract variation	RFQ2267-1072-2012 and RFQ2266-1072-2018	R14 162 865,19	N/a	R8 625,00
9.	Contract extension of RFB 1990-2019 for physical security guarding contract for SITA Gauteng offices on a month-to-month basis, not exceeding 6 months, from 1 June 2023 for financial year 2023/24	4B Protection Security Services Pty (Ltd)	Contract variation	RFB 1990-2019	R50 248 823,29	N/a	R10 115 082,39
10.	Request to approve the contract variation in the purchase order 338278 between VOX Telecommunications (Pty) Ltd and SITA	VOX Telecommunications (Pty) Ltd	Contract variation	RFQ0000164	R 821 100,00	N/a	R1 151 955,00

No.	Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of the contract expansion / extension
11.	Request to extend the memorandum of agreement between SITA and Storage Technology Services (Pty) Ltd t/a Nexio, in order to provide SAPS wide area network (WAN) and local area network (LAN) environmental hardware maintenance and selected software support on a month-to-month basis not exceeding eight (8) months	Storage Technology Services (Pty) Ltd t/a Nexio	Contract extension	RFB 2019-2019	R238 988 724,59	R7 475 000,00	R47 078 444,61
12.	Extension of an existing operating lease agreement for SITA East London switching centre for a period of one (1) year	Orynx Investments (Pty) Ltd	Contract extension	SS 4415-2022	R368 551,65	R2 099 849,98	R242 949,00
13.	For the upgrade of access link NPA0014-21 from 6 Meg to 20 Meg by Vodacom (Pty) Ltd for the National Prosecuting Authority (NPA) for a period of fifty	Vodacom (Pty) Ltd	Contract variation	RFQ 0000243	R239 748,00	N/a	R682 243,26
14.	The renewal of the umbrella contract for maintenance and support between SITA and Canon South Africa (Pty) Ltd, on a month-to-month basis for a period not exceeding six (6) months	Canon South Africa (Pty) Ltd	Contract extension	SSP 2530-2019	R16 030 431,75	N/a	R0,00
15.	Contract variation for scope expansion to the current Advance Digital Signature (Aesign) server with Law Trusted Third Party Service Pty Ltd for Limpopo Office of the Premier	Law Trusted Third Party Service Pty Ltd	Contract variation	RFB 1027	R8 176 302,34	N/a	R664 302,74

No.	Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of the contract expansion / extension
16.	Request to increase the contract amount between SITA and Neo Technologies (Pty) Ltd for the remainder of the contract expiring on 30 June 2024	Neo Technologies (Pty) Ltd	Contract variation	RFB 2206-2020	R1 812 492,00	N/a	R1 840 000,00
17.	Extension of contract for the supply, implementation, maintenance and support of a DevOps and cloud integrated development environment (IDE) solution for the State Information Technology Agency for period of December 2024 to December 2025	Altron Systems Integration	Contract extension	RFB 2433-2021	R34 992 941,85	N/a	R1 352 620,41
18.	A scope expansion to increase the number of layer 2 links for the remainder of the contract SS 4198-2021 ending 10 July 2024	Liquid Telecommunications South Africa (Pty) Ltd	Contract variation	SS 4198-2021	R16 960 881,38	N/a	R4 979 454,00
19.	Request to augment the contract between SITA and Blue Turtle Technologies (Pty) Ltd in respect to SS 2734-2019: The provision of maintenance and support of BMC software for SITA Centurion and the Department of Defence for a period of thirty-six (36) months	Blue Turtle Technologies (Pty) Ltd	Contract variation	SS 2734-2019	R77 151 915,54	N/a	R4 563 813,87
20.	Provision of hardware maintenance and operating system restoration of all end user computer-related equipment for SAPS for the remainder of the contract term	Gijima Holdings (Pty) Ltd	Contract extension	RFB 2299-2020	R62 957 843,83	N/a	R11 332 411,89

No.	Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of the contract expansion / extension
21.	Extension of contract for RFB 940 – 2021 provision of maintenance and technical support for SAPS DE-STRLAB system for a period of twenty-four (24) months	Labware Africa (Pty) Ltd	Contract extension	RFB 940-2021	R2 347 944,33	N/a	R2 600 576,36
22.	Request for approval to extend the contract RFQ 4471-1880-2022 between SITA and Mubvumela Corporation (Pty) Ltd for the provisioning of 3 x 1 GBPS links for the Government Printing Works (GPW) on a month-to-month basis, for a period not exceeding six (6) months	Mubvumela Corporation (Pty)	Contract extension	RFQ 4471-1880-2022	R1 840 000,00	N/a	R154 406,66
23.	Contract extension for maintanance and support agreement for Trelational software product for a period of one (1) year	Bateleur Software (Pty) Ltd	Contract variation	SS 4215-2021	R9 976 817.00	N/a	R2 396 855,82
24.	Request for quote (RFQ) to assist audit preparations and readiness in all areas in Finance where required change in scope due to increased audit activity	OMC Chartered Accountant	Contract variation	RFQ 4747-2134-2022	R3 859 400.00	N/a	R1 260 400,00
25.	The extension of the contract between SITA and Blue Turtle Technologies (Pty) Ltd for support and licensing of Macro 4 Dumpmaster software and licence keys for three months, from 1 September 2023 to 30 November 2023	Blue Turtle Technologies (Pty) Ltd	Contract variation	SS 2876-2020-	R7 820 779,60	R1 836 557,87	R688 713,84
26.	Contract scope expansion on Contract 943 – 2021 to enable supply and installation of Juniper network SFPS for SAPS for a period of three (3) years	Blue Networks and Infrastructure (Pty) Ltd	Contract variation	Contract 943	R13 489 350,73	N/a	R2 148 199,59

No.	Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of the contract expansion / extension
27.	Approve contract variation for the movement of access data lines from Beta switching centre to Centurion switching centre by Ubuntu Technologies (Pty) Ltd on RFB 1840-1072-2017 (BPA 334677)	Ubuntu Technologies	Contract variation	RFB 1840-1072-2017	R2 911 373,26	N/a	R2 875,00
28.	Scope variation for the upgrade of access link DWA0020-19 from 100 Meg to 200 Meg for the Department of Water and Sanitation for a period of sixty (60) months	Brilliant Telecommunications (Pty) Ltd	Contract variation	RFQ 716 (REQ 162)	R341 750,00	N/a	R1 593 600,00
29.	Scope expansion of an existing contract to increase number of Emulation software licences for Eastern Cape Provincial Government (ECPG) .	Ikhaya Technology Solutions Pty Ltd	Contract variation	RFB 2287-2021	R2 394 000,00	N/a	R522 387,50
30.	Contract variation for the outdoor transfer of access link DOL0251-16 for the Department of Labour (DOL) for the remainder of the contract period ending on 26 November 2026	Comsol Networks (Pty) Ltd	Contract variation	CVT-REQ 152	R273 700,00	N/a	R15 852,75
31.	Contract variation on the support services contract for Qualified Educators System for the period ending January 2025	Adapt IT (Pty) Ltd	Contract variation	RFQ-4123-1183-2021	R2 387 570,40	N/a	R328 688,45
32.	Scope variation on RFQ 204 for the upgrade of access link DHA0026-21 (DHA0038-23) from 2 Meg to 4 Meg for Waterkloof Airport – Department of Home Affairs (DHA) for the remaining fifty-three (53) months period	Brilliant Telecommunications (Pty) Ltd	Contract variation	RFQ 204	R212 750,00	N/a	R249 100,00

No.	Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of the contract expansion / extension
33.	Request to amend the contract RFB 2109/2019 between Internet Solutions, a division of Dimension Data (Pty) Ltd and the State Information Technology Agency (Pty) Ltd (SITA) as a result of an outdoor move from Cape Town Obsevatory to Africa Data Centre switching centres	Internet Solutions, a Division of Dimension Data (Pty) Ltd	Contract variation	RFB 2109-2019	R104 478 752,35	N/a	R0,00
34.	Request to approve contract variation in the purchase order 341564 between Dark Fibre Africa (Pty) Ltd and SITA	Dark Fibre Africa (Pty) Ltd	Contract variation	RFQ226 (REQ934)	R1 323 549,72	N/a	R23 305,90
35.	Request to increase the contract amount between SITA and Canon ID print services for a period ending 30 October 2023	Canon South Africa (Pty) (Ltd)	Contract variation	SS 2830-2020	R942 310,75	N/a	R80 500,00
36.	Request to extend the contract between SITA and Diesel Electric Services (Pty) Ltd for maintenance support of generators at Centurion data centre, from 11 September 2023 to 28 February 2025	Diesel Electric Services (Pty) Ltd	Contract variation	RFB 1627-2017	R31 004 608,35	N/a	R0,00
37.	Contract variation for maintenance and technical support of SAPS IPM system	Gijima Holdings (Pty) Ltd	Contract variation	RFQ 2718-1563-2019	R31 776 103,29	N/a	R7 198 060,83
38.	Approval to extend the contract between SITA and Software AG for Software AG enterprise licences agreement	Software AG SA (Pty) Ltd	Contract extension	SS 2796-2019	R399 297 000,45	N/a	R0,00

No.	Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of the contract expansion / extension
39.	Contract extension for SS 2474-2019: Renewal of operating lease agreement for SITA Welkom switching centre rental for a period of one (1) year from 1 November 2023	Barbour & Thorne (Pty) Ltd	Contract variation	SS 2474-2019	R980 177,74	N/a	R234 885,80
40.	Request to extend the current contract duration and value for LAN and desktop support for a period of five (5) months on behalf of the KwaZulu-Natal Department of Human Settlements	Datacentrix (Pty) Ltd	Contract variation	RFB 2490-1183-2019	R11 422 869,42	R1 932 000,00	R1 265 000,00
41.	Request to approve the second extension of contract to provide preventative and corrective maintenance to the 68 Gauteng Tetra high sites on a month-to-month basis not exceeding 12 months	NECXON Systems (Pty) Ltd	Contract variation	RFB 1994-2019	R17 559 679,67	R7 111 881,70	R6 535 956,00
42.	Contract scope expansion on Contract 985 – 2021: for supply of Cisco wireless controllers for South African Police Service (SAPS)	1. Blue Network Infrastructure (Pty) Ltd 2. In2IT Technologies (Pty) Ltd	Contract extension	RFB 985 – 2021	R18 886 093,96 R24 591 517,03	N/a	R351 408,38 R1 040 915,97
43.	Extension of contract of RFQ 1646/2003/2017): Support and maintenance for the internet gateway servers' clusters deployed on the DMZ perimeter network for period of 12 months	Ubuntu Technologies Pty (Ltd)	Contract extension	RFQ 1646/2003/2017)	R6 067 314.38	N/a	R1 579 398,70

No.	Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of the contract expansion / extension
44.	Contract variation on RFQ 4405-1880-2021 for the upgrade of access link (OCJ0013-18/ir) for the Office of the Chief Justice, Kimberly High Court, from 1 Meg to 20 Meg for the remaining period of twenty-four (24) months	Brilliant Telecommunications (Pty) Ltd	Contract variation	RFQ 4405-1880-2021	R201 021,66	N/a	R325 440,00
45.	Mimecast licence scope expansion on behalf of the KZN Department of Sport, Arts and Culture	Galix Networking (Pty) Ltd	Contract extension	RFB 2271-2020	R1 820 647,80	N/a	R848 585,00
46.	Request for extension of cleaning and hygiene services for RFB 2242-2020 – State Information Technology Agency (SITA) Limpopo offices on a month-to-month basis for a period not exceeding twelve (12) months	Tiney Cleaning Services 2 CC	Contract extension	RFB 2242-2020	R1 162 287,79	N/a	R389 208,58
47.	Contract scope expansion on RFB 2740-2023: SAS base software licence upgrade for the Numerus data centre	Altron System Integration Division (Pty) Ltd	Contract extension	RFB 2740-2023	R4 089 232,63	N/a	R248 759,06
48.	Extension of the current operating (State Information Technology Agency (SITA) Mpumalanga Nelspruit office lease agreement for a period of six (6) months from 1 February 2024 to 31 July 2024	Klipkoppie Ontwikkelings (Pty) Ltd	Contract extension	RFB 1731-2018	R15 877 973,22	N/a	R1 706 424,22
49.	Request for extension of contract: SITA switching centre maintenance on a month-to-month basis not exceeding six (6) months to ensure finalisation of the new 36-months' SITA switching centre maintenance contract	Infrasol (Pty) Ltd	Contract extension	RFB 2017-2019	R10 520 187,02	N/a	R1 961 775,33

No.	Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of the contract expansion / extension
50.	Extension of office space for SITA Eastern Cape East London through an operating lease for a period of five (5) years	SKG Africa (Pty) Ltd	Contract extension	RFB 1847-2018	R4 410 571,78	N/a	R5 198 557,55
51.	Scope expansion for RFB 2114-2019: Procurement of BeyondTrust remote support integration licence for SITA	Wire Speed Systems (Pty) Ltd	Contract variation	RFB 2114-2019	R11 026 979,70	N/a	R323 771,51
52.	Contract extension of the period of the current in-house travel agency, Travel with Flair, contract on a month-to-month basis, for a maximum of six (6) months	Travel with Flair (Pty) Ltd	Contract extension	RFB 2165-2020	R155 947 876,96	N/a	R46 266 733,73
53.	Request for approval to retain the old IP core routers and switches (Cisco ASR9010 routers)	In2IT (Pty) Ltd	Contract variation	RFB 2468-2021:	R 160 599 676,60	N/a	R17 365 000,00
Total							**R227 247 495,28**

PART F
FINANCIAL INFORMATION

31. STATE INFORMATION TECHNOLOGY SOC LTD

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The company is primarily involved in the provision of information technology, information systems and related services in a maintained systems security environment on behalf of participating government departments, including provincial departments and local government.
Registered office	459 Tsitsa Street Erasmuskloof Pretoria South Africa 0048
Business address	459 Tsitsa Street Erasmuskloof Pretoria South Africa 0048
Postal address	P O Box 26100 Monument Park South Africa 0105
Share holder	Communication and Digital Technologies
Bankers	Standard Bank of South Africa
Auditors	Auditor-General South Africa
Interim Managing Director	Mr S Dzengwa
Chief Financial Officer	Mr M Kgauwe

32. CERTIFICATE BY COMPANY SECRETARY

I, **Bridget Laka**, in my capacity as Company Secretary for the State Information Technology Agency SOC Ltd, hereby certify that, to the best of knowledge and belief, the company has lodged with the Registrar of Companies, all such returns as required by the Companies Act, 71 of 2008, and all such returns are true, correct and up to date.

