



ANNUAL REPORT

2024 - 2025



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
POSTAL ADDRESS	PO Box 26100 Monument Park 0105 South Africa
TELEPHONE NUMBER	+27 12 482 3000
FAX NUMBER	+27 12 367 5151
EMAIL ADDRESS	contactcentre@sitaco.co.za
WEBSITE ADDRESS	www.sitaco.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

AC	Audit Committee	IT IS	Information Technology Infrastructure Services
AFS	Annual Financial Statements	MD	Managing Director
AGSA	Auditor-General of South Africa	MI	material irregularity
APP	Annual Performance Plan	MIOS	Minimum Interoperability Standards
ARCC	Audit, Risk and Compliance Committee	MLP	management letter points
BBBEE	broad-based black economic empowerment	MTSF	Medium-Term Strategic Framework
BPC	Board Procurement Committee	NDP	National Development Plan
CAPEX	capital expenditure	OEM	original equipment manufacturer
C&S	Customer and Stakeholder Committee	OHS	occupational health and safety
CDS	Corporate and Digital Strategy	PFMA	Public Finance Management Act
CSR	corporate social responsibility	PRC	Presidential Review Committee
DCDT	Department of Communications and Digital Technologies	RCC	Risk and Compliance Committee
DOD	Department of Defence	RSR	Railway Safety Regulator
DHA	Department of Home Affairs	SAA	South African Airways
DPSA	Department of Public Service and Administration	SABC	South African Broadcasting Corporation
EAP	employee assistance programme	SAPS	South African Police Services
EVP	employee value proposition	SCM	Supply Chain Management
EWP	Employee Wellness Programme	SDN	software-defined network
Exco	Executive Committee	SEC	Social and Ethics Committee
GCIS	Government Communication and Information System	SEDA	Small Enterprise Development Agency
GPCE	government private cloud ecosystem	SEFA	Small Enterprise Finance Agency
GRCI	Governance, Risk, Compliance & Integrity	SHE	safety, health and environment
HCM	human capital management	SIP	service improvement plan
HR&REMCO	Human Resource and Remuneration Committee	SITA	State Information Technology Agency SOC Ltd
IA	Internal Audit	SLA	service-level agreement
ICT	information and communication technology	SM	Service Management
ICTRDI	Information, Communication, Research, Development, and Innovation Committee	SMME	small, medium and micro-enterprises
IMST	information management systems and technology	SOC	state-owned company
		SOCC	Security Operations Centre capability
		STEM	science, technology, engineering, and mathematics
		UNISA	University of South Africa
		WAN	wide area network

3. FOREWORD BY THE CHAIRPERSON OF THE BOARD OF DIRECTORS



As we reflect on the past year, it is clear that the digital economy has emerged as a pivotal driver of growth, revolutionising the way we live, work, and interact. Digital transformation is crucial for unlocking economic opportunities, bridging inequality gaps, and enhancing public services. In South Africa, the digital economy is estimated to contribute approximately 19% to GDP in the current financial year, with a projected annual growth rate of 10-15%.

The ICT sector in South Africa is experiencing notable growth, with the telecom sector achieving an 11.7% revenue increase in 2024. This growth underscores the sector's potential to drive opportunities across industries and contribute significantly to the country's economic development.

At SITA, our role in the South African digital economy and transformation narrative is vital. We are executing our mandate in alignment with emerging digital trends and the needs of government and citizens. Even though challenging, our focus on digital infrastructure development and investment has enabled us to deploy secure, high-availability networks across over 7,500 government sites, achieving an impressive 98% uptime. This infrastructure is the backbone of government's daily operations and the efficiency of our e-government services.

Our work extends beyond infrastructure, as we prioritise national priorities, contribute to the digital economy, and strive to enhance government service delivery. Internally, we have placed a strong emphasis on cybersecurity, cloud development, and e-services, recognizing their critical role in driving digital transformation.

In the current economic climate, financial sustainability is paramount for state-owned entities. SITA's financial performance reflects resilience, with the agency maintaining profitability and building on previous year's financial improvements. Notably, we are pleased to have improved our audit outcome from the previous financial year, a significant achievement that demonstrates our commitment to good governance, accountability, and transparency. This improvement reflects the Board's and management's commitment to strengthening SITA's control environment and upholding the highest standards of governance, accountability, and transparency.

We remain mindful of our challenges, particularly in procurement and organisational efficiency, and are actively implementing reforms to become more agile, transparent, and responsive. The automation of our procurement processes is a direct response to improve client feedback, and we are dedicated to modernising our operating model to enhance agility and responsiveness.

As the custodian of government ICT infrastructure and systems, we recognise that good governance is essential to fulfilling our mandate, inspiring confidence, and ensuring alignment with national priorities. We are committed to building a new work ethos and healthy culture that will create a foundation from which innovation, creativity, and service delivery can flourish.

Our vision is for SITA to remain the digital engine of the state, serving as an economic catalyst for South Africa's competitiveness. We are committed to ensuring that technology bridges the gap between government and citizens, driving development and growth.

We extend our sincere appreciation to both previous Boards of Directors and their respective Chairpersons for their stewardship during the reporting period. Their leadership, together with the dedication of management and employees, has been instrumental in strengthening governance, advancing digital transformation, and positioning SITA as a trusted partner in building South Africa's digital state.

We appreciate the continued collaboration and support we receive as we reposition SITA and express our gratitude to our Shareholder Minister, Honourable Solly Malatsi, supported by his Deputy Minister, Mr. Mondli Gungubele, and the Department of Communications and Digital Technologies Director-General, Ms. Nonkqubela Jordan-Dyani.



Ms Sedzani Mudau

Chairperson of the Board of Directors

State Information Technology Agency SOC

4. MANAGING DIRECTOR'S OVERVIEW



During the 2024/25 fiscal year, SITA operated in a challenging environment which influenced the pace and extent of delivering on its statutory mandate. To stay responsive to evolving client needs and boost delivery, we adapted our project scope with a focus on agility, efficiency, and effectiveness. This strategic shift enabled us to align with emerging priorities and accelerate digital transformation. Despite tight timelines, we delivered on key areas as agreed with our customers, demonstrating resilience and a commitment to excellence. Our audited performance reached 42.86%, highlighting opportunities for growth. We have learned valuable lessons and are committed to implementing improvements to drive future success.

Our financial performance reflected both resilience and pressure. We exceeded our EBITDA margin target, achieving 10.26%, while our service revenue growth fell short at 4% against a planned 10%. This underperformance was largely driven by project delays, reduced client budgets, and a shift in some portfolios towards non-traditional revenue models. We managed to contain operational expenditure through cost-saving initiatives, including a 70% cost reduction achieved through negotiations with original equipment manufacturers. However, our capital expenditure was below budget due to procurement delays, with only R380.9 million spent against a R1 billion allocation.

Our delivery capacity was constrained by high vacancy rates, which stood at 57%, and a shortage of critical ICT skills. Talent retention remained a challenge, prompting us to implement innovative talent management strategies. Certain ICT initiatives, such as the Citizen SuperApp and aspects of the Indigent Household Application, were delayed or rescope due to procurement challenges and external dependencies. Nevertheless, we expanded our cloud services, cybersecurity solutions, and digital offerings. We extended our Security Operations Centre to 39 national and provincial departments, and our investments in software-defined networking improved network uptime to 99.87%.

Due to procurement delays and project rescope, we will request the roll-over of unspent capital funds to support ongoing infrastructure upgrades. We channelled 59% of our procurement spend through SMMEs and designated groups, exceeding the target of 43%. Our supply chain management processes are being digitised to improve transparency and efficiency. No unsolicited bid proposals were concluded during the year under review. We are modernising our SCM systems in preparation for the implementation of the Public Procurement Act, and our internal reviews are aligning governance processes with the new legislation.

Procurement inefficiencies and audit findings remain key challenges. We have implemented an integrated audit action plan and strengthened internal controls thereby improving governance, accountability, and procurement reform.

Looking ahead, we will focus on financial sustainability through revenue diversification, cost containment, and investment in scalable digital platforms. Our Strategic Plan 2025–2030 will guide our transformation efforts.

The proclamation of Regulation 17.8 in June 2025 under the SITA Act No. 88 of 1998 as amended will decentralise procurement, and we are preparing to adapt our operations to remain competitive and relevant.

Despite fiscal pressures, we remain financially viable, with positive EBITDA and net asset growth. Continued reforms will ensure our long-term sustainability. Management notes that subsequent to the reporting date, the proclamation of Regulation 17.8 under the SITA Act No. 88 of 1998 as amended introduced a new procurement regime, with implications for SITA's

future operating model. The Agency remains a going concern, supported by positive EBITDA and net asset growth, while addressing irregular and fruitless expenditure, material losses, late supplier payments, and procurement variations through corrective actions and strengthened internal controls.

I wish to express my deepest gratitude to the executive committee, the board of directors led by Ms Sedzani Mudau, our valued customers, and the SITA team for their ongoing support. I would like to pay a special tribute to the Ministry of Communications and Digital Technologies, as led by the honourable Minister, Mr. Solly Malatsi (MP) for his continued support and political oversight.



Mr Gopal Reddy

Acting Managing Director

State Information Technology Agency SOC Ltd

5. 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;
- (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 Annual Financial Statements (Part F) 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 the judgements made based on the information contained in the AFS;
- (f) 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;
- (g) the external auditors are engaged to express an independent opinion on the AFS; and
- (h) in our opinion, the annual report fairly reflects the operations, performance information, human resources information and financial affairs of the public entity for the financial year ended 31 March 2025.



Ms Sedzani Mudau

Chairperson of the Board

State Information Technology Agency SOC



Mr Gopal Reddy

Acting Managing Director

State Information Technology Agency SOC



6. STRATEGIC OVERVIEW

6.1 VISION



To be the leading information and communications technology (ICT) agency in public service delivery.

6.2 MISSION



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.

6.3 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** – be 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 State Information Technology Agency Act, Act No. 88 of 1998

Following the PRC's recommendations, SITA was established in April 1999 through the SITA Act, Act No. 88 of 1998. SITA is registered as a Schedule 3A Public Entity, which is self - sustaining and self - funding, and Government is the sole shareholder. The Minister of Communications and Digital Technologies exercises the custodian rights attached to the shareholder on behalf of the state.

The Agency was established with the core mandate to provide IT services to Government, and flowed from the amalgamation of a number of entities (listed below) which had different operating methods, procedures, skill sets, infrastructure, and technologies, all of which had to be made to work seamlessly in order for SITA to deliver on its mandate:

- (a) Infoplan (Pty) Ltd, the ICT service provider to Department of Defence;
- (b) Central computer services of the Department of State Expenditure; and
- (c) Sub-component information systems within the Department of Safety and Security.