Bridget Laka
Company Secretary

33. DIRECTORS REPORT

The directors have pleasure in presenting their report, which forms part of the audited annual financial statements of the State Information Technology Agency SOC Ltd for the year ended 31 March 2024. This report and the annual financial statements comply with the requirements of the Public Finance Management Act No 1 of 1999 (PFMA), the SITA Act No 88 of 1998 (as amended by Act 38 of 2002) and the Companies Act No 71 of 2008. The Board of Directors is the accounting authority in terms of section 49(2) (a) of the PFMA.

33.1 Nature of business

The nature of the company's business is the provision of information technology, information systems and related services in a maintained information systems security environment to, or on behalf of, participating national government departments, provincial government departments, and local government. In this regard the company is an agent of the South African Government, in accordance with SITA Act No 88 of 1998 (as amended by Act 38 of 2002). The company derives all its revenue from ICT services and goods.

33.2 Registration details

The company's registration number is 1999/001899/30. The registered office is 459 Tsitsa Street, Erasmuskloof, Pretoria, 0001.

33.3 Ownership

The company is wholly owned by the Government of the Republic of South Africa as represented by the Minister of Communications and Digital Technology.

33.4 Equity Contributed

There were no changes to either the authorised or issued share capital of the company during the year ended 31 March 2024. Details of the authorised and issued share capital can be found in note 8 to the annual financial statements.

33.5 Financial Highlights

The financial performance is set out on pages 117 to 170 of this report.

The agency financial performance is summarised as follows:

	31 March 2024 R'000	31 March 2023 % change
Revenue	7 234 349	9.20%
Net surplus for the year – before tax	594 486	6.41 %
Total assets	5 982 631	14.45 %
Net assets	4 414 412	10.71 %
Cash generated from operations	234 110	-39.89%

From the above it is evident that SITA has improved its performance from the previous year despite some of the challenges it faced during this financial year. The company continues to be sustainable and financially.

33.6 Dividends

There were no dividends declared for the current financial year ended 31 March 2024.

33.7 Public Finance Management Act (PFMA)

33.7.1 PFMA compliance

Various sections of the PFMA place responsibility on the Board to ensure that the company complies with all applicable legislations. Any non-compliance with legislation is reported on a quarterly basis to both EXCO and the Board of Directors.

33.7.2 Materiality and Significance Framework

A Materiality and Significance Framework has been developed for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as for significant transactions per section 54(2) of the Act, that require ministerial approval.

33.7.3 Material losses through criminal conduct, irregular, fruitless and wasteful expenditure

Section 55(2)b of the PFMA requires that SITA include in the annual report particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year. Refer to note 28 in the financial statements.

Internal Controls

The Board has the ultimate responsibility for establishing a framework of internal controls. The controls are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. The internal control environments were managed by management and monitored by the internal audit department.

Management is busy with the preparation of an audit action plan that is intended to address the disclaimer of opinion.

33.7.4 Irregular Expenditure

Details of irregular expenditure are disclosed in note 38 of the financial statements. Irregular expenditure incurred will be investigated and appropriate steps will be taken to improve controls and also to ensure appropriate consequence management.

33.8 Public Private Partnerships

The company did not enter into Public Private Partnership during the current financial year.

33.9 Basis of presentation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations and directives issued by the International Accounting Standards Board (IASB). In terms of these standards (GRAP), in the absence of a standard or pronouncement comprising the GRAP financial reporting frameworks that specifically applies to a transaction, other event or condition, management should apply judgement and may consider the following pronouncements, in descending order, in developing an accounting policy for such a transaction, event or condition.

- Standards of GRAP that have been issued, but are not yet effective,
- International Public Sector Accounting Standards (IPSAS)
- International Financial Reporting Standards (IFRS)

33.10 Events Subsequent the Date of Financial Position

There were no significant subsequent events took place within the entity.

33.11 Going Concern

The directors confirm that they are satisfied that the company has adequate resources to continue in business for the twelve-month period from the date of this report. For this reason they continue to adopt the going concern basis for preparing the financial statements as confirmed in the Statement of Responsibility by the Board of Directors.

33.12 Directors

Disclosure of Directors' remuneration is detailed in Annexure of the Annual Financial Statements.

The following individuals were Directors during the year under review:

SITA BOARD OF DIRECTORS 01 DECEMBER 2020 - 21 JULY 2023			
Name and Surname	**Designation (in terms of the public entity board structure)**	**Date of appointment**	**Date resigned/term expired**
Dr BA Mabaso	Managing Director	01- Apr - 23	Resigned: 9 December 2023
Ms M Mosidi	Chairperson - Non - Executive Director	01 - Feb - 22	Term ended: 21 July 2023
Dr S Bvuma	Deputy Chairperson – Non - Executive Director	01 - Feb - 22	Resigned: 19 July 2023
Ms N Pietersen	Non - Executive Director	01 - Feb - 22	Re-appointed: 21 July 2023
Ms S Moonsamy	Non - Executive Director	01 - Feb - 22	Resigned: 25 July 2023
Ms Z Hill	Non - Executive Director	01 - Feb - 22	Resigned: 17 July 2023
Ms O Ketsekile	Non - Executive Director	01 - Feb - 22	Term ended: 21 July 2023
Mr M Ratshimbilani	Non - Executive Director	01 - Feb - 22	Resigned: 17 July 2023
Mr R Ramabulana	Non - Executive Director	01 - Feb - 22	Term ended: 21 July 2023
Dr T Ratshitanga	Non - Executive Director	01 - Feb - 22	Resigned: 3 July 2023
Ms J Morwane	Department of Communications and Digital Technology Representative - Non - Executive Director	01 - Feb - 22	Term ended: 21 July 2023
Ms L Mseme	National Treasury Representative-Non-Executive Director	01 - Feb - 22	Re-appointed: 21 July 2023
Mr W Vukela	Department of Public Services & Administration Representative - Non - Executive Director	01 - Feb - 22	Term ended: 21 July 2023
Mr Molatlhegi Kgauwe	Chief Financial Officer - Director	01 - Dec - 20	Active

SITA BOARD OF DIRECTORS 21 JULY 2023			
Name and Surname	**Designation (in terms of the public entity board structure)**	**Date of appointment**	**Date resigned/ term expired**
Mr K Pillay	Chairperson – Non-Executive Director	21-Jul-23	Active
Ms L Petlele	Department of Communications and Digital Technology Representative - Non - Executive Director	21-Jul-23	Active
Mr N Tshenye	Managing Director (Acting) Executive Director	9 Dec-24	31-Jan-24
Mr S Dzengwa	Managing Director (Acting) Executive Director	01-Feb-24	Active
Ms N Pietersen	Non - Executive Director	Re-Appointed 21-Jul-23	Active
Ms K Sibanda	Non - Executive Director	21-Jul-23	Active
Mr M Mnisi	Non - Executive Director	21-Jul-23	Active
Mr L Keyise	Non - Executive Director	21-Jul-23	Active
Dr L Abrahams	Non - Executive Director	21-Jul-23	Active
Ms L Mseme	National Treasury Representative - Non - Executive Director	Re-Appointed 21-Jul-23	Active
Ms R Naidoo	Department of Public Services & Administration Representative - Non - Executive Director	21-Jul-23	Active
Mr MK Kgauwe	Chief Financial Officer - Executive Director	21-Jul-23	Active

34. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON STATE INFORMATION TECHNOLOGY AGENCY SOC LTD

Report on the audit of the financial statements

34.1 Disclaimer of opinion

1. I was engaged to audit the financial statements of the State Information Technology Agency (SITA) SOC Ltd set out on pages 117 to 170, which comprise the statement of financial position as at 31 March 2024, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. I do not express an opinion on the financial statements of the public entity. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

34.1.1 Basis for disclaimer of opinion

34.1.1.1 Revenue from Exchange Transactions

3. Revenue from exchange transaction was materially misstated by R77 million due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

   - Revenue from exchange transactions was not accurately recorded as required by *GRAP 9 – Revenue from exchange transactions* resulting in rendering of service revenue and drop shipment revenue as disclosed in note 15 to the financial statements being overstated by R14,9 million (2023: R 27 million). There was a consequential impact on the receivables from exchange transactions for the period and on accumulated surplus.

   - In addition, I was also unable to obtain sufficient appropriate audit evidence for the amounts disclosed as revenue from rendering of services revenue of R31 million as included in the disclosed balance of R6 042 million in note 15 and other income of R31 million as included in the disclosed balance of R65 million in note 15. I could not confirm the revenue by alternative means.

4. Consequently, I was unable to determine whether any further adjustments were necessary to revenue from exchange transactions stated at R7 234 million (2023: R 6 622 million) in note 15 to the financial statements.

Cost of Sales

5. Cost of sales were not recorded as required by GRAP 1, *Presentation of Financial Statements*. Transactions relating to prior and future periods, as well as inaccurate and invalid transactions were recorded in the current period which resulted in cost of sales disclosed in note 17 to the financial statements being overstated by R169 million. There was a consequential impact on the carrying amount of the property plant and equipment; intangible assets; trade and other payables; prior period error note; operating expenses and accumulated surplus.

6. In addition, I was unable to obtain sufficient and appropriate audit evidence for amounts disclosed as service delivery expenditure and drop shipment cost of sales to determine the full extent of the misstatement due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to cost of sales stated at R4 846 million (2022: R4 567 million) in note 17 to the financial statements.

Operating Expenditure

7. Operating expenditure was not recorded as required by Standards of GRAP 1, *Presentation of Financial Statements*. Transactions relating to prior and future periods, as well as inaccurate and invalid transactions were recorded in the current period which resulted in operating expenditure disclosed in note 18 to the financial statements being overstated by R112 million. There was a consequential impact on the prior year surplus for the period; accumulated surpluses; prepayments; trade and other payables and other receivables.

8. In addition, I was unable to obtain sufficient and appropriate audit evidence for several amounts stated as operating expenditure to determine the full extent of the misstatement due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to operating expenditure stated at R1 789 million (2022: R1 495 million) in note 18 to the financial statements.

Taxation

9. I was unable to obtain sufficient appropriate audit evidence for income tax expense due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to taxation stated at R176 million in note 20 to the financial statements.

Property, Plant and Equipment

10. The public entity did not adequately review the useful lives of the property, plant and equipment in accordance with GRAP 17, Property Plant and Equipment. Furthermore, the public entity did not adequately perform an impairment assessment at the reporting date for property, plant and equipment in accordance with GRAP 26, Impairment of Cash-Generating Assets. As a result, I was unable to determine the net carrying amount of property, plant and equipment stated at R 1 195 million (2023: R 1 036 million) in note 2 to the financial statements as it was impractical to do so. There was a consequential impact on the deferred tax; cost of sales; operating expenses and accumulated surplus.

11. Furthermore, I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment disclosed in note 2 to the financial statements, as the public entity did not have adequate systems and internal controls in place to maintain accurate and complete underlying accounting records that agree to the amounts stated in the financial statements. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment stated at R1 195 million disclosed in note 2 to the financial statements.

Intangible Assets

12. The public entity did not adequately review the useful lives of the intangible assets in accordance with GRAP 31, *Intangible assets*. Furthermore, the public entity did not adequately perform an impairment assessment at the reporting date for intangible assets in accordance with GRAP 26, *Impairment of Cash-Generating Assets* and GRAP 21, *Impairment of non-cash generating assets*. As a result, I was unable to determine the net carrying amount of intangible assets stated at R 226 million (2023: R 223 million) in note 3 to the financial statements as it was impractical to do so. There was a consequential impact on the deferred tax; cost of sales; operating expenses and accumulated surplus.

13. Furthermore, I was unable to obtain sufficient appropriate audit evidence for intangible assets disclosed in note 3 to the financial statements, as the public entity did not have adequate systems and internal controls in place to maintain accurate and complete underlying accounting records that agree to the amounts stated in the financial statements. Consequently, I was unable to determine whether any adjustments were necessary to intangible assets stated at R226 million disclosed in note 3 to the financial statements.

Receivables from Exchange Transactions

14. Receivables from exchange transactions were not recorded as required by GRAP 1, *Presentation of Financial Statements*. Receivables from exchange transactions were recorded at incorrect amounts which resulted in receivables from exchange transactions disclosed in note 6 to the financial statements being overstated by R261 million. There was a consequential impact on revenue from exchange transactions; operating expenditure; cost of sales and accumulated surplus.

15. In addition, I was unable to obtain sufficient and appropriate audit evidence for receivables from exchange transactions due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables from exchange transactions stated at R2 055 million in note 6 to the financial statements.

Current tax receivable

16. I was unable to obtain sufficient appropriate audit evidence for the current tax receivable due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to current tax receivable stated at R110 million in note 30 in the statement of financial position.

Deferred Tax

17. I was unable to obtain sufficient appropriate audit evidence for deferred tax due to the status of record keeping. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to deferred tax stated at R107 million in note 11 to the financial statements.

Trade and Other Payables

18. Trade and other payables were not recorded accurately as required by GRAP 1, *Presentation of Financial Statements*, which resulted in trade and other payables disclosed in note 12 to the financial statements being overstated by R578 million. There was a consequential impact on cost of sales; operating expenditure and accumulated surplus.

19. In addition, I was unable to obtain sufficient and appropriate audit evidence for trade and other payables to determine the full extent of the misstatement due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to trade and other payables stated at R948 million in note 12 to the financial statements.

Prior period error

20. Not all prior period errors were disclosed in note 39 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for some financial statement items affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 39 to the financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the financial statements.

34.1.2 Responsibilities of the accounting authority for the financial statements

21. The board of directors, which constitutes accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the Public Finance Management Act No.1 of 1999 (PFMA) and the Companies Act; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

24. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page number 111 to 114 of the annexure to the auditor's report, forms part of our auditor's report.

34.2 Report on the audit of the annual performance report

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

26. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Thought leadership and service delivery	24 - 26	To provide well researched, tested, innovative and secure solutions, products and services aimed at digitising government and improving citizens' experience of government services
Digital Infrastructure	27 - 28	To optimise and/or build the required computing capabilities such as platforms, networks and storage to enable the provisioning of digital services and solutions at increased availability, flexibility, scalability, predictability and security.

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

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

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

30. I did not identify any material findings on the reported performance information for the selected programmes.

34.2.1 Other matter

31. I draw attention to the matter below.

34.2.1.1 Achievement of planned targets

32. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements. This information should be considered in the context of the findings on the reported performance information.

33. The table that follows provide information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages [24 to 34].

Thought leadership and service delivery

Targets achieved: 50%
Budget spent: 97.9%

Key indicator not achieved	Planned target	Reported achievement
Percentage implementation of Court Online Phase 1 Roll-out plan	100% implementation of Court Online Phase 1 Roll-out Plan	Not achieved 0% implementation of Court Online Phase 1 Roll-out plan
Percentage implementation of Indigent Household application and integration of phase 1 plan	100% implementation of Indigent Household application and integration of phase 1 plan	Not achieved 96% implementation of Indigent Household application and integration of phase 1 plan
Number of services automated within SITA	5 services automated within SITA	Not achieved 4 services automated within SITA

34.3 Report on compliance with legislation

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

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

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

37. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

34.3.1. Annual financial statements and annual report

38. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA. Material misstatements of financial instrument disclosure items, statement of comparison of budget and actual amounts and cash flow statement identified by the auditors in the submitted financial statements were corrected and/or the supporting records were provided, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.

Revenue management

39. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Expenditure management

40. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 38 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure relates to expenditure incurred on ongoing multi-year contracts incurred in prior years.

41. Prepayments were made before goods or services were received and the terms of contract did not specify that payments in advance are required in contravention of treasury regulation 31.1.2(c).

Procurement and contract management

42. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021/22.

43. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with the policies of the public entity, as required by Treasury Regulation 16A6.2 (a) and (b).

44. I was unable to obtain sufficient appropriate audit evidence that all extensions or modifications to contracts were approved by a properly delegated official as required by section 56(1) of the PFMA.

Asset management

45. A significant asset was acquired without approval by the executive authority, in contravention of section 54(2)(d) of the PFMA.

Consequence management

46. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

34.4 Other information in the annual report

47. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

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

49. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

50. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

34.5 Internal control deficiencies

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

52. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion and the material findings on compliance with legislation included in this report.

53. Management developed an action plan to address prior years material audit findings. However, implementation of the action plan was not effectively monitored. This resulted in non-adherence to the timelines outlined in the plan and the material misstatements not being appropriately corrected and ultimately a repeat modification of the audit opinion. Critical judgements, assumptions and processes applied by management were not adequately documented and were not supported by evidence.

54. Management did not implement adequate daily, weekly and monthly processing and reconciliation controls to ensure that the financial statements were supported by accurate schedules. This resulted in material differences between supporting schedules submitted to support the figures on the financial statements.

55. Significant findings identified in the submitted annual financial statements indicated that the Standards of GRAP were not interpreted and applied properly and consistently when preparing the annual financial statement.

56. Effective systems of internal control were not implemented to ensure accurate financial reporting. The preparation of financial statements was not adequately executed to ensure a comprehensive review of year-end adjustments and reconciliations; resulting in material misstatements identified through the audit process, some of which were subsequently corrected. There is a lack of credible financial reporting throughout the year to enable leadership to review and take appropriate and timeous corrective action where required. The inaccuracies in financial statements could have been largely prevented if the information was prepared regularly and diligently reviewed by appropriate members of senior management.

57. Several instances of limitations of scope were identified during the audit where management failed to submit information required for audit purposes in a timely manner, due to a lack of an efficient record keeping system and this resulted in late finalisation of the audit and limitation misstatements being identified.

58. Management did not in all instances implement effective internal controls to ensure that adequate and sufficient minutes of meetings related to the board of directors, audit and risk committee and sub committees of the board of directors are in place and that effective record keeping systems are in place.

34.6 Material irregularities

59. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

34.6.1 Status of previously reported material irregularities

34.6.1.1 Payment made for licences that were not utilised

60. Payments were made for excess licences that were not utilised/deployed as internal controls were not implemented by officials to ensure effective, efficient, economical and transparent use of financial resources as required by section 57(b) of the PFMA.

61. The payment for the excess licences resulted from an official of the unit certifying that the services were received and the official's supervisor certifying that the invoices can be processed for payment despite there being no use/ deployment in place for the 31 898 licences and thus both officials that were responsible for ensuring that only licenses in use are being paid did not fulfil their responsibilities.

62. I notified the accounting officer of the material irregularity on 16 September 2021 and invited written submissions on their actions taken to address the matter. The accounting officer responded to the notification on 15 October 2021 and also made further submissions on the matter subsequently. Some of the actions carried out by the accounting authority included:

- Initiating an investigation into the matter on 1 March 2023. This investigation was concluded on 17 May 2024 and shared with me on 24 May 2024.

63. I considered the representations made and the substantiating documents provided .and have concluded that appropriate actions are not being taken to address the material irregularity

64. I referred the material irregularity to the Special Investigations Unit (SIU) on 27 August 2024 for investigation as provided for in section 5(1A) of the PAA. The SIU acknowledged receipt of the referral on 10 September 2024 and the matter is under assessment.

Payment for services not delivered

65. An official of the entity approved a business case for an event without the appropriate authority. The entity entered into a contract with the supplier on 31 March 2019. Payment was made to the supplier on 11 April 2019; however, the services were not received. As a result of the official committing the public entity to a payment of R1 500 000 without the authority to do so, the system of financial management and internal control established for the public entity was not carried out within the area of responsibility. This resulted in non-compliance with section 57(a) of the PFMA.

66. I notified the accounting officer of the material irregularity on 16 September 2021 and invited written submissions on their actions taken to address the matter. The accounting officer responded to the notification on 15 October 2021 and also made further submissions on the matter subsequently. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions are not being taken to address the material irregularity.

67. I recommend that the accounting authority should take the following actions to address the material irregularity, which should be implemented by 31 October 2024.

- Appropriate action should commence to recover the financial loss suffered. The recovery process should not be unduly delayed.
- If it appears that the entity suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service

Pretoria,

Auditor - General

8 November 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	PFMA 55(1)(c)(i)
	PFMA 55(1)(b)
	PFMA 55(1)(a)
	PFMA 51(1)(b)(i)
	PFMA 53(4)
	PFMA 51(1)(b)(ii)
	PFMA 66(3)(c)
	PFMA 51(1)(e)(iii)
	PFMA 57(b)
	PFMA 54(2)(c)
	PFMA 54(2)(d)
	PFMA 56(1)
Treasury Regulations 2005	TR 31.1.2(c)
	TR 32.1.1(a)
	TR 32.1.1(b)
	TR 32.1.1(c)
	TR 31.2.5

Legislation	Sections or regulations
	TR 31.2.7(a)
	TR 30.2.1
	TR 33.1.3
	TR 33.1.1
	TR 16A9.1(b)(ii)
	TR 16A9.1(e)
	TR 16A9.1(d)
	TR 16A9.1(f)
	TR 16A6.1
	TR.16A8.4
	TR 16A3.2(a)
	TR 16A6.4
	TR 16A6.5
	TR 16A6.3(a), (b), (c) & (e)
	TR 16A6.2(a) & (b)
	TR 16A8.3
	TR 16A3.2
	TR 8.2.1
	TR 8.2.2
	TR 16A8.4
	TR 30.1.1
	TR 16A7.1
	TR 16A7.3
	TR 16A7.6
	TR 16A7.7
	TR 16A9.2
	TR 16A9.2(a)(ii)
	TR 30.1.3(a)
	TR 30.1.3(b)
	TR 30.1.3(d)
	TR 31.2.1
	TR 31.1.2 (c)
	TR 31.3.3
Companies Act 71 of 2008	Co Act 46(1)(a)
	Co Act 46(1)(b)
	Co Act 46(1)(c)
	Co Act 45(2)
	Co Act 45(3)(a)(ii)
	Co Act 45(3)(b)(i)
	Co Act 45(3)(b)(ii)
	Co Act 45(4)
	Co Act 112 (7)(a)
	Co Act 129(7)

Legislation	Sections or regulations
Preferential Procurement (PPPF Act)	PPPFA 2(1)(a)
	PPPFA 2(1)(f)
	2017 Preferential Procurement reg 6(8), 7(8), 10(1)&(2) & 11(1)
	2022 Preferential Procurement reg 4(4)
	Preferential Procurement reg {2017} 5(1) & 5(3)
	Preferential Procurement reg 2017 5(6)
	Preferential Procurement reg 2017 5(7)
	Preferential Procurement reg {2017} 4(1) & 4(2)
	Preferential Procurement reg {2017} 9(1)
	2017 Preferential Procurement reg 8(2)
	2017 Preferential Procurement reg 8(5)
Construction Industry Development Board Act 38 of 2000	CIDB Act 18(1)
Construction Industry Development Board Regulations, 2004	CIBD Act 17
	CIBD Act 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8
	Paragraph 4.9
	Paragraph 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1
	Paragraph 4.2(b)
	Paragraph 4.3
	Paragraph 4.4
	Paragraph 4.4(a)
	Paragraph 4.17
	Paragraph 7.2
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1
	Paragraph 3.2.4
	Paragraph 3.2.4(a)
	Paragraph 3.3.1
Practice Note 11 of 2008/9	Paragraph 3.1 (b)
	Paragraph 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3

Legislation	Sections or regulations
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1
	Section 2.1(a)
	Section 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1
	Regulation 4.2
	Regulation 4.3
	Regulation 4.4
	Regulation 5.1
	Regulation 5.2
	Regulation 5.3
	Regulation 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1
	Regulation 4.2
	Regulation 5.1
	Regulation 5.3
	Regulation 5.6
	Regulation 5.7
	Regulation 6.1
	Regulation 6.2
	Regulation 6.3
	Regulation 6.5
	Regulation 6.6
	Regulation 6.8
	Regulation 7.1
	Regulation 7.2
	Regulation 7.3
	Regulation 7.5
	Regulation 7.6
	Regulation 7.8
	Regulation 8.2
	Regulation 8.5
	Regulation 9.1
	Regulation 9.2
	Regulation 10.1;
	Regulation 10.2
	Regulation 11.1
	Regulation 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)


70.74
2.26
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59.66
97.50
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60.01
38.86
3.51
11.84
33.51
68.16
49.35
14.59
77.54
38.12
50.09
65.31
77.99
66.35
40.73
64.55
80.83
48.24
59.11

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Abbreviations used:

GRAP Generally Recognised Accounting Practice
IAS International Accounting Standards
IPSAS International Public Sector Accounting Standards
SITA State Information Technology Agency

The annual financial statements set out on page 117 - 170, which have been prepared on the going concern basis, were approved by the board of members on 31 May 2024 and were signed on its behalf by:

Member
Board Chairperson

Statement of Financial Position as at 31March 2024

	Note(s)	2024 R '000	2023 R '000
Assets			
Non-Current Assets			
Property,plant and equipment	2	1 194 975	1 035 908
Intangible assets	3	226 336	222 843
Prepayments	4	5 553	905
		1 426 864	**1 259 656**
Current Assets			
Cash and cash equivalents	5	2 219 662	2437 791
Receivables from exchange transactions	6	2 055 017	1 121 203
Current tax receivable		110 215	218 983
Prepayments	4	157 978	178 435
Inventories	7	12 895	13 256
		4 555 767	**3 969 668**
Total Assets		**5 982 631**	**5 229 324**
Reserves Other NDR	9	627 335	627 335
Accumulated surplus		3 787 077	3 358 940
Total Net Assets		**4 414 412**	**3 986 275**
Liabilities			
Non-Current Liabilities			
Finance lease obligation	14	75 583	96 106
Post-retirement benefit obligation	10	120 959	118 535
Long service award benefit	10	10 467	10 952
Deferred tax	11	107 213	55 056
		314 222	**280 649**
Current Liabilities			
Trade and other payables	12	947 692	719 191
Income received in advance	13	280 856	221 872
Finance lease obligation	14	20 523	16 878
Post-retirement benefit obligation	10	3 324	2 713
Long service award benefit	10	1 603	1 749
		1 253 998	**962 403**
Total Liabilities		**1 568 220**	**1 243 052**