The mandate of SITA, as stated in the Act, is as follows:

- (a) 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
- (b) 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 its role, including but not limited to:

- (a) Electronic Communications Act, Act No. 36 of 2005;
- (b) Public Finance Management Act, Act No. 1 of 1999;
- (c) Companies Act, Act No. 71 of 2008;
- (d) Public Service Act, Proclamation 103 of 1994;
- (e) Electronic Communication and Transactions Act, Act No. 21 of 2002;
- (f) National Key Points Act, Act No. 102 of 1980;
- (g) Preferential Procurement Policy Framework Act, Act No. 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.
- (m) Protection of Personal Information Act (POPI Act)
- (n) The Promotion of Access to Information Act (PAIA)

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

SITA MUST		SITA MAY	
	Private Telecoms Network Act, Sec 7 (1)(b)(i)		Department ICT Training Act, Sec 7 (1)(b)(i)
	Transversal Systems Act, Sec 7 (1)(b)(ii)		Department System Development Act, Sec 7 (1)(b)(ii)
	Transversal Data Processing Act, Sec 7 (1)(b)(iii)		Department ICT Maintenance Act, Sec 7 (1)(b)(iii)
	Information System Security Act, Sec 6 (a)		Department Data Processing Act, Sec 7 (1)(b)(iv)
	Disaster Recovery plan Regulation, Sec 4.1.2		Advisory Services Act, Sec 7 (1)(b)(v)
	Procurement Act, Sec 7 (3)		ICT Management Services Act, Sec 7 (1)(b)(vi)
	Standards (Interoperability & Security) Act, Sec 7 (6)(a)(i), (ii)		Provide Authentication products Act, Sec 7 (6)(c)
	Certifiy against Standards Act, Sec 7 (6)(b)		Do ICT Research Act, Sec 7 (6)(d)
	IS Convergence Strategy Regulation, Sec 4.1.1 (a)		
	Information System Inventory Regulation, Sec 4.6		
	Research Plan Regulation, Sec 4.1.1		

Figure 1: SITA's 'must' and 'may' services

7.2 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.

7.2.1 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 that maximise human potential must be cultivated.
- (i) Public administration must be broadly representative of the South African people, with employment and personnel management practices being based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

7.2.2 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.

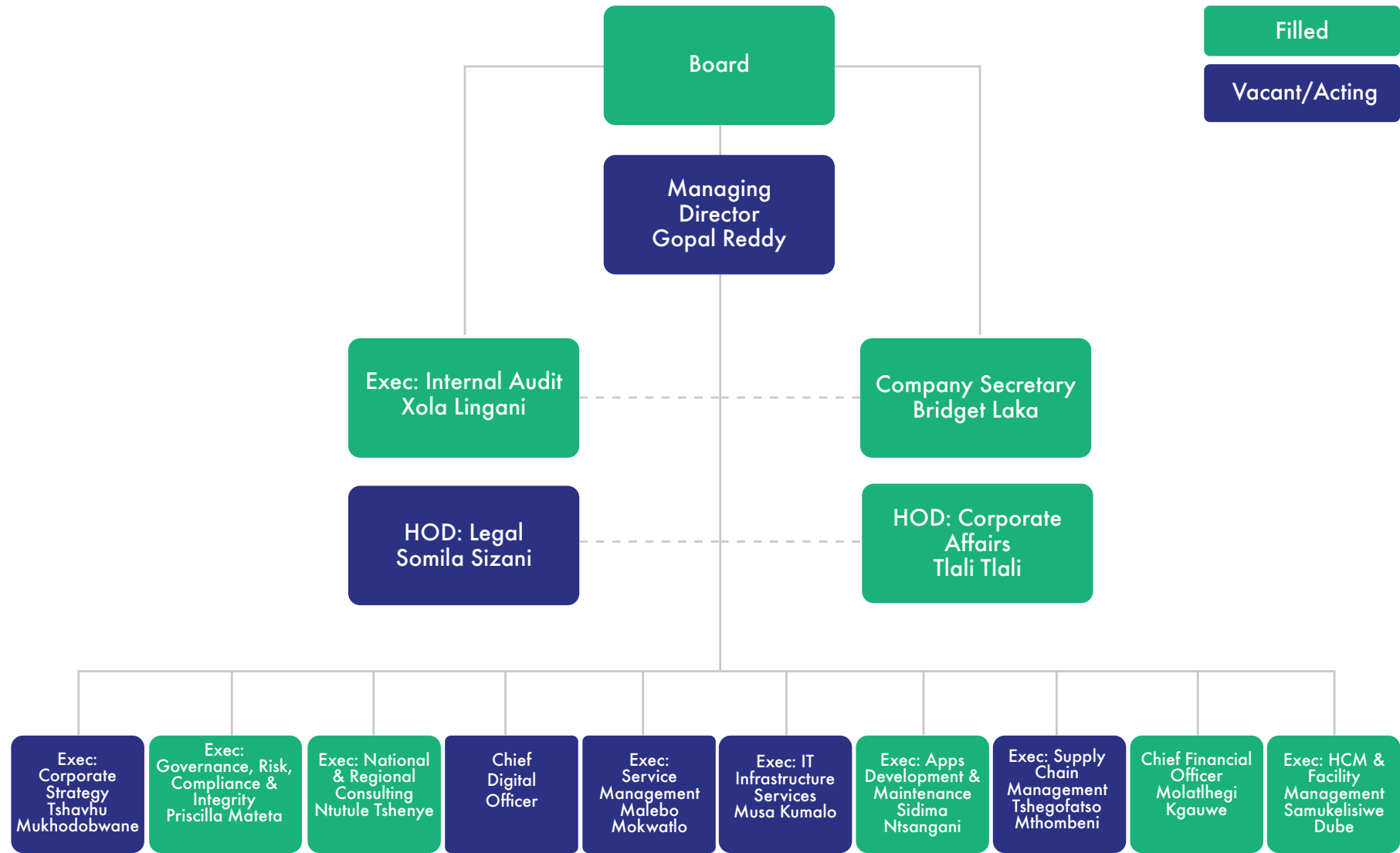


Figure 2: Organisational structure

During the period under review, some positions were filled with incumbents who acted for different periods of time in order to ensure business continuity, while recruitment and other internal processes ran their course in parallel. The detail regarding leadership changes in the affected positions within the macro-structure is reflected below.

(a) Head of Department: Legal Services

- (i) Vincent Mphapuli was appointed from 1 July 2017 to 31 January 2025.
- (ii) Hlanganani Mtshali was appointed as Acting HOD of Legal Services from 28 November 2023 to 30 November 2024 while Mr Mphapuli was temporarily relieved of his duties.
- (iii) Somila Sizani was appointed as Acting HOD of Legal Services from 1 February 2025 to 31 March 2025.

(b) Executive: Corporate and Digital Strategy (CDS)

- (i) Kgomotso Kgafela was appointed as Acting Executive: CDS from 1 April 2024 to 30 November 2024.
- (ii) Tshavhu Mukhodobwane was appointed as Executive: CDS from 1 December 2024 to 31 March 2025.

(c) Executive: Governance, Risk, Compliance & Integrity (GRCI)

- (i) Molathlegi Kgauwe was appointed as Acting Executive: GRCI from 1 April 2023 to 30 November 2024.
- (ii) Priscilla Mateta was appointed as Executive: GRCI from 1 December 24 to 31 March 2025.

(d) Executive: Service Management (SM)

- (i) Malebo Mokwatlo was appointed as Acting Executive: SM from 5 February 2025 to 31 March 2025, when Gopal Reddy was appointed as Acting Managing Director.

(e) Executive: Information Technology Infrastructure Services (IT IS)

- (i) Musa Kumalo was appointed as Acting Executive: IT IS from 1 March 24 to 31 August 2024.
- (ii) Cyril Baloyi was appointed as Executive: IT IS from 1 September 2024 to 28 February 2025.
- (iii) Musa Kumalo was reappointed as Acting Executive: IT IS from 1 March 2025 to 31 March 2025, when Mr Baloyi exited his contract.

(f) Executive: Supply Chain Management (SCM)

- (i) Kenneth Pillay was appointed as Executive: SCM from 1 January 2020 to 31 December 2024.
- (ii) Malakia Mashiloane was appointed as Acting Executive: SCM from 6 February 2024 to 31 October 2024, while Mr Pillay was temporarily relieved of his duties.
- (iii) Tshegofatso Mthombeni was appointed Acting Executive: SCM from 1 January 2025 to 31 March 2025.

(g) Executive: Internal Audit (IA)

- (i) Dave Boucher was appointed as Acting Executive: Internal Audit from 1 April 24 to 30 November 2024.
- (ii) Xola Lingani was appointed as Executive: Internal Audit from 1 December 2024 to 31 March 2025.

(h) Managing Director

- (i) Simphiwe Dzengwa was appointed as Acting Managing Director from 1 February 2024 to 04 February 2025.
- (ii) Gopal Reddy was appointed as the new Acting Managing Director from 5 February 2025 to 31 March 2025.



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 119 - 131 of the Auditors-General's Report, included in Part F: Financial Information

10. OVERVIEW OF PUBLIC ENTITY'S PERFORMANCE

10.1 Service delivery environment

The 2024/25 financial year represented a pivotal juncture for SITA, marking the conclusion of its five-year Strategic Plan (2020-2025) within an environment characterised by rising demand for digital transformation, fiscal constraints, and systemic service delivery challenges.

SITA's audited performance for the year reflects a mixed picture of achievement and areas requiring intensified effort. Following engagements with the Auditor-General South Africa (AGSA) and in line with audit outcomes, the Agency is recorded as having achieved 42.86% (as depicted in the figure below) of its APP targets (6 out of 14). SITA demonstrated notable highlights show progress in advancing government's digital agenda, despite the outcome falling below the desired target.

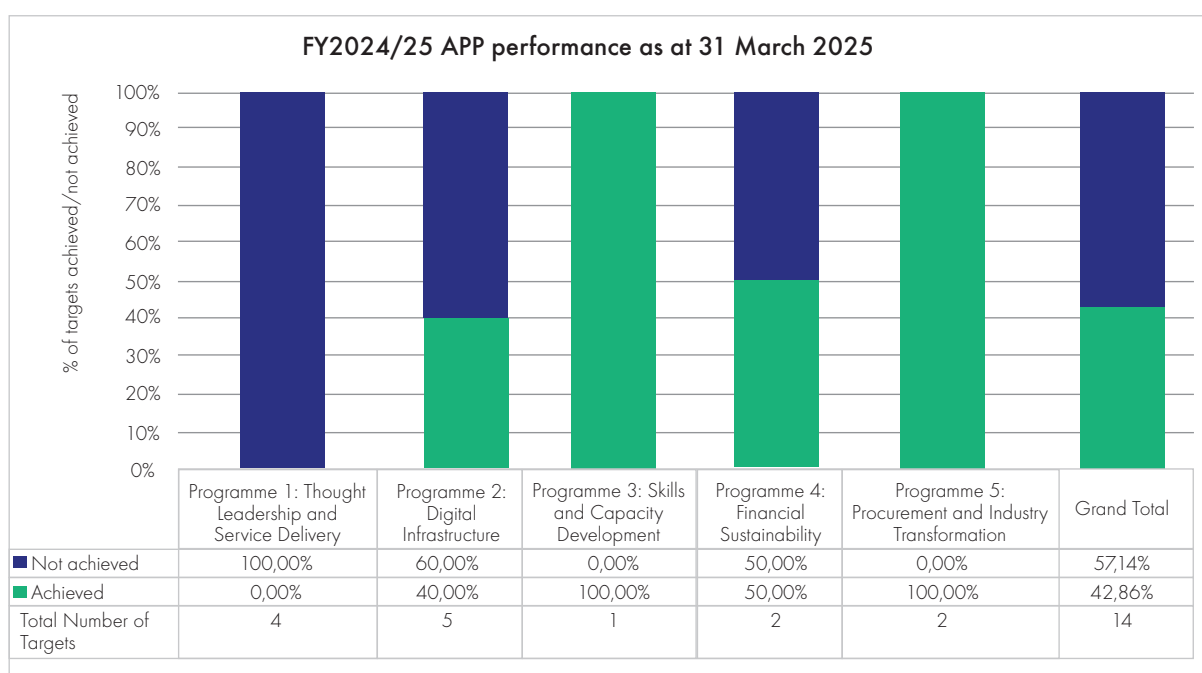


Figure 3: FY2024/25 APP performance as at 31 March 2025

During the period under review, performance across the five strategic programmes showed varied levels of achievement. Skills and capacity development, and procurement and industry transformation achieved 100% of their planned targets. Digital infrastructure achieved 40% of planned targets, while thought leadership and service delivery targets were not achieved.