Statement of Financial Performance

	Note(s)	2024 R '000	2023 R '000
Revenue from exchange transactions	15	7 234 023	6 622 296
Revenue from non-exchange transactions	16	326	2 511
Total revenue		**7 234 349**	**6 624 807**
Cost of sales	17	(4 846 000)	(4 567 365)
Gross surplus		**2 388 349**	**2 057 442**
Operating expenses	18	(1 788 637)	(1 494 789)
Operating surplus	**33**	**599 712**	**562 653**
Finance costs	19	(5 226)	(3 992)
Surplus before taxation		**594 486**	**558 661**
Taxation	20	(176 130)	(27 941)
Surplus for the year		**418 356**	**530 720**

Statement of Changes in Net Assets

	Share capital/ contributed capital	Other Non-Distrubutable Reserves	Accumulated surplus/ deficit	Total net assets
	R '000	R '000	R '000	R '000
Balance at 01April 2022	**-**	**-**	**2 828 220**	**2 828 220**
Changes in net assets				
Share Capital	1	-	-	1
Reserves	-	627 335	-	627 335
Net income (losses) recognised directly in net assets	1	627 335	-	627 336
Surplus for the year	-	-	530 720	530 720
Total recognised income and expenses for the year	1	627 335	530 720	1 158 056
Total changes	-	627 335	530 720	1 158 055
Balance at 01April 2023	**-**	**627 335**	**3 368 721**	**3 996 056**
Changes in net assets				
Surplus for the year	-	-	418 356	418 356
Total changes	-	-	418 356	418 356
Balance at 31March 2024	**-**	**627 335**	**3 787 077**	**4 414 412**
Note(s)	8	9		

Cash Flow Statement

	Note(s)	2024 R '000	2023 R '000
Cash flows from operating activities			
Receipts			
Sale of goods and services		7 473 083	7 300 921
Finance income recieved		174 712	135 801
		7 647 795	**7 436 722**
Payments			
Suppliers and employees		(6 768 964)	(6 417 249)
Finance costs		(5 226)	(2 344)
VAT paid		(377 115)	(476 174)
Taxes on surpluses	30	(262 380)	(151 538)
		(7 413 685)	(7 047 305)
Net cash flows from operating activities	**21**	**234 110**	**389 417**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(390 437)	(85 049)
Purchases of intangible assets	3	(29 337)	(67 386)
Net cash flows from investing activities		**(419 774)**	**(152 435)**
Cash flows from financing activities			
Finance lease payments		(32 465)	(26 982)
Net increase/(decrease) in cash and cash equivalents		**(218 129)**	**210 000**
Cash and cash equivalents at the beginning of the year		2 437 791	2 227 789
Cash and cash equivalents at the end of the year	**5**	**2 219 662**	**2 437 789**

The accounting policies on pages 122 to 139 and the notes on pages 140 to 170 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	R '000
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	5 856 026	-	5 856 026	6 041 711	185 685	(a)
Drop shipment revenue	759 577	-	759 577	949 473	189 896	(a)
Other income	45 828	-	45 828	64 965	19 137	
Finance income	-	-	-	177 874	177 874	
Total revenue from exchange transactions	**6 661 431**	**-**	**6 661 431**	**7 234 023**	**572 592**	
Revenue from non-exchange transactions						
Transfer revenue						
Public contributions and donations	-	-	-	326	326	
Total revenue	**6 661 431**	**-**	**6 661 431**	**7 234 349**	**572 918**	
Expenditure						
Impairment loss/Reversal of impairments	-	-	-	(109 724)	(109 724)	
Finance costs	-	-	-	(5 226)	(5 226)	
Cost of sales	(4 713 441)	-	(4 713 441)	(4 736 276)	(22 835)	(b)
Operating expenses	(1 587 481)	-	(1 587 481)	(1 788 637)	(201 156)	(c)
Total expenditure	**(6 300 922)**	**-**	**(6 300 922)**	**(6 639 863)**	**(338 941)**	
Surplus before taxation	**360 507**	**-**	**360 507**	**594 486**	**233 979**	
Taxation	(100 942)	-	(100 942)	(176 130)	(75 188)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**259 565**	**-**	**259 565**	**418 357**	**158 792**	

(a) Total revenue exceeded budget, mainly due to new unbudgeted opportunities that were realised
(b) The variance is directly linked to the additional revenue that is realised in excess of the budget
(c) This variance is mainly due to the year-end adjustment which are not part of the budget.

1. Significant account policies

The State Information Technology Agency SOC Ltd (SITA) is a state owned company domiciled in South Africa. The company is primarily involved in the provision of information technology, information systems and related services in a maintained systems security environment on behalf of participating government departments, including provincial departments and local government. The financial statements for the year ended 31 March 2024 were authorised and approved in accordance with a resolution of the Board of Directors on 30 May 2024.

The principle accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies are consistent with those used to present previous years financial statements, unless specifically stated otherwise.

1.1 Basis of preparations

These financial statements are presented in South African Rands (R), which is the company's functional currency. They have been prepared on the historical cost basis except for financial instruments which are recorded at fair value. The financial statements are prepared on acrual basis of accounting. These financial statements are rounded off to the nearest R'000.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standardof GRAP and when SITA has a legal right to set-off the amounts and intends to settle on a net basis to realise the asset and settle the liability simultaneously.

The significant accounting policies, have been consistently applied in the preparation of these annual financial statements and the prior-year.

1.2 Going concern assumption

These annual financial statements have been prepared based on the assumption that the SITA will continue to operate as a going concern for the next 12 months. Management carefully considered the company's current financial performance, reviewed the current operating environment, budget and performed a going concern assessment. The directors have reasonable expectations that the company has and anticipates to have adequate financial resources to continue in operational existence for the foreseeable future.

1.3 Presentation currency

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

1.4 Materiality

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

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

1.5 Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations and directives issued by the Accounting Standards Board (ASB). In terms of these standards (GRAP), in the absence of a standard or pronouncement comprising the GRAP financial reporting frameworks that specifically applies to a transaction, other event or condition, management should apply judgement and may consider the following pronouncements, in descending order of the hierarchy listed below, in developing an accounting policy for such a transaction, event or condition.

- Standards o fGRAP (Generally Recognised Accounting Practices) that have been issued,but are not yet effective;
- IPSAS (International Public Sector Accounting Standards);
- PFMA (Public Finance Management Act) and
- Companies Act, no 71of 2008

1.6 Translation of foreign currencies

Foreign currency transactions

Transactions in currencies other than in Rand are defined as foreign currency transactions. Transactions in foreign currenciesare translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Rand at the rate of exchange ruling at the reporting date. Non monetary assets and liabilities that are measured in terms of the historical cost in a foreign currency are translated at the exchange rate ruling at the original transaction date. Any foreign exchange differences are recognised in surplus or deficit in the period in which the difference occurs.

1.7 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company has become party to the contractual provisions of the financial instruments.

A financial asset and a financial liability is initially recognised at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of a financial asset or a financial liability.

After initial recognition, financial assets, including derivative assets, are measured at their fair values, without any transaction costs it may incur on the sale or other disposal, except for the following financial assets:
- Loans and receivables are measured at amortised cost using the effective interest method.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through surplus or deficit. Financial liabilities at fair value through surplus or deficit, including derivatives that are liabilities, are measured at fair value.

At the end of each reporting period, financial assets at amortised cost are assessed of whether there is an objective evidenceof impairment. If objective evidence exists that an impairment loss has been incurred, such loss is recognised in surplus or deficit. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

When a subsequent event causes the amount of an impairment loss to decrease, the decrease in the impairment loss is reversed through surplus or deficit.

1.7 Financial instruments (continued)

Cash and cash equivalent

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.Cash and cash equivalent is accounted for at amortised cost and measured at an effective interest due to interest earned from the banking institutions.

Derecognition

SITA derecognises a financial asset when:

- contractual rights to the cash flow from the financial asset expire, are settled or waived;
- financial asset risk and reward have been substantially transferred to another entity; or
- financial asset control has been transferred to another party and the other party has a practicalability to sell the financial asset.

SITA derecognise a financial liability when:

- when obligation specified in the contract is discharged, cancelled, expires or waived

1.8 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with the basis of preparation requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses.The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results thereof form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.Actual results in the future could differ from these estimates which may be material to the annual financial statements.

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

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

1.8 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 10.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Estimates of useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives. Useful lives are reviewed at each reporting date,estimate is based on the pattern in which the asset’s future economic benefits or service potential to be consumed. The actual results in the future could differ from these estimates which may be material to the annual financial statements.

Estimates of useful lives of intangible assets

Intangible assets are amortised over their useful lives. Useful lives are reviewed at each reporting date, estimate is based on the pattern in which the asset’s future economic benefits or service potential to be consumed.

Estimates of useful lives of finance lease assets

Finance lease assets are depreciated over their useful lives, which is directly linked to the lease term of the underlying lease asset or period in which the asset is expected to be available for use. Useful lives are reviewed at each reporting date, taking into account the lease term extension and termination option.

Estimate for long service awards

Provision for employee entitlement to long service awards represents the present obligation that SITA has as a result of employees’ services provided up to the reporting date. The provision is calculated based on completed years of continuous service.

1.8 Significant judgements and sources of estimation uncertainty (continued)

Estimate for post retirement medical benefit

Provision for employee entitlement to post retirement medical benefit represents the present obligation that SITA has as a result of employees' services provided up to the reporting date. The provision is calculated based on completed years of continuous service.

The eligibility for the Postretirement benefit subsidy benefit is as follows:
- Employees joining before1 April 1999
- Continues upon ill-health retirement
- Continues for spouse on death of in-service employee
- Continues for spouse on death of continuation member

In addition to the above:
- Continuation of the benefit is subject to members belonging to SITA approved medical schemes.
- An eligible employee must complete at least 15 years of service to qualify for the continuation benefit.
- Eligible employees with service period of between10 and 15 years receive a lumpsum of three times the annual contributions at retirement.

Estimate for provision for doubtful debts

Provision for doubtful debts were raised and management determined an estimate based on the information available at reporting date. The amount is determined based on historic default rate after taking into account economic factors and appliedon the different aging categories of the debtors as at the reporting date.

Estimate of employee benefits costs allocation

Cost relating to current service costs, interest costs and net actuarial gains have been allocated at a percentage around 54%/46% between direct and indirect cost based on the entity's normal costs allocation.

Asset designation

Assets are classified as either cash generating or non-cash generating upon acquisition based on their intended use by management. Where the asset's intended use is to generate commercial return in the form of revenue, the asset is designated as a cash generating asset. Assets acquired for use other than the generation of revenue are classified asnon-cash generating assets.

Allocation of costs

Management allocates amortisation and depreciation based on the employee type indicator linked to an employee whichis accepted to represent the use of the assets.Labour costs are allocated based on an employee's costing type on the General Ledger and then transferred as borrowed and lent labour costs (between Cost of Sales and Operating Expenses)ifthe employee participates in projects outside of their cost centres.In addition, the hours recorded on an employees' timesheets (which is deemed to be indicative of the actual tasks performed) are utilised to further allocate the labour costs between Cost of Sales andOperating Expenses

1.9 Property, plant and equipment

Recognition and measurement

An item of property, plan and equipment is recognised at cost when:

- it is probable that future economic benefits or service potential will flow to SITA;
- the cost or fair value of the asset can be measured relaibly.

Items of property, plant and equipment, except land, are measured at cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost and is not depreciated. The cost of items of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary forit to be capable of operating in the manner intended by management.

Management expects to use items of property, plant and equipment for their economic life and therefore the residualvalues are estimated to be negligible

Where an asset is acquired at no cost, or for a nominal amount, its cost is its fair value as at the date of acquisition.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Repairs and maintenance costs

Repairs and maintenance costs incurred in relation to the maintainig items of property, plant and equipment are included in surplus or deficit during the financial period in which they are incurred. The specific amounts incurred for repairs and maintenance relate to costs incurred on repairs and maintenance done by service providers. Labour costs are not included because these services are outsourced and SITA employees do not provide the repair or maintenance services but just monitor the maintenance and the cost of monitoring is insignificant.

Cash generatic unit (CGU)

The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if itis probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance costs are not capitalised, they are recognised in surplus or deficit as incurred.

1.9 Property, plant and equipment (continued)

Depreciation

Depreciation is recognised in the surplus or deficit on a straight-line basis over the estimated useful life of each item of property, plant and equipment.Land is not depreciated. Depreciation begins when the item of property, plant and equipment is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases when the asset is derecognised or when the asset is fully written off.

Classification of all costs, including depreciation, in the statement of financial performance as either cost of sales or operating expenses is based on the association of the expenditure with either revenue generating activities or non-revenue generating activities. All costs associated with revenue generating activities are classified as cost of sales whilst other costs are operating expenses.

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	64 years
Furniture and fixtures #	Straight-line	3-46 years
Motor vehicles^	Straight-line	10-25 years
IT equipment*	Straight-line	3-30 years
Infrastructure	Straight-line	5-30 Yeaars

Included in this asset categories are various assets with varying useful lives.

* Included under computer equipment category are the following: Computer Equipment, Network Equipment and Mainframe Equipment which have their own useful lives. The reason for this bigger range is due to these assets categories having their own useful lives but are disclosed combine in the disclosure under one class Computer Equipment.