Notable highlights during the reporting period include the stabilization of the Court Online system, which enabled the client-led rollout of 13 courts, the completion of 98% of national and provincial departments' information security maturity assessments, and the delivery of information security awareness campaigns to 80.25% of departments. Variances from

planned targets were mainly due to client-directed changes to the Court Online rollout, post-election departmental name changes, institutional mergers, late-stage opt-outs, and cases where further participation was deemed unnecessary.

Additional successes include the attainment of 99.87% core network availability against a target of 98%, expansion of transversal Security Operations Centre (SOC) services to 39 departments (exceeding the target of 37), and the training of 89.43% of employees—surpassing the target of 85%. Procurement transformation targets were exceeded, with 59% of spend directed to SMMEs and designated groups against a 43% target, while the implementation of new framework agreements delivered a 70% cost saving on listed OEM prices. These outcomes underscore the Agency's resilience and capacity to deliver public value despite operating pressures.

At the same time, several targets were not met, including those relating to customer satisfaction, development of the Citizen SuperApp, and specific ICT initiatives such as the Court Online Phase 2 roll-out, which focused on the end-to-end digital court system implementation to manage, secure and ensure sharing of court documents to improve efficiency and quality of service to the public, and aspects of the Indigent Household Application. These areas of under-performance highlight both the challenges of a dynamic operating environment and the importance of strengthening execution disciplines.

Importantly, project-level reviews confirmed that despite variances against certain APP indicators, outcomes were delivered in line with the underlying intent of government programmes. Adjustments to project activities were guided by principles of agility, efficiency, and responsiveness to customer and national priorities, ensuring continued relevance and value. Independent assurance was undertaken through three levels of oversight, namely; Corporate Performance Monitoring and Evaluation, Internal Audit and External Audit—all of which were aligned to validate results.

While the 2024/25 performance outcomes highlight the need for continued improvement and acceleration in delivery, they also demonstrate that SITA has built a solid foundation of institutional resilience, operational efficiency, and digital capacity. These lessons will inform the implementation of the new Strategic Plan 2025–2030, ensuring that SITA remains a trusted partner in enabling digital transformation and improved service delivery for government and citizens alike.

10.1.1 Customer service improvement

SITA recognised that improving customer experience is central to restoring stakeholder trust and ensuring relevance in the evolving digital landscape. During the year under review, the Agency implemented a comprehensive Service Improvement Plan (SIP), which reached 98.4% completion. This plan addressed critical aspects such as system stability, service responsiveness, and the effectiveness of client engagement processes.

While significant operational improvements were recorded, the targeted customer satisfaction level of 60% was not achieved, highlighting the need for a more fundamental shift towards a truly customer-centric culture. Key areas of concern identified in the customer satisfaction report that specifically relate to efficiency, transparency, and outcome-driven delivery pointed to systemic issues that require a deeper intervention.

In response, the 2025/26 SIP has been recalibrated to directly address the identified challenges, focusing on enhancing the overall customer experience and repositioning SITA as a responsive, transparent, and value-driven organisation. The revised plan will be informed by specific recommendations, including the development of standardised “off-the-shelf” products and solutions for recurring client needs; a thorough organisational review of internal processes, particularly procurement, to remove bottlenecks; and the restructuring of client engagement sessions to include comprehensive needs analyses, post-implementation reviews, and actionable follow-ups. Additionally, a pricing benchmarking exercise will be undertaken to ensure competitiveness, accompanied by the documentation and transparent communication of pricing structures. To further reinforce SITA's role as an enabler of digital transformation, the Agency will also publish insightful content on IT best practices and emerging digital trends with a view to supporting client innovation and thought leadership.

10.1.2 Digitisation and digitalisation

On the digitisation and digitalisation front, SITA advanced several strategic initiatives aligned to Government's digital transformation priorities. The indigent household application phase 2 progressed, with the system developed and deployed on the pre-production environment using mock data, thereby strengthening the technological foundation needed to support targeted socio-economic interventions across the public sector.

Although the Citizen SuperApp faced procurement model challenges that delayed its launch, the project provided valuable lessons on the importance of agile and innovative approaches to procurement and technology partnerships. These lessons have already been incorporated into future implementation frameworks to ensure greater efficiency and flexibility.

A key milestone in the reporting period was enabling the implementation of the court online phase 2 roll-out plan. This initiative supports the development of a fully digital court system to securely manage court documents and enhance service delivery. Achievements included 71.6% completion of the stabilisation plan and supporting roll-out in over ten courts.

SITA has advanced its digital transformation efforts through key initiatives that enhance efficiency, accessibility, and service reliability. Three services, namely grievance management, fleet management, and asset removal, have been successfully automated, improving operational efficiency and enabling full transaction traceability. The Agency also continues to support and maintain the G20 platform, ensuring stability for intergovernmental collaboration. Furthermore, SITA has successfully migrated the eGovernment portal from a Windows-based system to a mobile platform, enhancing user accessibility and aligning with modern service delivery standards.

10.1.3 Digital infrastructure

SITA's digital infrastructure remained a bedrock of stability and reliability throughout the year. Core network availability consistently exceeded expectations, achieving an impressive 99.87% uptime (depicted below) against the 98% target. This performance was enabled by ongoing investments in SDN, robust disaster recovery mechanisms, and proactive maintenance practices.

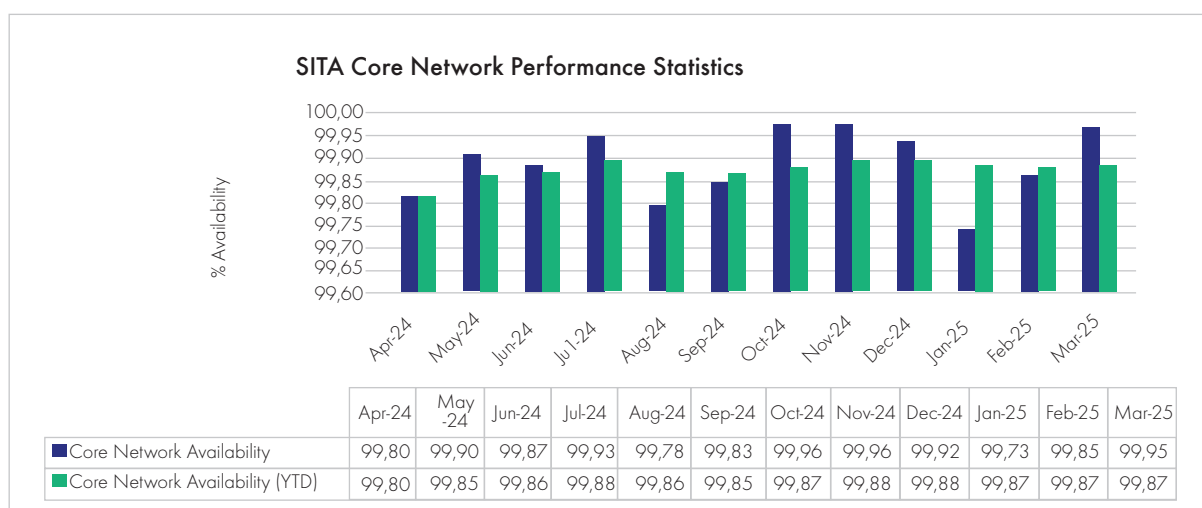


Figure 4: Core network availability and cloud enablement progress FY2024/25

In parallel, SITA developed reference architectures to leverage hyper scalers, expanding cloud capabilities and enabling public cloud services thereby providing government departments with more agile, scalable, and secure digital platforms. Support for SA Connect Phase 2 also continued, contributing to national efforts to bridge the digital divide and promote inclusive economic development.

10.1.4 Information security

In an era of escalating cyber threats, SITA placed a strong emphasis on strengthening the digital resilience of government systems. The Agency conducted information security maturity assessments across 98% of targeted national and provincial departments thereby successfully rolling out security awareness campaigns to its intended audiences.

Furthermore, the capabilities of the Security Operations Centre were expanded to 39 national and provincial departments, exceeding the set target. These interventions directly contribute to South Africa's broader national imperative of protecting critical information infrastructure and building a secure digital state. SITA's achievements in this regard position it as a leader in strengthening cybersecurity maturity within the public sector.

10.1.5 Procurement and industry transformation

Economic transformation remained a cornerstone of SITA's mandate during the year under review. The Agency channelled 59% of its procurement spend through SMMEs and designated groups, significantly exceeding the 43% target set in the APP. In addition, a 70% cost saving was realised through the favourable negotiation of OEM framework agreements, demonstrating effective stewardship of public resources.

Delays encountered earlier in the reporting period in finalising framework agreements underscored the need for continuous internal reforms, particularly in procurement processes. These reforms have been prioritised under SITA's broader procurement and supply chain transformation programme, which is already delivering early benefits through improved agility and increased participation of designated groups.

10.1.6 Financial sustainability

SITA's financial performance during the year reflected both resilience and ongoing fiscal pressures within the public sector environment. According to final annual financial figures, the Agency exceeded its EBITDA margin target, achieving 10.26% against the planned target of 10%, while achieving 4% year-on-year service revenue growth against the planned target of 10%. This underperformance was primarily driven by project delays, reduced client budgets, and a shift in some portfolios towards non-traditional revenue models, all of which tempered overall financial outcomes.

In response, SITA intensified its focus on revenue diversification, particularly through expanding cloud services, cybersecurity solutions, and new digital offerings. Strengthened debtor management and cost containment strategies were also implemented to stabilise the financial position. These measures are essential for ensuring the Agency's future financial sustainability and its continued ability to invest in high-impact digital government initiatives.