Included under this category is Office Equipment and Fittings which have different subcotegories resulting in this wide category within this one class and assets within this class are assessed separately for useful lives but are disclosed under one category.

^ Included in this category is not just normal vehicle but other components with in the vehicle class that have varying useful lives.

Depreciation methods, useful lives and estimated residual values are reviewed at each reporting date. The effect of changes in the depreciation methods, useful lives and estimated residual values are accounted for in accordance with GRAP 3 (Standard on Accounting Policies, Changes in Accounting Estimates and Errors), as a change in estimate.

Impairment

Assets are assessed for impairment when there are indicators for impairment. Where there are indicators, SITA compares the carrying amounts and the recoverable amount, and where carrying amount exceed the recoverable amount,impairment loss is recognised in surplus or deficit.

Cash generating units are assessed for impairment when there are indicators of impairment. Impairment loss is recognised in the surplus or deficit when the recoverable amount is less than its carrying amount.

1.9 Property, plant and equipment (continued)

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset at the disposal date and is recognised as a surplus or deficit.

1.10 Intangible assets

An intangible asset is recognised when:

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

Intangible assets that are acquired by the SITA are initially measured and recognised at cost. Subsequently they are carried at cost less accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised over their useful economic lives. Amortisation is charged to surplus or deficit on a straight line basis over the estimated useful lives of intangible assets. The amortisation period and the amortisation method is reviewed annually and any changes are accounted for in terms of GRAP 3 (Standard onAccounting Policies, Changes in Accounting Estimates and Errors), as a change in accounting estimate.

Impairment assessment

Intangible assets with finite useful lives:

- where the indicators exist, the assets are tested for impairment through comparing the carrying amounts to recoverable amounts; and
- where carrying amounts exceeds recoverable amounts impairment loss is recognised in surplus or deficit.

Intangible assets with indefinite useful life or an intangible assets not yet available for use shall be assessed for impairment annually irrespective of whether there is any indication of impairment, this is done by comparing its carrying amounts with its recoverable amount.

Subsequent costs

Subsequent expenditure on an intangible item is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria.

1.10 Intangible assets(continued)

Computer software

Computer software is initially recognised at cost. Subsequently it is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight line basis over the estimated useful life of the software. Annual license fees on software are expensed in the year of accrual.

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

Item	Depreciation method	Average useful life
Contruction in progress-intangible assets	Straight-line	1-25 years

Included in this asset category are the folowing: Mainframe Software, Network Software and Computer Software which have varying useful lives.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in surplus or deficit in the year in which it is incurred.

Development costs that have been incurred on internally generated intangible assets are capitalised and recognised as an intangible asset when management can demonstrate all of the following:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential.
- the availability of adequate technical, financial and other resources to complete the development and to use or sellthe intangible asset.
- its ability to me asure reliably the expenditure attributable to the intangible asset during its development.

Derecognition

The carrying amount of an item of property, plant and equipment (intangible asset)is derecognised on disposal or whenno future economic benefits or service potential are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset at the disposal date and is recognised in surplus or deficit.

1.11 Leases

Finance leases - lessee

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an assets. Title may or may not eventually be transferred. The assets and liability associated with the finance lease have been recognised at amounts equal to the present vaue of the minimum lease payments as this is lower than the fair value of the leased property.

Initial direct costs incurred in negotiating and arranging a finance lease are added to the carrying amount of the leased asset.

Depreciation on the finance lease asset is recognised in the surplus or deficit on a straight-line basis over the lease term and useful life for different components. Depreciation begins when the leased asset(s) is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases when the leased asset(s) is derecognised.

The estimated useful lives for the current and comparative periods are as follows:

	Original useful lives
Nodes	4-5 years
Capitalised directly attributable costs	9-10 years

Operating leases - lessee

Leases where the company does not retain a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Lessor

Rental income (net of any incentives given to the lessee) from operating leases is recognised on a straight-line basis over the term of the relevant lease.Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised, as an integral part of the total lease income on a straight-line basis, over the lease term.

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position.

1.11 Leases (continued)

Determining whether an arrangement contains a lease

The company ensures that the following two requirements are met, in order for an arrangement transacted by thecompany to be classified as a lease in terms of GRAP 13 (Leases):

- Fulfilment of the arrangement is dependent on the use of an asset or assets, and this fact is not necessarily explicitly stated by the contract but rather implied; and
- The arrangement conveys a right to use the asset or assets, if one of the following conditions is met:
  - the purchaser has the ability or right to operate the asset or direct others to operate the asset; or
  - the purchaser has the ability or right to control physical access to the asset; or
  - there is only a remote possibility that parties other than the purchaser will take more than a insignificant amount of theoutput of the asset, and the price that the purchaser will pay is neither fixed per unit of output nor equal to the current market price at the time of delivery.

The company's assessment of whether an arrangement contains a lease is made at inception of the arrangement, with reassessment occurring in the event of limited changes in circumstances as specified by GRAP 13 (Leases).

1.12 Impairment

The carrying amount of the company's tangible and intangible assets with a finite useful life, other than financial assets and deferred taxation assets, are reviewed at each reporting date to determine if there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of impairment loss (if any). Where an asset does not generate cash flows that are independent from other assets, SITA estimates the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss is recognised in surplus or deficit whenever the carrying amount of an asset exceeds the recoverable amount.

The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and it's value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset after deducting any costs relating tothe realisation of the asset. In assessing the value in use, the expected future cash flows from the asset are discounted to their net present values using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Assumptions used to determine value in use, but not limited:

- Discount rate is equal to the Reserve Bank CPD rate.
- Cash flowsincrease bythe applicable CPIrate.
- Amounts committed by clients i.e.signed SLA or negotiations at an advance stage, are taken into account when assessing expected cash flows.
- Pricing models; the commercial viability included in the business cases for execution.
- Assessment supported by discussion with the implemenation lines of business and related project plans.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates previously used to determine the recoverable amount, to an amount not higher than the carrying amount that would have resulted, net of depreciation and amortisation, had no impairment loss been recognised. A reversal of an impairment loss is recognised as income immediately if the impairment was recognised previously as an expense.

1.13 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Bonus

A provision is recognised for the amount expected to be paid under short-term cash bonus plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Leave pay accrual

Leave pay accrual for employees represents the present obligation that SITA has as a result of employees' services provided up to the reporting date. The accrual is calculated using the number of days that accrue to employee on amonthly basis.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not undercommon control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

A defined contribution plan is a post-retirement benefit plan under which the company pays fixed contributions into a separate company and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the surplus or deficit when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The post-retirement benefit plan is a defined benefit plan and medical benefits are provided for all permanent employees via three medical funds.All contributions paid are charged to the surplus or deficit in the year to which they relate. SITA provides post- retirement health care benefits to a closed group of qualifying employees and retirees. The entitlement to post-retirement health care benefits is based on the qualifying employee remaining in service up to retirement age.The expected cost of these benefits are accrued for over the period of employment, using the projected unit credit method. Annual valuations of these obligations are carried out by independent qualified actuaries. Any actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised as an expense in the period in which the plan is amended.

1.14 Revenue from exchange transactions

Revenue comprises amounts due by customers for goods and services and is recognised at the fair value of the consideration received or receivable, and excludes value added tax.

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.The stage of completion is perfomance based and dependant on the terms of the contract. The outcome of a transaction canbe estimated reliably when all the following conditions are satisfied:
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the company.
- The stage of completion of the transaction at the reporting date can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recoverable recognised.

1.15 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entityin exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not theypay taxes.
Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

1.15 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transfer or if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation. Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefitsor service potential from non-exchange transactions,other than taxes.

1.16 Finance income

Finance income comprises interest income earned on funds invested, interest accrued on overdue customer accounts and adjustments required in terms of GRAP 104 (Financial Instruments).

Interest is recognised on the time proportion basis using the effective interest method over the period to maturity, when it is determined that such income will accrue to the company.

1.17 Finance expenses

Finance expenses comprise interest and penalties payable on overdue accounts and adjustments required in terms of GRAP 104 (Financial Instruments).Interest is calculated and recognised in surplus or deficit using the effective interest method.

1.18 Taxation

Income tax comprises current and deferred tax. An income tax expense is recognised in surplus or deficit except to the extent that it relates to items recognised directly in the statement of changes in net assets.

Current tax comprises tax payable or refund able calculated on the basis of the expected taxable income or taxable loss for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of the tax payable for previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax provided for is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The effects of deferred taxation of any changes in tax ratesis recognised in the surplus or deficit, except to the extent that it relates to items previously charged and credited directly to the statement of changes in net assets.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, andthey relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, butthey intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

1.19 Provisions and contingencies

Contingent Liabilities

Contingent liabilities are possible obligations that arose from past events and whose existence will be confirmed only bythe occurrence or non-occurrence of one or more uncertain future events not wholly within control of the entity; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an out flow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities existing atr eporting date are not recognised.

Contingent Asset

Contingent Asset are:

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

SITA does not recognise contingent asset, but disclose contingent asset where there is a possibility of an unflow.

1.20 Commitments

Commitments items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Disclosures are required in respect of unrecognised contractual commitments. Commitments are disclosed in respect of contracted amounts for which delivery by the contractor is outstanding at the accounting date.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer orbuilding maintenance services); and
- Contracts should relate to something other than the routine,steady,state business of the entity.

1.21 Related parties

The company operates in an economic environment currently dominatedby entities directly or indirectly owned by the South African government. As a result of the constitutional independence that is guaranteed for the different spheres of government, only parties within the national sphere of government are considered to be related parties. The company, however, uses paragraph 34 of GRAP 20 to disclose related party.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the company.

Close family members of key management personnelare consideredto be those family members who may be expectedtoinfluence, or be influenced by key management individuals in their dealings with the company.

All related party transactions that are less favourable are disclosed separately in the financial statements. The objective of the financial statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

1.22 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure represents expenditure that was made in vain and would have been avoided had reasonable care been exercised.

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

1.23 Irregular expenditure

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

- this Act;or
- the State Tender Board Act,1968 (ActNo.86 of1968),or anyregulationsmade in termsofthe Act;or
- any provincial legislation providing for procurement procedures in that provincial government.

1.24 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes materials, labour and all directly attributable costs to bring inventory to the intended use by management. Net realizable value is either the estimated selling priceless estimated costs of completion, disposal,and transportation or the estimated replacement cost. The entity usesthe Weighted Average Method to measure the Inventories it currently holds. The entity regularly review inventory quantities on hand against government purchase orders. If our review indicates a reduction in utility below carrying value, we reduce our inventory to a new cost basis and any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

1.25 Prepayment

Prepayment relate to amounts paid in line with contracts for which the benefit will be received in the future periods. SITA recognises an expense after the benefit has been received against the prepaid amount. Prepayment made for goods or services in the current financial year relating to future benefits to be reliased in the next financial period are recorded as prepayment.

1.26 Budget information

The approved budget covers the fiscal period from 1 April 2023 to 31 March 2024, and is prepared on zero-based budgeting basis.

The annual financial statements and the budget are on the same basis of accounting and are classified and presented based on the function of the expenses, therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Material deviations are explained in the relevant notes to the annual financial statements.

1.27 Events after reporting date

Events after the reporting date are those events, both favorable and unfavorable, that occur between the reporting dateandthe date when the financial statements are authorized for issue.

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

1.28 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting anyaccumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.29 Share capital / contributed capital

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

2. Property, plant and equipment

	2024 R '000			2023 R '000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	24 744	-	27 744	24 744	-	24 744
Buildings	170 613	(77 977)	92 636	170 613	(74 609)	96 004
Finance lease-Cloud Infrastructure	158 284	(113 586)	44 698	158 284	(96 131)	62 153
Office furniture and fittings	142 836	(104 215)	38 621	142 924	(94 807)	48 117
Motor vehicles	1 384	(849)	535	1 384	(833)	551
Finance lease asset-Printers	10 433	(10 433)	-	10 433	(10 422)	11
Computer equipment	1 827 265	(926 025)	901 240	1 402 233	(703 651)	698 582
Infrastructure equipment	185 446	(92 945)	92 501	184 517	(78 771)	105 746
Total	**2 521 005**	**(1 326 030)**	**1 194 975**	**2 095 132**	**(1 059 224)**	**1 035 908**

Reconciliation of property, plant and equipment - 2024 R '000

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	24 744	-	-	-	24 744
Buildings	96 004	-	(3 359)	(9)	92 636
Finance lease-Cloud Infrastructure	62 153	-	(17 455)	-	44 698
Office Furniture and fittings	48 117	-	(7 368)	(2 128)	38 621
Motor vehicles	551	-	(16)	-	535
Finance lease-Printers	12	-	(12)	-	-
Computer equipment	698 582	423 691	(118 487)	(102 546)	901 240
Infrastructure Equipment	105 746	5 111	(13 306)	(5 049)	92 502
	1 035 909	**428 802**	**(160 003)**	**(109 732)**	**1 194 976**

Reconciliation of property, plant and equipment - 2023 R '000

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	24 744	-	-	-	-	24 744
Buildings	99 530	-	-	(3 526)	-	96 004
Finance lease-Cloud infrastructure	89 849	-	-	(27 696)	-	62 153
Office furniture and fixtures	44 680	10 133	(19)	(3 779)	(2 898)	48 117
Motor vehicles	600	-	-	(49)	-	551
Finance lease-Printers	4 115	-	-	(4 104)	-	11
Computer equipment	783 434	61 152	(655)	(128 140)	(17 209)	698 582
Infrastructure equipment	115 386	5 995	(5 249)	(9 422)	(964)	105 746
	1 162 338	**77 280**	**(5 923)**	**(176 716)**	**(21 071)**	**1 035 908**

2. Property, plant and equipment (continued)

	2024 R '000	2023 R '000
Assets subject to finance lease (Net carrying amount)		
Lease hold property	44 698	62 153
Office equipment	-	11
	44 698	**62 164**
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred relating to repairs and maintainance		
Property,plant and equipment	243 078	42 567

3. Intangible assets

	2024 R '000			2023 R '000		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Contruction in progress-intangible assets	744 158	(613 898)	130 260	795 045	(583 600)	211 445
Internally generated Intangible assets	96 076	-	96 076	11 398	-	11 398
Total	**840 234**	**(613 898)**	**226 336**	**806 443**	**(583 600)**	**222 843**

Reconciliation of intangible assets - 2024

	Opening balance	Other changes, movements	Amortisation	Total
Contruction in progress-intangible assets	211 445	(24 458)	(56 727)	130 260
Internally generated Intangible assets	11 398	84678	-	96 076
	222 843	**60 220**	**(56 727)**	**226 336**

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Contruction in progress-intangible assets	253 920	(42 475)	211 445
Internally generated Intangible assets	11 398	-	11 398
	265 318	**(42 475)**	**222 843**

Internally generated intangible assets relate to the solution developments.