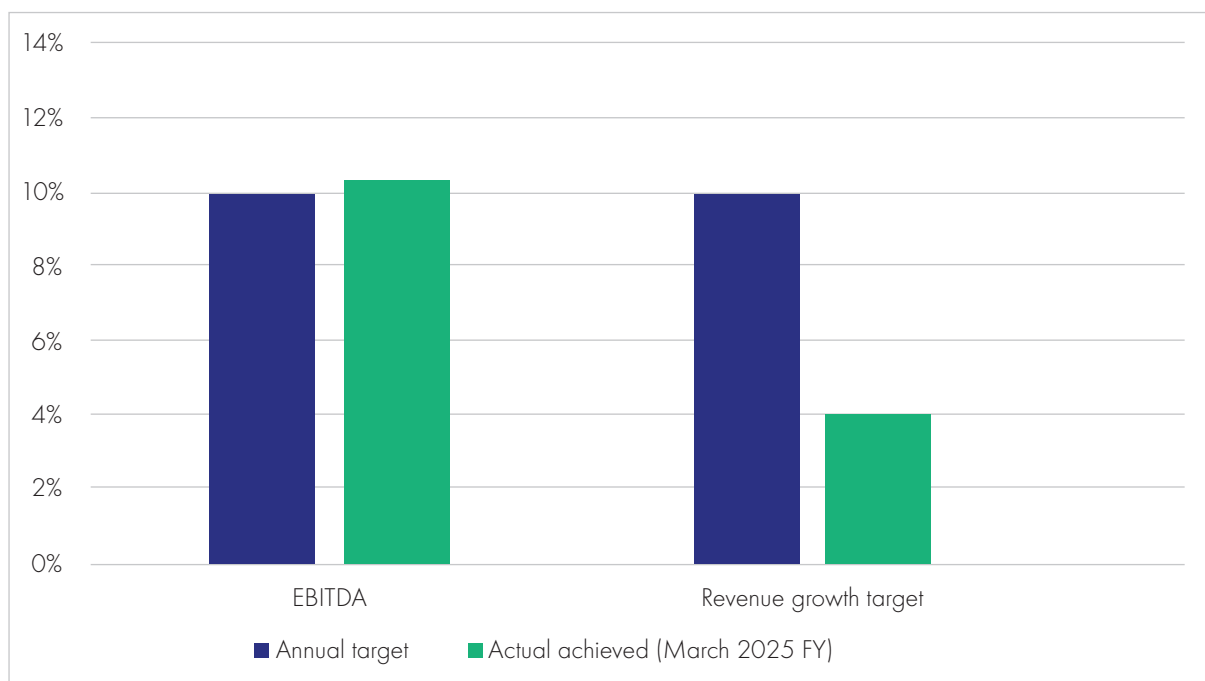


Figure 5: Revenue and EBITDA margin trends across FY24/25

10.1.7 Human capital development

A high-performing and digitally skilled workforce remains foundational to SITA's success. During the reporting period, the Agency exceeded its internal targets, achieving 89.43% of planned employee training, with a strong emphasis on key competencies such as cybersecurity, cloud computing, and digital transformation.

In addition, SITA expanded its contribution to broader socio-economic development through the enhancement of youth employment programmes, including learnerships and internships aimed at supporting the growth of a new generation of ICT professionals. While talent retention remains a challenge due to high competition for specialised skills, SITA initiated a range of innovative talent management strategies, including enhanced career development pathways, skills upliftment programmes, and flexible work options, to improve its competitiveness and retention rates.

10.2 Organisational environment

The 2024/25 financial year was a period of leadership transitions for SITA, presenting both challenges and opportunities for strengthening organisational resilience. SITA implemented a series of acting executive appointments to ensure continuity and this contributed to sustaining operational stability within the Agency.

SITA advanced key internal reforms to strengthen its operational responsiveness. The dissolution of the Staffing Panel Committee decentralised vacancy management, empowering lines of business with greater autonomy over human resource decisions and improving agility. Talent management, however, remained a challenge, particularly as regards attracting and retaining critical ICT skills.

Operational reforms included the commencement of initiatives to enhance procurement capacity to address backlogs and manage new transactions timeously.

Governance was strengthened through proactive risk management, with targeted mitigation actions addressing financial sustainability pressures, cybersecurity threats, and stakeholder dependencies.

SITA sustained its journey towards becoming a performance-driven and customer-centric organisation, promoting ethical leadership, and strengthening internal communications.

10.3 Key policy developments and legislative changes

The Public Procurement Act introduces a unified legislative framework aimed at promoting fairness, cost-effectiveness, integrity, and transparency in public procurement processes across all spheres of government. For SITA, this development carries significant implications. As an agency with a central role in the procurement of ICT goods and services on behalf of government departments, the proclamation of Regulation 17.8 in June 2025 empowers departments to manage their own procurement, while positioning SITA to transform its operations. This shift acts as a catalyst for greater agility, efficiency, and value delivery, reinforcing SITA's role as a trusted partner to government.

Recognising the strategic importance of proactive compliance, SITA has already begun reviewing its internal procurement frameworks to ensure alignment with the principles and anticipated requirements of the new Act. These preparatory actions include streamlining procurement governance processes, enhancing transparency measures, and building internal capacity to operate within a more regulated and accountable procurement environment. SITA's response aims not only to ensure full legislative compliance but also to position the Agency as a model of best practice in public sector procurement transformation.

Beyond procurement reforms, other strategic policy shifts continued to shape SITA's operating landscape. National directives promoting cloud-first strategies and reinforcing the importance of data sovereignty have reaffirmed the relevance of SITA's government cloud initiatives. The Agency's continued investments in secure, sovereign cloud infrastructure will be critical in enabling digital transformation across Government while safeguarding sensitive information assets. Furthermore, the intensified focus on cybersecurity resilience, both globally and nationally, has necessitated increased investment in secure digital platforms and transversal security capabilities.

SITA's proactive adaptation to these evolving policy imperatives reflects its strategic intent to remain compliant, agile, and future-ready. Through the alignment of its strategies, operations, and service offerings with emerging legislative and policy frameworks, SITA continues to strengthen its role as a leading enabler of digital government transformation in South Africa.

10.4 Progress towards achievement of institutional impact and outcomes

SITA's performance over the course of the five-year Strategic Plan 2020–2025 reflects meaningful progress towards its institutional impacts.

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 FINANCIAL YEAR 2024/2025	PROGRESS AS AT 31 MARCH 2025
Thought Leadership and Service Delivery	Effective and efficient public service with modernised, automated and paperless processes	Percentage implementation of indigent household application and integration of phase 2 plan	–	100% implementation of indigent household application and integration of phase 2 plan	38.56% implementation of indigent household application and integration of phase 2 plan
Digital Infrastructure	Increased citizen value through availability and accessibility of digital services	Percentage of core network availability	–	98% core network availability	99.87% core network availability
Skills and capability development	A high-performing workforce capable of solving complex public service ICT problems and the adoption of innovative solutions	Percentage of employees trained against the SITA training plan	–	85% of employees trained against the SITA training plan	89.43% of employees trained against the SITA training plan
Financial stability	Improved governance and financial sustainability	Percentage EBITDA as a percentage of revenue	-1% profitability	10% EBITDA as a percentage of revenue	10.26% EBITDA as a percentage of revenue
Procurement and transformation	Increased procurement spends 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	58% 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	59% procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend

SITA's contribution to the 2019–2024 Medium-Term Strategic Framework (MTSF) included enabling digital transformation, improving cybersecurity resilience, enhancing public sector operational efficiency, and driving economic inclusion.

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, products and services aimed at digitalising government and improving citizens' experience of government services.

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/2025	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 2 roll-out plan	-	0% implementation of court online phase 1 roll-out plan	100% implementation of court online phase 2 roll-out plan	0% implementation of court online phase 2 roll-out plan	-100%	(a) SITA contracted to do the roll-out of Court Online. In February 2024, the client revised their requirement, indicating that SITA should not proceed with further roll-out but instead focus on system stabilization and maintenance. (b) An APP amendment request was submitted to DCDT on 31 October 2024, however, the request could not be processed as it was deemed to be too late to take it through the re-tabling process given the time it was received by DCDT. (c) In order to prevent fruitless expenditure, SITA rescoped its work to be limited to system stabilization and maintenance. (d) The Court Online system stabilization enabled the rollout of the 13 courts by client. (e) The client signed acceptance certificates to confirm successful delivery.

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/2025	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 the identified data sources	Percentage implementation of indigent household application and integration phase 2 plan on pre-production	-	96% implementation of indigent household application and integration of phase 1 plan	100% implementation of indigent household application and integration of phase 2 plan	38.56% implementation of indigent household application and integration of phase 2 plan	-61.44%	(a) There were external dependencies on the achievement of this target relating to challenges with the signing and implementation of the MOUs to access data for integration, that was beyond SITA's control. (b) System was developed and deployed on the pre-production environment using mock data.
	Selected government e-services accessible on the citizen super-app	Implementation of citizen super-app with selected government e-services accessible	-	-	Citizen super-app developed with selected government e-services accessible	Citizen super-app not developed with selected government e-services and therefore not accessible	Citizen super-app not developed with selected government e-services and therefore not accessible	(a) The decision to use the revenue-sharing model instead of capex had an impact on the overall progress of the milestones of the project. (b) The implementation of the procurement plan lagged, resulting in the delay of the publication of the tender to appoint an industry partner.
Improved SITA performance	Improved customer service	Percentage customer satisfaction level attained	-	-	Attain 60% customer satisfaction level	48% customer satisfaction level attained	-12%	Customer views of SITA as per the survey report. The 3 dimensions that SITA scored under 50% are: Efficiency 22% Transparency 36% Outcome driven 38%

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 and storage, to enable the provisioning of digital services and solutions at increased availability, flexibility, scalability, predictability, and security.

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/2025	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 of core network availability	-	99.35% core network availability	98% core network availability	99.87% core network availability	1.87%	Several key factors contributed to the target being exceeded, including: (a) SITA's investments in SDN equipment and redundant links for a robust and resilient network infrastructure (b) Proactive monitoring and maintenance practices.
	Availability of secure public cloud service offering for customer consumption	Percentage implementation of plan for government public cloud services enabled across multiple hyperscalers	-	-	100% implementation of plan for government public cloud services enabled across multiple hyperscalers	55% implementation of plan for government public cloud services enabled across multiple hyperscalers	-45%	(a) The deviation from the planned target is due to governance-related issues i.e. the weights of the deliverables on dashboard did not align with the project charter. (b) The Cloud Reference Architectures (RAs) are in place; however, specific service level agreements remain to be concluded with hyperscalers.

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/2025	Deviation from planned target to actual achievement	Reasons for deviations
Seamless integrated and trusted public services	Government information security maturity level report	Percentage of national and provincial departments' information security maturity level assessments completed	-	107 government departments' information security maturity level assessments completed	100% of national and provincial departments' information security maturity level assessments completed	98% of national and provincial departments' Information security maturity level assessments completed	-2%	The following events took place resulting in the reduction of the initial scope: (a) Post-election departmental name changes led to reduction. (b) Removed: NC Department of Environment and Nature Conservation (merged into NC Department of Agriculture, Environmental Affairs, Rural Development and Land Reform). (c) The South African Development Partnership Agency (SADPA), is now part of DIRCO and therefore was removed from the list. (d) State Security Agency, which indicated it could not be assessed by SITA. In order to prevent fruitless expenditure, SITA only rendered services within revised scope.

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/2025	Deviation from planned target to actual achievement	Reasons for deviations
	Information security awareness achieved	Percentage national and provincial departments provided with information security awareness campaigns		171 clients provided with information security awareness campaigns	100% of national and provincial departments provided with information security awareness campaigns	80.25% of national and provincial departments provided with information security awareness campaigns	-19.75%	The following events took place resulting in the reduction of the initial scope: (a) Department list updated due to post-election name changes. (b) E-Gov confirmed monthly cybersecurity awareness for all Gauteng departments. (c) SADPA removed (merged into DIRCO) (d) DOD removed (covered under SLA). (f) Due to the late-stage engagements, the 13 Western Cape departments opted out of participation. (e) NC Department of Roads and Public Works was excluded from the engagement as they had already completed the awareness training material, rendering further participation unnecessary.
	Security Operations Centre (SOC) transversal capability expanded to national departments	Number of national departments expanded with SOC transversal capability	-	-	37 national departments expanded with SOC transversal capability	39 national departments expanded with SOC transversal capability	2	Additional departments were identified to support the expansion of the SOC's transversal capabilities.

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 facilitate the strategic drive to digitalise Government while building a culture of performance, accountability, and corruption-free and consequence-oriented management.

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/2025	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 training plan	Percentage of employees trained against the SITA training plan	75% of employees trained against the SITA workplace skills plan	83.11% of employees trained against the SITA workplace skills plan	85% of employees trained against the SITA training plan	89.43% of employees trained against the SITA training plan	4.43%	The target was achieved and slightly exceeded due to the successful implementation of soft skills training for job levels B-D employees. The training, which focused on building positive working relationships, emotional intelligence, teamwork and collaboration, and personal mastery, proved effective in enhancing employee performance, particularly among those who had not received training in the financial year.

10.5.1.4 Programme 4: Financial sustainability

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

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/2025	Deviation from planned target to actual achievement	Reasons for deviations
Improved governance and financial sustainability	Achieved budgeted EBITDA as a percentage of revenue	Percentage EBITDA as a percentage of revenue	R327m	9%	10% EBITDA as a percentage of revenue	10.26% EBITDA as a percentage of revenue	0.26%	Reduced spending in Opex .
Improved governance and financial sustainability	Year-on-year growth in service revenue	Percentage year-on-year growth in service revenue on the 2023/24 baseline	10% growth in revenue	7%	10% year-on-year growth in service revenue on the 2023/24 baseline	4% year-on-year growth in service revenue on the FY2023/24 baseline	-6%	The agreed-upon service level agreement values were lower than anticipated, and actual usage was less than planned in relation to consumption-based services.

10.5.1.5 Programme 5: Procurement and industry transformation

The purpose of this programme is to advance the transformation of the ICT sector to stimulate economic growth, develop local ICT content, and radically transform the agency's procurement capability towards the reduction of unemployment and poverty alleviation while supporting skills development and promoting fair, equitable, transparent, and cost-effective procurement services.

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/2025	Deviation from planned target to actual achievement	Reasons for deviations
Reformed supply chain through ICT economic transformation	Cost savings on new framework agreements with OEMs' listed prices achieved	Percentage cost savings on new framework agreements with OEMs' listed prices	-	-	35% cost savings on new framework agreements/OEMs' listed prices	70% cost savings on new framework agreements with OEMs' listed prices	35%	The H3C discount structure is high, contributing significantly to overachievement.
	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	-	58% of procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend	43% procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend	59% procurement spend through entities designated as SMME, black, women, youth and people living with disabilities on influenceable procurement spend	16%	The performance can be attributed to SITA's commitment towards SMMEs' and designated groups' empowerment.

10.5.2 Linking performance with budgets

Underspend on costs is mainly due to opportunities that did not materialise, leading to less spending.

Programme	2024/2025			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	3 335 037	3 304 732	30 305	2 758 001	2 898 518	(140 517)
Programme 2: Digital infrastructure	3 478 262	3 045 890	432 372	2 952 161	3 154 276	(202 115)
Programme 3: Skills and capability development	621 536	435 232	186 304	444 874	393 178	51 696
Programme 4: Financial sustainability	83 238	524 336	(441 098)	166 535	279 471	(112 936)
Programme 5: Procurement & industry transformation	78 924	74 222	4 702	80 293	43 066	37 227
Total	7 596 997	7 384 412	212 585	6 401 864	6 768 509	(366 645)

The actual expenditure amount includes tax expense, as tax is included in the budget.

10.5.3 Strategies to overcome areas of underperformance

SITA will implement the following interventions to improve performance. It must be noted that the implementation of these interventions has already commenced.

- Implement Auditor-General's recommendations to improve the overall control environment.
- Rectify weaknesses identified in financial management, performance management, and compliance with legislation.
- Continue to ensure that planning processes include input from all levels of management and subject matter experts so 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.
- Continue to conduct strategic performance reviews during divisional Manco and Exco meetings to ensure that efforts focus on elevating performance to acceptable levels.
- 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.
- Ensure proactive planning and execute interventions that necessitate supply chain management and the enhancement of recruitment efficiency by reducing the time taken to complete the recruitment process.
- Ensure the proactive attainment of consumer commitment and allocate budget securely.
- Ensure the 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's financial performance reflected an overall revenue shortfall, primarily attributed to the delayed realization of planned projects. Furthermore, specific revenue streams exhibited negative variances due to lower-than-anticipated customer utilization and procurement process delays.

The table below reflects revenue billed as per the SITA service catalogue.

Sources of revenue	2024/2025			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	1 197 710	1 274 965	77 255	759 577	913 156	153 579
Service Revenue	6 792 703	6 231 978	(560 725)	5 856 026	5 986 814	130 788
Application functional support	206 234	226 289	20 055	151 767	167 298	15 531
Application maintenance	619 862	591 869	(27 993)	526 110	524 668	(1 442)
Cloud Hosting services	121 042	92 761	(28 281)	93 429	95 955	2 526
Dedicated VPN	153 059	201 193	48 134	183 963	131 956	(52 007)
Enterprise architecture	25 204	32 727	7 523	28 391	21 190	(7 201)
Hosted batch printing	38 126	19 981	(18 145)	27 541	23 121	(4 420)
Internet connectivity	563 113	619 357	56 244	356 345	406 152	49 807
LAN and desktop	1 282 386	1 194 744	(87 642)	775 261	1 088 663	313 402
Mainframe hosting	1 352 495	1 041 536	(310 959)	1 206 995	1 195 842	(11 153)
Midrange hosting	161 978	223 606	61 628	189 963	123 380	(66 583)
Project management	38 479	10 828	(27 651)	30 079	17 202	(12 877)
Security Policy Dev and Maint	166 752	89 238	(77 514)	127 827	57 469	(70 358)
Service management	557 453	448 280	(109 173)	512 916	647 695	134 779
Shared VPN	1 222 398	1 239 766	17 368	1 045 110	1 158 704	113 594
Training (Solution/App)	34 333	37 684	3 351	43 869	33 435	(10 434)
Solution Development	118 171	34 865	(83 306)	360 373	80 273	(280 100)
Solution Deployment	6 872	7 260	388	8 292	76 833	68 541
Unified Communications	0	13 366	13 366	46 211	35 528	(10 683)
Disaster Recovery Services	20 483	37 357	16 874	0	11 043	11 043
Sec Architecture Dev/Maint	3 693	863	(2 830)	1 886	628	(1 258)
Other	100 570	68 409	(32 161)	139 698	89 778	(49 920)
Total	7 990 413	7 506 943	(483 470)	6 615 603	6 899 970	284 367

10.7 Capital investment

SITA spent R380 946 000 on capital expenditure during the 2024/25 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.

Infrastructure projects	2024/2025			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	173 537	46 725	126 812	161 000	0	161 000
Infrastructure: Switching Centres	12 000	17 346	(5 346)	3 200	9 540	(6 340)
Infrastructure: Data Centres	424 520	236 281	188 239	532 598	396 632	135 966
Infrastructure: Modernisation	1 260	1 552	(292)	0	0	-
Solution Development: Integration	30 846	0	30 846	31 930	26 786	5 144
Solution Development: R & D	0	0	0	25 000	379	24 621
Service Management: Decentralised Support and 1st line support	130 578	51 710	78 868	41 152	0	41 152
Operational Support: Internal IT	20 245	3 935	16 310	47 762	55 359	(7 597)
Operational Support: Facilities	186 907	1 157	185 750	100 754	205	100 549
Operational Support: Integrated Security	20 098	22 241	(2 143)	56 604	67 334	(10 730)
Total	999 990	380 946	619 044	1 000 000	556 235	443 765





PART C

GOVERNANCE

11. INTRODUCTION

Corporate governance refers to the structures, processes, and relationships that guide and control organisations while also guaranteeing accountability and transparency to stakeholders. This concept seeks to balance the interests of a corporation's different stakeholders, such as shareholders, investors, employees, consumers, suppliers, the environment, and the broader community, while holding executives accountable for their decisions. Furthermore, the legislative requirements that are based on the enabling legislation of a public entity and the Companies Act, the principles of the Public Finance Management Act (PFMA) and the principles that are contained in the King IV Report on Governance for South Africa come into play when it comes to the application of corporate governance in relation to public entities.

Parliament, the Executive and the accounting authority of the public entity are responsible for corporate governance.

12. PORTFOLIO COMMITTEES

In order to carry out its mandate, Parliament examines public entities' yearly financial accounts and other pertinent documents that must be tabled periodically in order to assess their performance.

As part of its inspection of public institutions' service delivery performance, the Portfolio Committee examines the non-financial data in their annual reports, focusing on improving economic growth and service delivery.

SITA gave presentations to the Parliamentary Portfolio Committees on Digital Technologies and Communications and Basic Education during the reviewed year.

Portfolio committee	Key issues	Dates
Communications	Briefing to the Portfolio Committee on Communications and Digital Technologies on the Legacy Report	23 Jul 2024
	Induction workshop	20-22 Aug 2024
	Briefing by the Department of Communications and Digital Technologies (DCDT) and its entities on their 2023/24 third and fourth quarter expenditure and performance reports	10 Sep 2024
	Briefing by the State Information Technology Agency (SITA) on its turnaround performance plan following a performance decline in quarter 2 of FY 2023/24	17 Sep 2024
	Oversight visit to Alfred Nzo and OR Tambo district municipalities	08 - 22 Oct 2024
	The Portfolio Committee has invited the Department and Cliff Decker Hoffmeyer to present a report on allegations of irregularities in SITA's awarding of tenders in the amount of R1,2 billion.	15 Nov 2024
	SIU investigations; ICT sector union engagement with Minister	26 Nov 2024
	Oversight visit to SITA	11 Dec 2024
	Presentation by content advisors on the SITA oversight report / adoption of SITA oversight report / briefing by Minister and Department on the status of SITA governance issues	12 Feb 2025
	Progress status report on school connectivity: Department of Basic Education and DCDT briefing with Deputy Minister	20 Feb 2025
	Briefing by the DCDT, Government Communication and Information System (GCIS) and related entities on audit action plans following the recommendations of AGSA / briefing by DCDT and GCIS and the entities on the 2024/25 first and second quarter expenditure and financial reports	25 Mar 2025
Basic Education	Briefing on allegations of tender irregularities in the awarding of an IT tender by Western Cape Education Department (WCED), Cliffe Dekker Hofmeyr (CDH) and SITA	3 Dec 2024

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

13. EXECUTIVE AUTHORITY

Governance reports submitted to the Executive Authority for the year ended 31 March 2025 are described below.