	2024 R '000	2023 R '000

4. Prepayments

Current Portion	157 978	178 435
Non current Portion	5 553	905
	163 531	**179 340**

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Current account balance	11 448	7 036
Call account balance	158 039	163 347
Payroll account	20	20
CPD account	2 050 155	2 267 388
	2 219 662	**2 437 791**
Ring-fenced cash	**(280 856)**	**(199 156)**
Cash and cash equivalents available	**1 938 806**	**2 238 635**

Ring-fenced cash represents income received in advance from customers for projects that will be completed in the future. An amount of R62.3 million included in the CPD account represents cash received from a customer to be utilised for the IFMS project. There was no movement of funds related to the IFMS project during the 2023/24 financial year as disclosed in note 13.

The company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23.

The average rate of interest on the CPD surplus cash balances was 2024:8.17% (2023:6.04%)

6. Receivables from exchange transactions

Trade debtors	2 197 889	1 214 236
Other receivables	35 664	33 547
Doubtful debt allowance	(178 535)	(126 580)
	2 055 018	**1 121 203**

None of the trade receivables are pledged as security

The company's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in Note 23.

Other receivables relates to amounts other than the normal day to day operations such as rental income and conference related debtors.

7. Inventories

Inventories	12 895	13 256
Opening balance	13 256	33 737
Reversal of inventory written off	-	13 256
Inventory sold	(1 140)	(17 916)
Inventory written off	-	(15 821)
Transfers to inventory	778	-
	12 894	**13 256**

	2024 R '000	2023 R '000

8. Share capital / contributed capital

SITA has a share capital of R1, represented by one issued and fully paid ordinary share with nominal value of R1 in terms of SITA Amendment Act, No. 38, 2002. The State is the sole shareholder of SITA.

9. Other Non-Distributable Reserve

	2024 R '000	2023 R '000
Non-Distributable Reserve	627 335	627 335

The State Information Technology Agency Act, 1998 (Act no.88 of 1998) (as amended by Act no.38 of 2002) resulted in the reduction of the company's share capital to R1 and transferring non-distributable reserve.

Changing naming conversion from Reserve to Non-Distributable Reserve

The SITA amended Act no.38 of 2002 resulted in the reduction of share capital and transferring to reserve. The reserve is non-distributtable in nature.

10. Employee benefit obligations

Post-retirement employee benefits

Post-retirement employee benefit relate to post-employment medical aid subsidy promises made to current employees ('in-service members') and former employees ('continuation members').

	2024 R '000	2023 R '000
Changes in the present value of the defined benefit obligation are as follows:		
Balance at beginning of year	121 247	114 697
Service Cost	2 633	2 774
Net interest expense/(revenue)	10 236	6 999
Contribution Paid	(2 364)	(1 932)
Remeasurements	(7 470)	(1 290)
	124 282	**121 248**
Net expense recognised in the statement of financial performance		
Service cost	2 633	2 774
Net Interest expense/(revenue)	10 236	6 999
Remeasurement	(7 470)	(1 290)
	5 399	**8 483**

The above employee benefit costs have been recognised in the Statement of Financial Performance in the following line items:

*Past Service Costs	- Operating expenses - Staff costs
*Current Service cost	- Cost of sales - Services cost of sales
	- Operating expenses - Staff costs
*Interest cost	- Cost of Sales - Services cost of sales
	- Finance expense - Interest expense
*Net Actuarial gains	- Cost of sales - Services cost of sales
	- Staff costs

	2024 R '000	2023 R '000

10. Employee benefit obligations (continued)

Key assumptions used

The principal actuarial assumptions at the reporting date are as follows:		
Discount rates used	12,60%	12,80%
CPI Inflation rate	7,30%	7,70%
Medical aid contribution inflation rate	9,30%	9,70%
Net real discount rate	3,00%	2,80%
Take-up rate by retiring employees	100,00%	100,00%
Pre-retirement mortality	Unchanged	SA85-90 (L)
Post-retirement mortality	Unchanged	PA (90)
Normal retirement age	65	65
Proportion of employees retiring with spouse	60%	60%

The yield curve of interest rates used for discounting is as derived from the market of trading government bond . The company provides for post-retirement medical benefits to the following qualifying employees:

- Ex-Infoplan employees who transferred to the company on 1 April 1999 and who remain members of SITA approved medical aids.
- Ex-SAPS employees who transferred to the company on 1 April 1999, and
- Other former public sector employees who transferred to the company on or after1April 1999 and who remain members of SITA approved medical aids.

The amounts due in respect of the company's liability regarding the post-retirement medical benefit has been determined by independent actuaries as at 31 March 2024 using the projected unit credit method.

Iti s anticipated that the contributions to be paid within12 months	3 324	2 713

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(124 283)	(121 248)
Non-current liabilities	(120 959)	(118 535)
Current liabilities	(3 324)	(2 713)
	(124 283)	**(121 248)**

Sensitivity analysis relating to the assumed medical cost trend rates:

Sensitivity Analysis-Assumptions	**Variation**	**Change**	**%Change**
Discount rate	1%	(15 298 684)	(12,3)%
	(1)%	18 673 498	15,0%
Contributions inflation	1%	18 781 721	15,1%
	(1)%	(15 589 253)	(12,5)%
Retirement Age	1	(6 394 540)	(5,1)%
	-1	6 842 932	5,5%
Post-retirement mortality	1	3 000 028	(2,4)%
	-1	2 971 430	2,4%

Long service award benefit

Long-service award benefit	12 070	12 701

	2024 R '000	2023 R '000

10. Employee benefit obligations (continued)

Movement in the present value of the long-service award benefit		
Balance at beginning of year	12 701	13 402
LSA - Service cost	800	1 107
LSA - Net interest expense/(revenue)	1 111	817
LSA - Remeasurements	(2 151)	(1 233)
LSA - Expected Benefit Payment	(391)	(1 392)
	12 070	**12 701**

Employee benefit expense:		
Service cost	800	1 106
Net interest expense/(revenue)	1 111	818
Remeasurements	(2 151)	(1 233)
	(240)	**691**

The above employee benefit costs have been recognised in the Statement of Financial Performance in the following line items:

*Service cost	- Cost of sales - Services cost of sales
	- Operating expenses - Staff costs
*Interest cost	- Cost of Sales - Services cost of sales
	- Finance expense - Interest expense
*Net Actuarial gains	- Cost of sales - Services cost of sales
	- Staff costs

It is anticipated that the contributions to be paid with in12 months	1 603	1 749

Other Employee benefits

All permanent employees are members of the following independent funds:

Denel Retirement Fund:

The Denel Retirement Fund is a defined contribution fund, managed by a Board of Trustees in terms of the Pension Funds Act of 1956 (Act no. 24 of 1956).The company has no financial liability in respect of this fund.

Government Employees Pension Fund:

Retirement benefits are provided by membership of the Government Employees Pension Fund which is a defined benefit fund. However, as the company's responsibility regarding the funding of the shortfall of the pension fund is limited to the current contributions made on behalf of its employees, this fund is classified as a defined contribution fund from the company'sperspective.The Government of South Africa as the employer is responsible for any shortfall in this Fund. This responsibility is governed by the General Pensions Act 29 of 1979 and Government Employees Pension Law, Proclamation 21 of 1996.

	2024 R '000	2023 R '000

10. Employee benefit obligations (continued)

SITA Pension Fund:

The SITA Pension Fund, which is administered by Alexander Forbes, is a defined contribution fund.The company has no financial liability in respect of this fund.

Pension fund contribution	85 134	110 954

Current medical benefits:

The company contributes to three medical aid schemes for the benefit of permanent employees and their dependants. Contributions charged against income amounted to R121,2 million (2022: R114,7 million).The company's financial obligation is limited to the current company contributions.

11. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset \ (liability)

Deferred tax assets at beginning of year	(55 056)	(109 551)
Statement of financial performance current year movement	(52 157)	54 495
	(107 213)	**(55 056)**

Intangible asset impairment	-	(36 089)
Accrual for leave pay benefit	-	28 589
Post-retirement medical benefits	-	32 737
Doubtful debt allowances11(j)	-	16 207
Leases - Straight lining	-	(302)
Finance lease asset	-	(15 749)
Finance lease liability	-	3 877
Provision for long service	-	3 429
Bonus - Accrual	-	1 567
Prepayments	-	(3 850)
Depreciation/amortisation - PPE	-	(85 472)
	-	**(55 056)**

12. Trade and other payables

Trade payables	790 435	519 409
Non-trade payables	41 379	59 641
Leave pay accrual	108 493	105 885
Vat payable	7 384	34 255
	947 691	**719 190**

The company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.
Non-trade payables relates to amounts owing to employees and refunds.

13. Income received in advance

	2024 R '000	2023 R '000
Unearned revenue		
Income received in advance	218 549	136 849
IFMS	62 307	62 307
Unearned revenue	-	22 717
	280 856	**221 873**
Total service concession liabilities		
Unearned revenue	280 856	221 873

14. Finance lease obligation

	2024 R '000	2023 R '000
Minimum lease payments due		
- within one year	34 371	32 480
- in second to fifth year inclusive	106 410	140 781
	140 781	173 261
less: future finance charges	(44 675)	(60 277)
Present value of minimum lease payments	**96 106**	**112 984**
- within one year	20 523	16 878
- in second to fifth year inclusive	75 583	96 106
	96 106	**112 984**
Non-current liabilities	75 583	96 106
Current liabilities	20 523	16 878
	96 106	**112 984**

The finance lease is in respect of capitialized leased assets in the form of nodes, which form part of the cloud foundation infrastructure that makes up the cloud suite. There is an arrangement about the renewal of the lease term as the contract is for a period of 10 years however broken down into periods, where in the next financial year the lease will continue.

The discount rate used to measure the finance lease liabilities is the rate found in the Standard interest rates to be levied on debt owing to the state as published (in the Government Gazette) by the Minister of Finance. Due to insufficient information to compute the interest rate implicit in the lease, an incremental borrowing rate was used. However due to SITA being a schedule 3A public entity in terms of the Public Finance Management Act, it does not have any externally sourced debt funds, thus not having a borrowing rate. The guidelines provided in the Accounting Guideline on GRAP 13 , issued in February 2020 by the National Treasury, were followed which resulted in SITA applying the government lending rate as the discount rate for the measurement of the lease.

	2024 R '000	2023 R '000

15. Revenue

Rendering of services	6 041 711	5 665 051
Drop shipment revenue	949 473	759 926
Other income	64 965	54 546
Finance income	177 874	142 773
	7 234 023	**6 622 296**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Transfer revenue		
Public contributions and donations	326	2 511
Other Income		
Sundry income	64 965	54 546
Finance income		
Interest on provisional tax over payment	3 580	6 388
Interest on cash balance	174 294	136 385
	177 874	**142 773**

16. Revenue from Non-Exchange Transactions

Donations income	-	2 176
Insurance claims received	326	335
	326	**2 511**

17. Cost of sales

Sale of goods		
Repairs and maintenance	369 050	361 457
Direct labour	1159 949	1 060 664
Service delivery expenditure	2 222 314	2 300 297
Dropshipment cost of sales	920 410	685 002
Direct amortisation	37 039	34 975
Direct depreciation	137 238	124 969
	4 846 000	**4 567 364**

18. Operating expenses

	2024 R '000	2023 R '000
Municipal charges	73 340	60 071
Auditors remuneration	16 439	15 969
Repairs and maintenance	29 600	22 843
Net loss on disposal of assets	50 120	19 422
Operating lease expense	24 162	19 712
Inventory write off	-	15 821
Debt Impairment	51 955	57 623
Services Contracts	124 942	77 580
Trading and general	140 858	48 233
Staff costs	1 006 393	996 451
Other expenses	270 827	161 064
	1 788 636	**1 494 789**

19. Finance costs

	2024 R '000	2023 R '000
Other interest paid	5 226	3 992

Interest expense - relate to finance cost portion of employee benefits considered indirect as per the actuarial reports and finance costs on finance leases.