Description	Key issues	Date
Quarter 4 corporate performance report for the period ended 30 March 2024	The report covered the SITA SOC Ltd quarter 4 performance results against the APP FY23/24 planned targets as well as provisional annual performance results for the period ended 31 March 2024. The Shareholder raised the following issues when the report was presented on 22 May 2024: (a) Status of the revised Memorandum of Incorporation (MOI): SITA committed to submit the revised MOI for tabling at its governance structures. (b) Update on the review of SITA business model or (repurposing) as per Ministers performance agreement: SITA included a target in this regard on the revised Annual Performance Plan (APP) as advised by DPME. (c) SITA was requested to share the repurposing and platform strategy document prior to convening a workshop with DCDT.	11 May 2024
Quarter 1 corporate performance report for the period ended 30 June 2024	The report covered the SITA SOC Ltd quarter 1 performance results against the APP FY24/25 planned targets. The Shareholder raised the following issues when the report was presented: (a) Remedial action on Q1 underperformance; SITA established war rooms to address gaps. (b) Procurement delays; SITA implemented annual procurement planning and ERP updates. (c) Revenue recognition flagged; annexures signed with SAPS and billing commenced. (d) Call for finalisation of revised MOI; SITA committed to timelines. (e) Monitoring of debt collection and clarity on financial reporting; SITA confirmed continuous oversight and improved reporting.	31 July 2024
The integrated audit action plans for SITA	An integrated audit action plan which addresses findings from several audits within SITA was shared with the DCDT.	01 August 2024
Notification of material irregularity (MI) at SITA	This report details payments made to Trade Zone 123 (Pty) Ltd for services not delivered, which resulted in a material financial loss for the Agency.	02 August 2024
The audit report for the financial year	The audit report contained: (a) An explanation to the Minister regarding AGSA delays in report sign-off (b) AGSA's commitment to report completion (c) A request to the Minister to postpone the Annual General Meeting (AGM) Following presentation of the final audit report, the final annual report was considered at the AGM and subsequently tabled.	12 September 2024 24 January 2025

Description	Key issues	Date
SITA's final Annual Performance Plan (APP) for the financial year 2024/25 (version 12.3.1)	The APP was tabled in Parliament (National Assembly and National Council of Provinces) on 4 September 2024. A revised APP was submitted to Department of Communications and Digital Technologies (DCDT) on 31 October 2024. However, the request was not approved as the submission was deemed too late for re-tabling.	4 September 2024
Quarter 2 corporate performance report for the period ended 30 Sep 2024	The report covered the SITA SOC Ltd quarter 2 performance results against the APP FY24/25 planned targets together with reasons for deviation and corrective actions as well as strategic projects. When the report was presented on 18 November, the Shareholder raised the following issues: (a) Follow-up on repurposing and platform strategy: SITA held workshops with DCDT, DPSA, and Presidency. (b) Review of PFMA amendments and Treasury consultation: SCM reviewed the SITA DOA and Procurement Policy.	31 October 2025
Quarter 3 corporate performance report for the period ended 30 December 2024	SITA SOC Ltd quarter 3 performance results against the APP FY24/25 planned targets together with reasons for deviation and corrective actions as well as strategic projects. When the report was presented, the Shareholder raised the following issues: (a) Procurement and employment data submission: HCM provided the requested information. (b) Update requested on debt collection: SITA continuously monitors and escalates matters in line with the Debt Management policy.	6 February 2025
APP FY2025/26 and Strategy Plan 2025/30	The following strategic documents were submitted and tabled: (a) The Strategy Plan 2025/30 SITA's medium-term strategic direction and transformation priorities towards a digital government by 2030 (b) The APP FY25/6 operationalises SP2030 through annual targets and initiatives aligned to government priorities.	31 January 2025
Revised APP FY2025/26 and Strategy Plan 2025/30	A Revised Strategic Plan and APP were submitted following alignment of SITA's strategic objectives with the national and DCDT priorities due to the MTDP.	31 March 2025

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 the following:

- (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, are 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 for ensuring that adequate measures are taken and appropriate 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 cornerstone of the SITA Board Charter is the conviction that governance, in all its forms, reflects the values of the society in which it functions. It recognises that high standards of ethics and trust, concomitant with coexistence and consultation, are essential for corporate governance to flourish. It also acknowledges that corporate governance is really about leadership – leadership that is accountable and transparent, for efficiency, for probity, and for responsibility. The SITA Board Charter is based on these principles.

The first part of the Charter acknowledges the legislative and constitutional foundations of SITA governance. Next is a succinct summary of corporate governance concepts, along with specifics about the roles, responsibilities, and authority delegation of the Board and directors.

The Charter goes on to address the Board's duties, management, and composition during sessions and committees, followed by the disclosure of directors' stakes in SITA operations and the necessity of evaluating both individual and group director performance. In addition to highlighting the significance of risk management, internal auditing, information technology, compliance, and stakeholder relationship management, it offers alternative conflict resolution. The charter acknowledges that directors have the right to obtain independent expert counsel at the organisation's expense and to access the office of the Company Secretary.

14.3 Composition of the Board

The current SITA Board was appointed on 27 February 2025 by the shareholder representative in accordance with section 10 of the SITA Act, Act No. 88 of 1998. Its members are reflected below.

27 February 2025 – 31 March 2025

Name	Designation	Date reappointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Ms S Mudau	Interim Chairperson	27 February 2025	-	- Chartered Accountant CA (SA) - Master's in Business Administration (MBA) - BCom (Honours) Accounting - BCom Financial Accounting - Management Development Program (MDP) - Senior Executive Development Program (SEP) - Management Advanced Programme (MAP)	- Finance - Governance - Risk and Strategy	- Favest Advisory (Pty) Ltd - Favest Auditors Inc. - RYT Group (Pty) Ltd - Imerge Capital (Pty) Ltd - Sentech SOC - National Transmission Company of South Africa SOC	Board	3

Name	Designation	Date reappointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Adv. J Weapond	Board member	27 February 2025	-	- B Comm Honours: IT - B Tech in Policing - Bachelor of Law (LLB) - Bachelor of Law (B. Iuris) - Masters in Business Systems (Coursework) - National Diploma in Education SP III - Diploma in Compliance Management - Diploma in Business Management - Programme in Fraud Management - Postgraduate Diploma in Digital Technology (Coursework)	- Legal - Corporate Governance - Information Technology	- South African Airways (SAA) - Lead Mango Airline - SAA Subsidiaries Air Chefs and SAA Technical - Railway Safety Regulator (RSR) - DCDT - Mkhondo Municipality	- Board - Audit, Risk and Compliance (ARC) Committee - Board Procurement (BP) Committee - Information, Communication, Research, Development, and Innovation (ICTRDI) Committee	3 0 0 0
Mr O Shelembe	Board member	27 February 2025	-	- Bachelor of Social Science (Honours) - Degree in Economics - Master of Business Leadership	Corporate Governance	None	- Board - ICTRDI - Human Resource and Remuneration (HR&REM) Committee	3 0 0 0

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Mr W Mathebula	Board member	27 February 2025	-	• BCom (Law) degree • Certificate in Purchasing Management	Supply chain management	None	• Board • BP • ARC • ICTRDI	3 0 0 0
Mr W Vukela	Board member	27 February 2025	-	• Master's in Public Administration (MPA) • Master's in Multi-Disciplinary Human Rights Law • Master's in Business Administration (MBA) • Post-Graduate Diploma in Management Studies • Bachelor of Social Science (BA) • Higher Diploma in Education • Diploma in Negotiations	• Strategy Development • Public Administration	None	• Board • HR&REM • ICTRDI	3 0 0

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Mr Gopal Reddy	Acting Managing Director and Executive Director	5 February 2025	-	- Master of Business Administration (MBA - Technology Management) - National Management Diploma - Management Development (MDP) - National Certificates (N4, N5, N6) - ITIL: Information Technology Infrastructure Library (Version 3) Certified ITIL V3 Expert - ISO/ IEC 20 000: International Standards Organisation / International Electrotechnical Commission Certified ISO / IEC 20 000 Consultant - ISACA COBIT Foundation	Information and Communication Technology	None	- Board - Board - Procurement Committee (BP) - Audit, Risk and Compliance Committee (ARC) - Human Resource and Remuneration Committee (HR & REM) - Information, Communication, Research, Development, and Innovation Committee (ICTRDI)	3 0 0 0 0 0

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Mr Molatlhegi Kgauwe	Chief Financial Officer and Executive Director	27 February 2025	-	- Chartered Accountant - CA (SA) - Corporate Law (LLM)	Finance	None	- Board - Board Procurement Committee (BP) - Audit, Risk and Compliance Committee (ARC) - Human Resource and Remuneration Committee (HR & REM) - Information, Communication, Research, Development, and Innovation Committee (ICTRDI)	3 0 0 0 0

15 September 2024 - 31 January 2025 (Reinstatement of the Board as a result of the Court)

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Ms M Mosidi	Chairperson	15 September 2024	31 January 2025	- BCom, majoring in Financial Accounting and Computer Science - University Education Diploma (UED) Method of Teaching Accounting and Economy	Finance	Public Investment Corporation (SOC) Ltd (ex officio)	Board	15
Prof. S Bvuma	Deputy Chairperson	16 September 2024	31 January 2025	- PhD IT Management - MTech IT - BTech IT, TWR - ND IT, TWR	Information Technology, Telecommunications	- Non-Executive Director: City of Johannesburg (CoJ) Smart City/4iR Advisory Committee to the COJ Mayor - Non-Executive Director: Small Enterprise Development Agency (SEDA) - Executive Board Member: Township Entrepreneurs Network - Advisory Board Member: Pan African Information Communication Technology Association (PAICTA)	- Board - ICTRDI - Customer and Stakeholder Committee (C&S) - Audit Committee (AC)	16 5 4 4

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Ms Z Hill	Board member	16 September 2024	31 January 2025	- Master's in Business Administration - Postgraduate Diploma in Accountancy - Bachelor of Commerce (Accounting)	Finance and Business	- Trustee and Deputy Chairperson: Independent Development Trust (IDT) - Governing Body: Western Province Preparatory School - Interim board member: Social Housing Regulatory Authority (SHRA)	- Board - C&S - AC - Social and Ethics - BP	14 5 4 3 1
Ms O Ketsekile	Board member	15 September 2024	31 January 2025	- BCom (Hons) in Labour Relations - BCom in Human Resource	HR and Business	None	- Board - HR&REM - Social and Ethics (SE) Committee - C&S - Risk and Compliance (RC) Committee	15 6 4 3
Mr R Ramabulana	Board member	15 September 2024	31 January 2025	- Master's in Engineering – Electrical and Information - National Diploma in Information Technology Engineering	Information technology	- Commissioner: Presidential Commission on Fourth Industrial Revolution - Member of Limpopo Premier's Employment and Growth Advisory Council - Steering Committee Member (Head of Projects): National ICT SMME Chamber	- Board - RC - ICTRDI - BP	11 3 4 2

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Mr M Ratshimbilani	Board member	16 September 2024	31 January 2025	- BProc - Certificate in Business Management - Certificate in Prospecting and Mining Law	Legal	- Kouga Wind Farm Community Development Trust - Only including the current board membership	- Board - BP - HR&REM - RC	12 3 6 3
Ms K Sibanda	Board member	20 September 2024	Resigned 6 December 2024	- BSc Computer Science - BSc (Hons) - Technology Management (Master's) - Certifications: COBIT ASSESSOR - COBIT 5 Foundation - ITI L Ver. 3 Foundation	Information technology	- Member: ICT Public Sector Forum Board - Member: Higher Education Information Technology South Africa - Board Member: Tertiary and Research Network of South Africa - Wired4Women Forum	- Board - BP	7 0
Mr K Pillay	Board member	20 September 2024	31 January 2025	- BSc Electrical Engineering - BCom Hons (incomplete, 5 modules outstanding) - Bachelor of Social Science (not on his CV) - Master's degree in Commerce (not on his CV) - Post-Graduate Diploma in Human Resource Management (not on his CV)	ICT, Engineering, Management	None	- Board - SE - AC - ICTRDI	11 3 4 3

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Ms N Pietersen	Board member	16 September 2024	31 January 2025	- Master's in Business Administration - CA (SA) - BCom Accounting Honours & CTA - BCOM (Accounting)	Accounting	- Chairperson: Buffalo City Metropolitan Development Agency - Eastern Cape Rural Development Agency - Emalahleni Local Municipality until Nov 2022 - Eastern Cape Development Corporation (until Jan 2022)	- Board - ICTRDI - AC - SE	15 2 4 4
Mr L Keyise	Board member	20 September 2024	31 January 2025	- Master of Business Administration - Executive Development Programme - Information Science Diploma - Master of Computer Science - BSc Honours Computer Science - BSc in Computer Science, Physics & Maths	Information technology, telecommunications and academia	None	- Board - ICTRDI - HR&REM - C&S	9 6 6 3

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Mr W Vukela	Board member	23 October 2024	31 January 2025	- Master of Public Administration (MPA) - Master's in Multi-Disciplinary Human Rights Law - Master of Business Administration (MBA) - Post-graduate Diploma in Management Studies - Bachelor of Social Science (BA) - Higher Education Diploma - Diploma in Negotiations	- Strategy Development - Public Administration - Policy Development - Stakeholder and Intergovernmental Relations - International Relations	None	- Board - ICTRDI - HR&REM - C&S	7 1 4 1

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Mr Simphiwe Dzengwa	Acting Managing Director and Executive Director	15 September 2024	31 January 2025	- MBA - MPA, Public Financial Management and Administration - BA and BA Honours, Political Science and Sociology	Public admin business	None	- Board - Information, Communication, Research, Development, and Innovation Committee (ICTRDI) - Human Resource and Remuneration Committee (HR&REM) - Client and Stakeholder Committee (C&S) - Audit Committee (AC) - Social and Ethics Committee (SE) - Board Procurement Committee (BP) - Risk and Compliance Committee (RC)	12 9 13 5 4 5 13 3

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Mr Molatlhegi Kgauwe	Chief Financial Officer and Executive Director	N/a	31 January 2025	- Chartered Accountant - CA (SA) - Corporate Law (LLM)	Finance	None	- Board - Information, Communication, Research, Development, and Innovation Committee (ICTRDI) - Human Resource and Remuneration Committee (HR&REM) - Client and Stakeholder Committee (C&S) - Audit Committee (AC) - Social and Ethics Committee (SE) - Board Procurement Committee (BP) - Risk and Compliance Committee (RC)	8 9 13 4 4 4 10 1

21 July 2023 - 31 August 2024

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Mr K Pillay	Board member	01 July 2023	31 August 2024	- BSc Electrical Engineering - BCom Hons (incomplete, 5 modules outstanding) - Bachelor of Social Science (not on his CV) - Master's degree in Commerce (not on his CV)	ICT, Engineering, Management	None	- Board - ICTRDI	5 3
Ms K Sibanda	Board member	01 July 2023	31 August 2024	- BSc Computer Science - BSc (Hons) Technology Management (Master's) - Certifications: COBIT ASSESSOR - COBIT 5 Foundation - ITI L Ver. 3 Foundation	Information technology	- Member: ICT Public Sector Forum - Board Member: Higher Education Information Technology South Africa - Board Member: Tertiary and Research Network of South Africa - Wired4Women Forum	- Board - ICTRDI - BP	5 3 10

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Ms N Pietersen	Board member	01 July 2023	31 August 2024	- Master's in Business Administration - CA (SA) - BCom Accounting Honours & CTA - BCOM (Accounting)	Accounting	- Chairperson: Buffalo City Metropolitan Development Agency - Eastern Cape Rural Development Agency - Emalahleni Local Municipality until Nov 2022 - Eastern Cape Development Corporation (until Jan 2022)	- Board - ICTRDI - ARC - SE	4 2 6 2
Mr L Keyise	Board member	01 July 2023	31 August 2024	- Master of Business Administration - Executive Development Programme - Information Science Diploma - Master of Computer Science - BSc Honours Computer Science - BSc in Computer Science, Physics & Maths	Information technology, telecommunications and academia	None	- Board - ICTRDI - HR&REM	5 7 6

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Mr M Mnisi	Board member	01 July 2023	31 August 2024	Corporate, Commercial and Municipal Law	- Corporate and Commercial Law - Commercial Litigation - Municipal Law - Procurement Law	- Denel SOC Ltd: Non-Executive Director - Advisory Committee Member: Department of Justice and Constitutional Development	- Board - HR&REM - SEC - ARC	5 5 2 7
Ms Lucienne (Luci) Abrahams	Board member	01 July 2023	31 August 2024	- Doctor of Philosophy (Ph D) - Post-Graduate Diploma in Public Policy and Development Administration - BSc in Chemistry	- ICT - Research - Digital Innovation - Digital Transformation - Digital Technologies	Tertiary Education and Research Network of South Africa	- Board - ICTRDI - SE - BP	5 4 2 12
Ms Laura Mseme	Board member	01 July 2023	31 August 2024	- Master's in Public Administration (Cum Laude) - Honours in Public Administration - Bachelor of Arts (English and History)	Public Administration	None	- Board - HR&REM - ARC	4 3 7
Ms Lerato Petlele	Board member	01 July 2023	31 August 2024	- Master's degree in Commerce - Post-Graduate Diploma in Human Resource Management - Bachelor of Social Science	Human Resource Management	None	- Board - HR&REM - ARC - BP	4 6 8 10

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Ms Renisha Naidoo	Board member	01 July 2023	31 August 2024	- Postgraduate Degree: Master's in Law (LLM) with specialisation in Labour Law - Law Degree: Baccalaureus Procuratoris (BPROC)	Law	None	- Board - BP - SE	4 12 1
Mr Simphiwe Dzengwa	Acting Managing Director and Executive Director	01 February 2024	31 August 2024	- MBA - MPA, Public Financial Management and Administration - BA and BA Honours, Political Science and Sociology	Public admin business	None	- Board - Board Procurement Committee (BP) - Social and Ethics Committee (SE) - Human Resource and Remuneration Committee (HR&REM) - Audit Risk and Compliance Committee (ARC) - Information, Communication, Research, Development, and Innovation Committee (ICTRDI)	5 6

Name	Designation	Date re-appointed	Date end of contract	Qualifications	Area of expertise	Board directorships	Other committees	No. of meetings attended
Mr Molatlhegi Kgauwe	Chief Financial Officer and Executive Director	01 July 2023	31 August 2024	- Chartered Accountant - CA (SA) - Corporate Law (LLM)	Finance	None	- Board - Board Procurement Committee (BP) - Social and Ethics Committee (SE) - Human Resource and Remuneration Committee (HR&REM)	5
							- Audit Risk and Compliance Committee (ARC) - Information, Communication, Research, Development, and Innovation Committee (ICTRDI)	7

14.4 Board and Board committees

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

- (a) During the period under review, the Board organised itself in terms of various committees. The Board retained all the committees, which constitute the following:
- (b) Board of Directors Meetings
- (c) Audit, Risk and Compliance (ARC) Committee
- (d) Human Resources and Remuneration (HR &REM) Committee
- (e) Information, Communication and Technology, Research, Development and Innovation (ICTRDI) Committee
- (f) Board Procurement (BP) Committee, and
- (g) Social and Ethics (SE) Committee .

For the period 15 September 2024 to 31 January 2025, the Board reconstituted the following committees to provide more focus on audit and customer issues following the audit outcomes and customer escalations:

- (a) Audit Committee
- (b) Risk and Compliance Committee, and
- (c) Client and Stakeholder Committee.

The table below provides details of the Board committee meetings for the period 1 April 2024 - 31 August 2024.

14.5 Board of Directors for the period 01 April - 31 August 2024

Committee	No. of meetings held	No. of members attending	Names of members
Board of Directors meetings	5	5	Mr K Pillay (Chairperson)
		5	Mr L Keyise
		4	Ms N Pietersen
		4	Ms L Petlele
		5	Ms K Sibanda
		5	Mr M Mnisi
		5	Dr L Abrahms
		4	Ms R Naidoo
		4	Ms L Mseme
HR&REM	6	6	Ms L Petlele (Chairperson)
		6	Mr L Keyise
		3	Ms L Mseme
		5	Mr M Mnisi
ICTRDI	8	7	Mr L Keyise (Chairperson)
		5	Prof. S Bvuma
		4	Dr L Abrahms
		2	Ms N Pietersen
		3	Mr K Pillay
		3	Ms K Sibanda
		4	Mr R Ramabulana
		1	Mr W Vukela
BP	13	10	Ms K Sibanda (Chairperson)
		10	Ms L Petlele
		12	Ms R Naidoo
		12	Dr L Abrahms
ARC	8	6	Ms N Pietersen (Chairperson)
		7	Mr M Mnisi
		7	Ms L Mseme
		8	Ms L Petlele
SE	2	2	Dr L Abrahms (Chairperson)
		2	Mr M Mnisi
		2	Ms N Pietersen
		1	Ms R Naidoo

14.6 Board of Directors for the period 15 September - 31 January 2025

Committee	No. of meetings held	No. of members attending	Names of members
Board of Directors meetings	16	15	Ms M Mosidi (Chairperson)
		16	Dr S Bvuma
		15	Ms O Ketsekile
		14	Ms Z Hill
		12	Mr M Ratshimbilani
		11	Mr K Pillay
		9	Mr L Keyise
		7	Ms K Sibanda
		7	Mr W Vukela
		15	Ms N Pietersen
		11	Mr R Ramabulana
HR & REM	6	6	Ms O Ketsekile (Chairperson)
		6	Ms M Ratshimbilani
		4	Mr W Vukela
		6	Mr L Keyise
ICTRDI	4	4	Prof. S Bvuma (Chairperson)
		4	Mr L Keyise
		2	Ms N Pietersen
		4	Mr R Ramabulana
		1	Mr W Vukela
BPC	3	3	Mr M Ratshimbilani (Chairperson)
		2	Mr R Ramabulana
		1	Ms Z Hill
		0	Ms K Sibanda
Client and Stakeholder Committee	5	5	Ms Z Hill (Chairperson)
		4	Prof. S Bvuma
		4	Ms O Ketsekile
		3	Mr L Keyise
		1	Mr W Vukela
AC	4	4	Ms N Pietersen (Chairperson)
		4	Ms Z Hill
		4	Prof. S Bvuma
		4	Mr K Pillay
RCC	3	3	Mr R Ramabulana (Chairperson)
		3	Mr M Ratshimbilani
		3	Ms O Ketsekile
SEC	4	3	Mr K Pillay (Chairperson)
		4	Ms N Pietersen
		4	Ms O Ketsekile
		3	Ms Z Hill

14.7 Board of Directors for the period 27 February – 31 March 2025

Committee	No. of meetings held	No. of members	Names of members
Board of Directors meetings	3	3	Ms S Mudau (Chairperson)
		3	Mr O Shelembe
		3	Mr W Vukela
		3	Mr W Mathebula
		3	Adv. JC Weapond
		3	Mr Gopal Reddy
		3	Mr Molatlhegi Kgauwe
		3	Mr Molatlhegi Kgauwe
HR&REM	0	0	Mr W Vukela (Chairperson)
		0	Mr O Shelembe
		0	Mr Gopal Reddy
		0	Mr Molatlhegi Kgauwe
ICTRDI	0	0	Mr O Shelembe (Chairperson)
		0	Mr W Vukela
		0	Mr W Mathebula
		0	Adv. JC Weapond
		0	Mr Gopal Reddy
		0	Mr Molatlhegi Kgauwe
BPC	0	0	Mr W Mathebula (Chairperson)
		0	Adv. JC Weapond
		0	Mr Gopal Reddy
		0	Mr Molatlhegi Kgauwe
ARCC	0	0	Adv. JC Weapond (Chairperson)
		0	Mr W Mathebula
		0	Mr O Shelembe
		0	Mr Gopal Reddy
		0	Mr Molatlhegi Kgauwe

14.8 Remuneration of Board members

Non-executive directors and committee members who are not employed by government receive a fee for their contributions to the Board and committees on which they serve. Fees are determined by the shareholder, with the concurrence of the Minister of Finance.