20. Taxation

	2024 R '000	2023 R '000
Major components of the tax expense		
Current		
Local income tax- current period	176 130	27 941
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	27,00%	27,00%

21. Cash generated from operations

	2024 R '000	2023 R '000
Surplus	417 236	468 390
Adjustments for:		
Depreciation and amortisation	205 412	263 251
Post retirement employee cost	3 065	6 550
Long service award benefit	631	(701)
PO Recieving accrual	-	(24 525)
Other income finance lease adjustment	-	(3 359)
Goodwill fund accrual	-	(220)
Finance costs - Finance leases	15 602	2 344
Interest income	(177 873)	(142 772)
Foreign exchange loss	23	1 977
Forex loss COS	6 788	2 520
Impairment deficit	109 724	21 071
Debt impairment	51 955	57 623
Inventory written off	-	15 821
Profit on disposal or scrapping of property, plant and equipment	(4)	-
Actuarial (gain)/loss-Post retirement	(7 470)	-
Actuarial (gain)/loss- Long service awards	(391)	-
Finance costs - Post retirement	10 236	-
Finance costs - Long service	1 111	-
Other gains or losses	-	(2 524)
Loss of disposal of PPE	50 120	19 422
Donations recieved	-	(2 176)
Rounding off differences	(4 489)	(4 131)
Finance expense	-	7 816
Foreign gain COS	(32)	(12)
Operating profit before working capital changes	**681 644**	**686 365**
Inventories	361	33 737
Receivables from exchange transactions	(933 814)	(374 519)
Prepayments	20 457	(1 789)
Post retirement employee benefits	611	6 550
Long service awards	(146)	(701)
Finance lease liability	3 645	(30 341)
Trade and other payables	229 591	17 070
Movement in tax recievable/payable	265 672	-
Income received in advance	58 983	71 126
Cash generated from operations	**327 004**	**407 498**
Normal tax paid	(262 380)	(151 538)
Finance costs paid	(5 226)	(2 344)
Finance income recieved	174 712	135 801
	234 110	**389 417**

22. Operating lease

	2024 R '000	2023 R '000

Operating lease expense

The company entered into non-cancellable operating lease agreements for the occupation of certain premises. At the reporting date, the future minimum lease payments under these lease agreements were as follows:

	2024 R '000	2023 R '000
Less than 1 year	15 947	7 361
Between 1 and 5 years	11 001	8 208
	26 948	**15 569**

Operating lease income

The company entered into non-cancellable operating lease agreements witht enants. At reporting date, the future minimum lease payments receivable under these lease agreements were as follows:

	2024 R '000	2023 R '000
Less than 1 year	2 286	2 155
Between 1 and 5 years	4 232	6 518
	6 518	**8 673**

The average period for operating lease agreements is 5 years.

23. Financial instruments

Credit risk

Credit risk is the risk of financial loss to the company when the customer or counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers.

The company limits its counterparty exposure arising from money market instruments by dealing only with well-established financial institutions of high credit standing.Exposure relating to trade and other receivables, which mainly consist of national and provincial government departments as well as local government, is managed by entering into contractual agreements that indicate payment terms of the services rendered. These customers fall within the ambit of the Public Finance Management Act,1999 (Act No. 1 of 1999) and the Municipal Finance Management Act, 2003 (Act No.56 of 2003).These legislations prescribe that suppliers of products and services be paid within 30 days or asstipulated by agreements entered into.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

	2024 R '000	2023 R '000
Trade Receivables	2 019 354	1 087 656
Other receivables	35 664	33 547
Cash and cash equivalents	2 219 662	2 437 791
	4 274 680	**3 558 994**

23. Financial instruments (continued)

Impairment losses

	2024 R '000	2023 R '000
The aging of trade receivables net of the impairment loss at the reporting date was:		
Not past due	1 581 839	906 348
Past due 0 - 30 days	336 839	108 152
Past due 31 - 90 days	51 243	5 9271
Past due 91 - 360 days	70 407	2 8631
Past due - more than 360 days	(20 974)	(14 746)
	2 019 354	**1 087 656**

The due date of invoices is determined as being 30 days after the invoice date.

Credit quality of financial assets

Trade receivables

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings, except for the credit quality of individual government debt that cannot be determined individually as government as a whole is assessed by international rating agencies in total.Management does not deem it appropriate to assign a national rating to specific debtors.

Cash at bank

	2024 R '000	2023 R '000
CPD	2 050 155	2 267 388
Fitch BB	169 507	170 403
	2 219 662	**2 437 791**

In relation to risks associated with funds held in the CPD account, SARB has issued a guarantee in favour of the CPD to the value of R0.8 billion for all amounts required by it for the due, and punctual performance of its obligation under theCPD Act. The Governors' Executive Committee (GEC) approved an extension to the R0.8 billion financial guarantee issued by the SARB for a further 12 months to 11 June 2024 as a result of technical insolvency.

In terms of section 15 of the CPD Act, a contingency reserve is maintained to provide against risks to which the CPD is exposed to. No additional risk has been identified in current reporting period. It has been stated in the CPDs annual financial statements that the GEC approved an extension to financial guarantee issued by the SARB, as indicated above. Any change in risk will be updated as per the indicators that will be noted in the CPD annual report/financial statements and or any relevant communication presented.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2024 R '000	2023 R '000
Balance at begging of the year	126 580	99 163
Impairment loss recognised	51 955	27 416
	178 535	**126 579**

The impairment loss is based on history on invoices over 360 days and specifically identified invoices that are considered doubtful based on information in the company's possession. Each debtor is analysed individually and a decision to impair is made.

	2024	2023
	R '000	R '000

23. Financial instruments (continued)

Liquidity risk

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

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach in managing liquidity risk is to ensure, as far as possible , that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. This risk is managed by maintaining adequate cash reserves by continuously monitoring cash flow forecasts, actual cash flows and the maturity profile of financial assets and liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	947 691	-	-	-
At 31 March 2023	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	719 190	-	-	-

Market risk

Interest rate risk
Fixed interest rate

The company does not hold any fixed interest rate financial instruments.

Fair value sensitivity analysis for fixed rate instruments.

The company does not account for any fixed rate financial liabilities at fair value through surplus or deficit, and the company does not designate derivatives (interest-rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rate at reporting date would not affect surplus or deficit.

Variable interest rate		
Cash and cash equivalents	2 219 662	2 437 791

The sensitivity analysis below has been determined based on the exposure to interest rates at reporting date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings. A 100 basis point increase or decrease has been used, as this represents management's assessment of the possible change in the interest rates.

If interest rates had been 100 basis points higher/lower and all other variables held constant, the company's cash and cash equivalent would increase/decrease by:

	22 197	24 378

	2024 R '000	2023 R '000

23. Financial instruments (continued)

Foreign exchange risk

Currency risk arises from exposure to foreign currencies when the value of the rand changes in relation to these currencies. The company primarily transacts in US dollar when dealing with foreign transactions.

The company's exposure to foreign currency risk was minimal.

Concentration risk

Concentration risk encompasses the level in which the company earns most of its revenue that result in financial assets. The company has a number customers, however, the company's top five customers exposes the company to a concentration ratio of 52.%. This is however mitigated by a number of projects the company is embarking on to increaseits product offering to attract new customers.

24. Commitments

	2024 R '000	2023 R '000
Capital commitments		
PPE	2 862	4 406
Intangible assets	34 615	58 996
	37 477	**63 402**

An amount of R96 106 in 2024 figures has been disclosed separately in note 14 as it relates to the finance lease liability.

An amount of R112 983 in 2023 figures has been disclosed separately in note 14 as it relates to the finance lease liability.

The capital commitments are funded through the company's operational activities.

All operating lease commitments are disclosed separately on the Annual Financial Statements under note 22.

2024	2023
R '000	R '000

25. New standards and interpretations

25.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 25 (as revised): Employee Benefits	01April2023	The adoption of this has not had a material impact on the results of the company,but has resulted in more disclosure than would have previously been provided in the financial statements
iGRAP7(asrevised):Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The adoption of this has not had a material impact on the results of the company,but has resulted in more disclosure than would have previously been provided in the financial statements
iGRAP 21: The Effect of Past Decisions on Materiality	01April2023	The adoption of this has not had a material impact on the results of the company,but has resulted in more disclosure than would have previously been provided in the financial statements
GRAP2020: Improvements to the standards of GRAP 2020	01April2023	The adoption of this has not had a material impact on the results of the company,but has resulted in more disclosure than would have previously been provided in the financial statements
GRAP1 (amended): Presentation of Financial Statements	01April2023	The adoption of this has not had a material impact on the results of the company,buthasresulted in more disclosure than would have previously been provided in the financial statements

	2024	2023
	R '000	R '000

25. New standards and interpretations (continued)

25.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
GRAP104 (as revised): Financial Instruments	01April2025	Unlikely there will be a material impact

25.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periodsbeginning on or after 01 April 2024 or later periods but are not relevant to its operations:

26. Members' and prescribed officers' remuneration and other benefits paid, payable or receivable

Executive Committee Members

2024

	Duration	Date of resignation	Basic Salary	Other Allowances*	Contributions to pension, medical or insurance funds	Acting Allowance	Travel Allowance	Total
			R '000	R '000	R '000	R '000	R '000	R '000
KM Pillay (Executive:Supply Chain Management)			2 024	49	178	-	120	2 371
BJ Kumalo (Acting Executive: IT Infrastructure Services)			1 191	33	187	134	-	1 545
DJ Boucher (Acting Executive: Internal Audit)			1 584	28	467	186	-	2 265
M Mashiloane (Acting: Chief Procurement Officer)	2 months		287	31	-	-	-	318
S Dube(HCM:ExecutiveHCM)			1 940	35	208	-	-	2 183
G Reddy (SM: Exec Service Management)			1 772	175	324	-	-	2 271
N Tshenye (Executive of National & Regional Consulting)			2 466	(7)	503	53	240	3 255
HS Ntsangani (Executive: Application Development and Maintenance)			1 801	323	379	-	-	2 503
TV Mphaphuli (Acting Company Secretary)			1 604	108	274	136	121	2 243
			14 669	**775**	**2 520**	**509**	**481**	**18 954**

Executive Directors

2024

	Duration	Date of resignation	Basic Salary	Other Allowances	Contributions to pension, medical or insurance funds	Acting Allowance	Travel Allowance	Total
			R '000	R '000	R '000	R '000	R '000	R '000
Mr M Kgauwe			2 484	164	282	27	-	2 957
B Mabaso	8 months	15/12/2023	2 922	213	260	-	-	3 395
S Dzengwa	2 months		483	25	-	-	-	509
			5 889	**402**	**542**	**27**	**-**	**6 861**

26. Members' and prescribed officers' remuneration and other benefits paid, payable or receivable (c0ntinued)

Executive Committee Members

2023

	Duration	Date of resignation	Basic Salary	Other Allowances	Contributions to pension, medical or insurance funds	Acting Allowance	Travel Allowance	Total
			R '000	R '000	R '000	R '000	R '000	R '000
MP Mohlabi (Company Secretary)	7 months	28/02/2023	1 181	102	160	-	-	1 443
M Le Roux (Executive: Governance, Risk, Compliance and Intergrity)	6 months	28/02/2023	1 749	12	68	-	-	1 829
F Mitchell (Executive: Internal Audit)	6 months	30/09/200	1 069	7	215	-	-	1 291
KM Pillay (Executive:Supply Chain Management)	12 months		1 927	14	287	-	120	2 348
BJ Kumalo (Acting Executive: IT Infrastructure Services)	5 months		1 282	11	270	43	-	1 606
DJ Boucher (Acting Executive: Internal Audit)	6 months		413	4	155	53	-	625
TV Mphaphuli (Acting: Company Secretary)	5 months		770	6	115	28	55	974
S Dube (HCM: Executive HCM)	12 months		1 867	14	193	-	-	2 074
L Magashoa (Executive: Corporate and Digital Strategy)	12 months		1 925	20	159	-	-	2 104
L Williams (ExecutiveIT Infrastructure Services)	8 months		1 404	8	227	70	-	1 709
G Reddy (SM: Exec Service Management)	12 months		1 714	165	407	-	-	2 286
N Tshenye (Executive of National & Regional Consulting)	12 months		2 390	240	614	-	-	3 244
HS Ntsangani (Executive: Application Development and Maintenance)	12 months		1 749	255	337	-	-	2 341
			19 440	**858**	**3207**	**194**	**175**	**23 874**

26. Members' and prescribed officers' remuneration and other benefits paid, payable or receivable (continued)

Executive Directors

2023

	Duration	Date of resignation	Basic Salary	Other Allowances	Contributions to pension, medical or insurance funds	Acting Allowance	Travel Allowance	Total
			R '000	R '000	R '000	R '000	R '000	R '000
Mr L Keyise	4 months		1 054	8	316	-	-	1 378
Mr M Kgauwe	8 months		2 407	19	257	150	-	2 833
Mr A Pretorius	8 months		1 171	10	196	69	-	1 446
			4 632	**37**	**769**	**219**	**-**	**5 657**

	2024	2023
	R '000	R '000

26. Members' and prescribed officers' remuneration and other benefits paid, payable or receivable (continued)

Non-executive Directors

2024

	Members' fees	Total
Ms M Mosidi	249	249
Ms S Bvuma (Dr)	296	296
Mrs N Pietersen	618	618
Mrs K Sibanda	281	281
Mr L Keyise	589	589
Mr M Mnisi	336	336
Mr K Pillay	827	827
Ms O Ketsekile	231	231
Mr M Ratshimbilani	203	203
Dr T Ratshitanga	44	44
Mr R Ramabulana	213	213
Ms Z Hill	168	168
	4 055	**4 055**

2023

	Members' fees	Total
Ms M Mosidi	476	476
Ms S Bvuma (Dr)	583	583
Mrs N Pietersen	287	287
Ms O Ketsekile	395	395
Mr M Ratshimbilani	394	394
Dr T Ratshitanga	369	369
Mr R Ramabulana	385	385
Ms Z Hill	424	424
	3 313	**3 313**

	2024 R '000	2023 R '000

27. Employee related costs

	2024	2023
Basic	1 470 171	1 322 472
Medical aid-company contributions	113 044	105 590
UIF	1 884	1921
WCA	459	-
SDL	5 334	5 080
Other payroll levies	349 826	422 822
Leave pay provision charge	11 432	8 278
Overtime	19 663	18 537
Other allowance	79 028	55 746
Defined contribution plans	114 541	116 276
Long-service awards	1301	764
Long-term benefits-incentive scheme	(341)	(370)
	2 166 342	**2 057 116**

28. Depreciationand amortisation

	2024	2023
Property, plant and equipment	200 043	183 246
Intangible assets	5 368	3 860
	205 411	**187 106**

29. Auditors'remuneration

	2024	2023
Fees	16 439	15 969

30. Tax paid

	2024	2023
Balance at beginning of the year	(218 983)	(136 556)
Current tax for the year recognised in surplus or deficit	(176 130)	(27 941)
Current tax for the year recognised directly in equity	-	6340
Tax adjustment	22 518	(212 364)
Balance at end of the year	110 215	218 983
	(262 380)	**(151 538)**

31. Impairment loss

	2024	2023
Property, plant and equipment	109 724	21 071

32. Debt impairment

	2024	2023
Debt impairment	51 955	57 623

33. Operating surplus

	2024 R '000	2023 R '000
Operating surplus for the year is stated after accounting for the following:		
Impairment on property, plant and equipment	109 724	21 071
Amortisation on intangible assets	5 368	3 860
Depreciation on property, plant and equipment	200 042	183 246
Employee costs	2 166 342	2 057 116

34. Contingent assets and contingent liabilities

Contingent liabilities

	2024 R '000	2023 R '000
Commercial disputes	125 338	92 006
Retention of surplus	3 020 683	2 825 166
Employee claims	51 868	58 784
	3 197 889	**2 975 956**

Commercial disputes relate to various claims against SITA arising from disputes between SITA and its service providers.

Employee claims relates to claims arising from labour disputes through the CCMA and the labour courts. Based on the legal advice sought from the legal team, the ruling could still go either way. The court outcomes will confirm the existence or non-existence of obligation for SITA. At the moment the obligation is possible. For some cases the amount is uncertain (cannot be measured reliably), this is due to large possible outcomes expected from the court, the financial effect of those cases is not included because it is impractical to reliably estimate the amount.

Retention of Surplus is the net surplus for the year ended 31 March 2024, the request to retain the surplus has been requested from the National Treasury and the comfirmation to or not to retain the net surplus is still outstanding.

Contingent assets

	2024 R '000	2023 R '000
Labour disputes	-	600

Labour Dispute - relate to one case of labour dispute that result in a possible assets that arise from past events and which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of SITA. Where there is a probability that economic benefits will flow to SITA from labout dispute, SITA assesses with the assistance of the legal team and applying management's professional judgement, the likelihood of the economic benefits flowing to SITA. SITA does not recognise contingent assets that may never be recovered, and that would provide misleading information without undue cost or effort to estimate the financial statements. Where SITA has sufficient information or can obtain information without undue cost or effort to estimate the financial effect of the contingent asset, the financial effect is disclosed. In a situation where SITA does not have enough information to estimate the financial impact, the effect of financial information is excluded from the disclosure, this is because SITA seeks to provide relevant and reliable financial information to the users.

	2024	2023
	R '000	R '000

35. Related parties - 2024 and 2023 Restated balances

List of Related parties	Nature of relationship
National Departsments	SITA is related to all national departments by virtue of being 100% owned by the government
Public Entities	SITA is related to all public entities reporting to the national departments
Controlling department	SITA is controlled by the Department of Communication and Digital Technology (DCDT) ministry
Entities under same control	Entities under same control are those entitiesthat are controlled by the Department of Communication and Digital Technologies (DCDT) ministry which controls SITA

Transactions with government

The company is 100% owned by the government of South Africa represented by the Minister of Communications and Digital Technologies.

The company is a schedule 3A National Public Entity in terms of the Public Finance Management Act,1999 (Act No.1 of 1999).

In applying GRAP 20.34 , SITA enters into transactions with customers under normal supplier and client relationships on terms and conditions that are not favourable to either parties. Transactions are always market related and at arms length unless stated otherwise. The outsanding balances with each related party will be detailed below.

Related parties of the company consist of government departments, state-owned enterprises and other public entities in the national sphere of government and key management personnel of the company and close family members of related parties. This entails that all transactions occur in the normal course of operations and are at the same terms and conditions as available to all customers and suppliers, unless disclosed otherwise.

	2024	2023
	R '000	R '000

35. Related parties - 2024 and 2023 Restated balances (continued)

Related party balances 2024 and 2023 Restated balances

The following is a summary of outstanding balances due to SITA by the related parties at the year-end according to SITA's records.

Organisation	Nature of Transaction		
National Departments	Provisioning of ICT services and products	1 462 193	676 654
Public entities	Provisioning of ICT services and products	54 170	55 870
Controlling department	Provisioning of ICT services and products	2 404	12 542
Same control*	Provisioning of ICT services and products	6 182	30 829
		1 524 949	**775 895**

**Entities under Same Control are those entities that are controlled by the Ministry of Communication and Digital Technologies (DCDT)*
**Film and Publication Board (FPB)*
**Independent Communications Authority of South Africa (ICASA)*
**Information Regulator*
**South African Post Bank*
**South African Post Office*
**Sentech*
**Telkom*
**Broadband Infra Co SOC Ltd*

The following is a summary of outstanding balances due to related parties by SITA at year-end according to SITA's records. Included in the outstanding balance is the pre-received income by SITA from the related parties/clients. These amounts are included as part of outstanding balance due to the fact that SITA must still render services to respective clients/related parties.

Organisation	Nature of Transaction		
National Departments	Provisioning of ICT services and products	681	1 744
Public Entities	Provisioning of ICT services and products	55	18
EntitiesUnder Same Control	Provisioning of Postal services and ICT services and products	68 293	48 637
		69 029	**50 399**

**Entities under Same Control are those entities that are controlled by the Department of Communication and Digital Technologies (DCDT) ministry.*
**South African Post Office (SAPO)*
**Broadband Infra Co SOC Ltd*
**Telkom*

	2024 R '000	2023 R '000

36. Going concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus (deficit) of R 3 787 077 and that the entity's total assets exceed its liabilities by R 4 414 412.

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

37. Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- SITA board members namely, Makano Mosidi, Rendani Ramabulana and Olwethu Ketsekile who were previously removed by the minister in July 2023 were re-instated by the Supreme Court of Appeal on a judgment dated 22 August 2024.

38. Irregular and Fruitless and Wasteful Expenditure

	2024	2023
Irregular expenditure	112 519	465 665
Fruitless and wasteful expenditure	-	11 368
Closing balance	**112 519**	**477 033**

**Refer to reconciling notes in the annual report*

Additional Narratives

Irregular expenditure is exclusive of VAT		
Prior year irregular recorded current year		13 662
Prior year fruitless identified in current year		504

39. Prior Period Error

Revenue.

Revenue was overstated due to recognition of revenue in the incorrect period. Services rendered and goods sold during other accounting periods were incorrectly accounted for as revenuein the 2022/23 financial year.

The net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:

Revenue from exchange transactions	Impact
Service revenue	(33 719)
Dropshipment revenue	68 366
Other income	-
Finance income	-
	34 647

	2024 R '000	2023 R '000

39. Prior Period Error (continued)

Tax implication prior period error at 27%	9 354
Revenue prior period error net of tax	**25 292**

Financial position impact	**Impact**
Account receivables	(30 360)
Income received in advance	9 511
Accumulated surplus 01April 2022	(4 443)
	(25 292)

Cost of sales

There was a misallocation between dropshipment and operating expenses. This resulted in cost of sales being overstated whilst operating expenses were understated.

	Impact
Repairs and maintanace	(24 525)
Other expenses	24 525
	-

Cost of sales were overstated due to recognition of transaction in the incorrect period. Services rendered and goods purchased during other accounting periods were incorrecly accounted for as cost of sales in the 2022/23 financial year.

Services cost of sale	(49 319)
Dropshipment cost of sale	7 142
	(42 177)
Tax implication of prior period at 27%	11 388
Cost of sales proir period error net of tax	**(30 789)**

Financial position impact	**Impact**
Payables	(22 051)
Prepayments	34 116
Accumulated surplus 01April 2022	18 724
	30 789

There was a misallocation between services delivery overhead and repairs and maintanance. Repairs and maintanace were overstated whilst other were understated.

	Impact
Repairs and maintanace	(1 287)
Other expenses	1 287
	-

	2024 R '000	2023 R '000

39. Prior Period Error (continued)

Operating expenses

Operating expenses were previously understated due to transactions that were incorrectly accounted for in the incorrect periods.

Operating expenses	(17 572)
Tax implication of prior period at 27%	4 744
Operating expenses proir period error net of tax	**(12 828)**

Financial position impact	**Impact**
Accounts payables	(6 205)
Prepayments	5 890
Accumulated surplus 01April 2022	13 142
	12 827

There was a misallocation between other expenses and repairs and maintanance. Repairs and maintanace were overstated whilst other were understated

	Impact
Repairs and maintanace	(6595)
Other expenses	6595
	-

Property plant and equipment

SITA received a qualified audit opinion in 2023 on property plant and equipment and intangible asstes resulting from deficiencies in the measurement of these items for financial statement purposes.

Management reconsidered and revised their process for determining take-on useful lives of assets, revisited its methodology to review useful lives and reviewed the entire asset register to determine and correct the carrying amounts for the errors identified.

In this process, management also considered whether a restatement in impairment was required. Although market value was considered and adjusted to determine the possible impact on prior period, the effect of these were not adjusted for as the impact was not material. Management only adjusted the value of impairments as a result of the revised depreciation rates that impacted the carrying amounts at the date of impairment and for any other inconsistencies in the fixed asset register, including the effect of an assets that had a cost of R7 000 or less.

Management assessed that the revised take-on useful lives and subsequent review of useful lives of assets in 2022 and 2023 was a material error affecting the previous carrying amounts for Property, Plant and Equipment and Intagible Assets that requires retrospective adjustment in accordance with GRAP3, Accounting Policies,Changes in Estimates and Errors.

	2024	2023
	R '000	R '000

39. Prior Period Error (continued)

Please refer below for the effect of correction:

Effect on Statement of Financial position (2023 opening balances):	**2022 Effect**
Increase in PPE	82
Decrease in intangibles	(14)
Increase in deferred tax liability	(18)
	50

Effect on Statement of Financial position:	**2023 Effect**
Increase Property, Plant and Equipment	205
Decrease Intangible assets	(42)
Increase in deferred tax liabilty	(44)
	119

Effect on Statement of Financial Performance:	**2023 Effect**
Decrease Depreciation: Cost of Sales	(205)
Increase Amortisation expense: Cost of Sales	42
Increase in deferred tax expenses	44
	(119)

SIGNIFICANT ESTIMATES INCLUDED IN THE FINANCIAL STATEMENTS

Estimates on take-on useful lives and review of useful lives of property, plant, and equipment

Management determines the take-on useful lives of assets by considering both historical data on usage and market information available that provides an indication of how long SITA will be able to use the asset before it will either dispose the asset or remove the assets from use. Generally, SITA's intention is to use the asset for its entire economic useful life unless there is a clear indication that the asset's useful life will be limited by the lease, a maintenance agreement or another limitation that prevents SITA from using the asset for longer that its economic useful life.

Depreciation rates are revised when there is a clear indication that the current depreciation rates are no longer indicative of how the asset is being used based on either its actual observed condition or its expected conditions. Where condition assessments cannot be made because it is impractical, management relies on the expected condition based on the actual usage period from the date depreciation started. Where management identifies that a revision of useful lives are needed, the remaining useful life (RUL) is adjusted as a percentage of the initial take-on useful life as follows:

Observed/Expected condition	RUL%
• Very Good	90
• Good	70
• Fair	50
• Poor	30
• Very Poor	10

39. Prior Period Error (continued)

The depreciation rates are the adjusted prospectively, with a "catch-up" depreciation charge being recognised in surplus or deficit in the period when the depreciation rates are adjusted.

Due to errors identified in the prior period year, SITA revised its take-on useful lives that impacted the depreciation rates for those years as well as the change in estimate for the 2023 year.

Judgements relating to impairment of property, plant and equipment.

Although management identified loss-making units which may indicate a possible impairment, when comparing those to the fair values of the assets. No impairment losses were identified from this process.

Management embarked on an exercise to determine the fair value of all assets to assess whether there are indicators based on the assets' fair values. There were no significant indicators that required impairment from this exercise.

Assets were only impaired where they have been identified as no longer in use because of physical damage, or otherwise, and the asset has not been disposed of as yet. The impairment value determined was the difference between that carrying amount and estimated residual values of these assets.

Intangible Assets

Estimates on take on useful lives, review of useful lives and assets within definite useful lives of intangibles

Management determines the take-on useful lives of intangible assets considering the type of intangible asset and the period it expected to use the asset. Generally, SITA use these assets over the maintenance period. However, there are computer licenses acquired with a perpetual life. These are assessed to have an indefinite useful life, which is annually assessed to determine if there is an intention to remove the assets from use. When decision is made to cease using the asset, SITA will revise the life prospectively and consider the assets for impairment.

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