Non-executive directors and committee members who are employed by government (National Treasury and DPSA) are not entitled to remuneration and Executive directors are remunerated according to the policies of the organisation.

Full disclosure on the remuneration of non-executive and executive directors is included in the note 27, pages 178 - 183 of the financial statements.

15. RISK MANAGEMENT

Responsibility for SITA's risk management approach lies with the SITA Board. The ARC Committee has been entrusted with this responsibility. Also, the risks associated with each Board subcommittee's purview are handled by that group separately. The GRCI division is the ultimate authority on all matters pertaining to the Risk Management business unit, which is headed by a senior manager and comprises three employees. The Risk Management department's yearly risk implementation plan details their upcoming endeavours.

The approved risk management policy mandates that all executives and department heads actively include risk management activities into their management duties, and applies to all business processes and divisions within SITA.

In accordance with the tenets of public sector risk management framework, King IV, ISO31000, and the PFMA, the SITA risk management policy lays out a procedure for managing risks with the goal of identifying, measuring, and controlling all significant risks. When it comes to increasing performance, growth, and the ability to create value in the long run, risk management is crucial. SITA takes a unified and coordinated approach to risk management, allowing employees to learn from one another's mistakes and incorporating the concept into every facet of the business.

Recognising and evaluating potential threats, both current and future, is an integral part of risk management. Finding out if these risks are operational or strategic and how they influence SITA's goals is the objective of the process. Management achieves this by evaluating and assessing the risks and what their likelihood and potential impact might be, measured against the established mitigation plans. As a result, opportunities and threats are recognised, assessed, and handled appropriately at departmental level.

The risk management policy specifies the acceptable levels of risk appetite and tolerance used to evaluate risks. The ARCC is updated quarterly on the status of mitigation plan execution. In order to guarantee viability in the long run, SITA's management remains dedicated to implementing these steps.

16. INTERNAL AUDIT AND AUDIT COMMITTEES

The final accountability for constructing an internal control system rests with the Board. The primary objective of these controls is to validate the organisation's financial health and management at a low cost. The Internal Audit division oversees and manages the internal control environment, which includes governance structures, integrity and ethical principles, supervision, assignment of responsibility and authority, and separation of duties.

Internal Audit and the AGSA did find deficiencies in the internal controls, even though they were in place throughout the year. We informed management of these control shortcomings so that they could take the necessary steps to fix them. Additional oversight for the execution of the remedial action is provided by the Board, the Audit and Risk Committee, and the Executive Committee.

A key reporting relationship exists between the Audit and Risk Committee and the Internal Audit division. The committee was formed in accordance with the provisions of the PFMA and the Treasury Regulations, specifically section 51(1)(a)(ii) and PFMA 76(4) (d), which state that the Board is required to form an audit committee as a subcommittee of the Board. With the goal of safeguarding SITA's interests and assets, the committee keeps an eye on things like legal compliance and the implementation and maintenance of suitable internal control systems. In addition, the committee checks in on how well Internal Audit is doing its job.

Internal Audit complies with the provisions of sections 76 and 77 of the PFMA, which explain its organisation and mandate. It is the responsibility of Internal Audit to provide an opinion on the sufficiency and efficacy of the internal controls inside the organisation's risk, governance, compliance, and control procedures. The execution and associated controls of any organisational process are not the purview of Internal Audit. Developing, launching, and overseeing sufficient and efficient internal controls are all responsibilities of SITA's management team in pursuit of the organisation's goals.

Internal audits assess processes with the goal of ensuring that the organisation's internal controls are functioning as intended and are contributing to the attainment of the organisation's strategic objectives. When problems with controls, governance, or risk are found, Internal Audit makes sure they are fixed quickly and properly. A subcommittee of the Board known as the Audit and Risk Committee oversees the operations of both Internal Audit and External Audit.

During the financial year (2024/25) under review, Internal Audit operated in line with the Internal Audit Charter, duly approved by the Audit and Risk Committee.

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 2024/25 financial year, all planned audits were completed, as were integrity reviews over SCM transactions and a number of ad hoc audit reviews that were requested by management.

The following key areas were subject to Internal Audit review during the year 2024/25:

- (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 the annual financial statements.

The supply chain management environment, cybersecurity, and SITA's ERP system were all noted by the Internal Audit department as areas that still require improvement. There is, however, ongoing progress being made with regard to compliance with the necessary information and communications technology legislation, as well as the upgrade and maintenance of specific data centres.

17. COMPLIANCE WITH LAWS

SITA has a compliance universe which is reviewed annually. The Compliance Programme 2024-2025 was executed with compliance risk management plans and compliance monitoring for the following pieces of legislation:

- (a) Intergovernmental Relations Framework Act
- (b) National Environmental Management Act
- (c) Tobacco Controls Act
- (d) National Health Act
- (e) OHS Act and related legislation/regulations
- (f) Promotion of Equality and Prevention of Unfair Discrimination Act (PEPUDA)
- (g) Control of Access to Public Premises and Vehicles Act
- (h) Public Audit Act
- (i) Skills Development Act
- (j) Compensation for Occupational Injuries and Diseases Act (COIDA), and
- (k) Broad-Based Black Economic Empowerment.

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 upholds a strong zero-tolerance culture towards fraud and corruption, guided by its fraud prevention policy, which promotes a commitment to ethical conduct, transparency, and good governance. This policy is practically implemented through a structured fraud prevention and awareness plan which is approved annually by the Social and Ethics Committee of the Board.

The plan is aligned with the National Anti-Corruption Strategy 2020-2030 and outlines the organisation's key priorities throughout the year to prevent, detect, and respond to fraud and unethical conduct. It includes a wide range of activities such as:

- Fraud risk assessments and mitigation initiatives;

- Data analytics to detect suspicious trends and patterns;
- Vetting of employees and service providers; and
- Awareness and education programmes targeting employees, clients, and stakeholders.

A highlight on the calendar was SITA's participation in International Fraud Awareness Week, held 17-23 November 2024, which served as a platform to reinforce the importance of integrity, ethical leadership, and organisational vigilance. Activities included leadership engagements, educational sessions, daily messages, and interactive campaigns that empowered employees to identify and report unethical behaviour.



Figure 6: Awareness message shared with GITOC



Figure 8: "Did you know" message shared with SITAzens

To support safe, anonymous, and accessible reporting, SITA promotes the use of its confidential Ethics Line, managed by an independent third-party service provider. The 24/7 whistleblowing platform is available via email, phone, WhatsApp, and a secure website. It is open to employees, clients, service providers, and members of the public, and is widely advertised across SITA's communication platforms.

Importantly, SITA's whistleblowing policy protects individuals from any form of retaliation when reporting concerns in good faith, further reinforcing a safe environment that supports a zero-tolerance culture toward fraud and corruption.

The above efforts contribute directly to cultivating a culture of integrity – a core SITA value – by reinforcing accountability, transparency, and a clear, zero-tolerance approach to fraud and corruption.

19. MINIMISING CONFLICTS OF INTERESTS

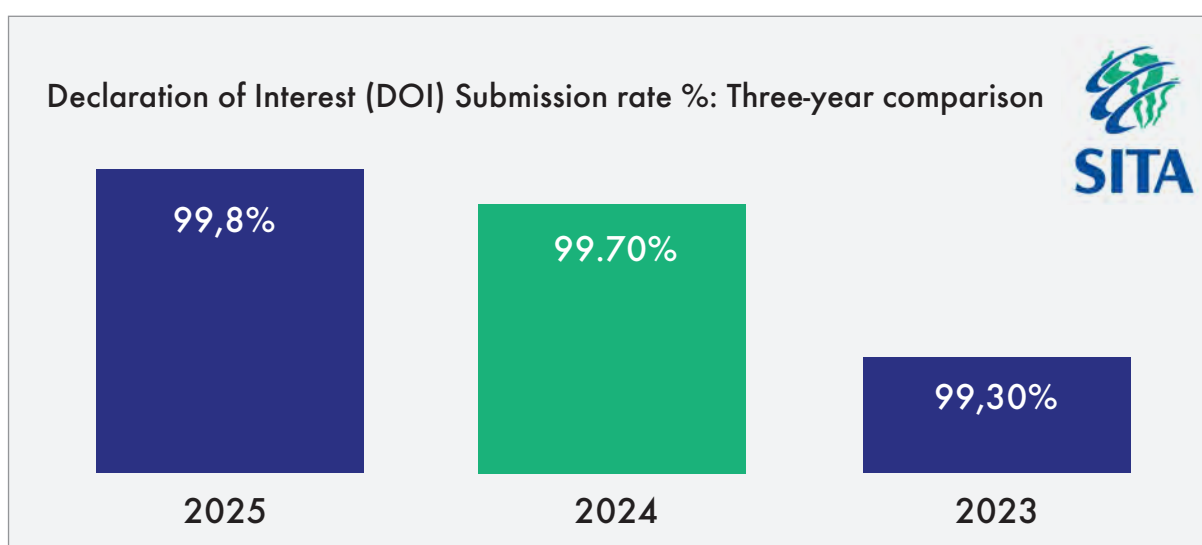
SITA acknowledges the crucial importance of proactively identifying and addressing conflicts of interest in order to preserve public confidence and maintain impartiality. The organisation's conflict of interest policy ensures that employees remain transparent and impartial in all their professional dealings.

The policy requires employees to:

- Annually declare private interests in accordance with specific requirements;
- Seek prior approval for any outside remunerative activities; and
- Disclose relevant interests during meetings or when participating in business transactions or procurement decisions.

SITA maintains a mature and sound declaration process, demonstrated by high levels of compliance across the organisation. All submissions are subjected to a robust verification process conducted by the Integrity Management Department. This process includes checks for alignment with policy and cross-references declarations against records from the Companies and Intellectual Property Commission (CIPC), the Central Supplier Database (CSD) of National Treasury, and other relevant data sources.

The bar chart below highlights the progressive improvement in Declaration of Interest (DOI) Submission rate: from 99.3% in 2023 to 99.8% in 2025. This upward trend underscores the ongoing enhancement of compliance efforts and increasing organisational awareness of disclosure responsibilities.



To strengthen oversight, SITA introduced an Outside Remunerative Activity Register in FY2024/25. All applications for outside remunerative activities are assessed against strict criteria before an employee may commence the activity. The register records all approved activities undertaken by employees after hours for remuneration, ensuring that such engagements do not interfere with official duties or give rise to conflicts of interests.

Where a potential, perceived, or actual conflict of interest is identified, appropriate mitigation measures are implemented in line with the conflict of interest policy. These may include requiring an employee to divest from a company, recuse themselves from specific decision-making processes, or relinquish any conflicting interest to ensure that organisational integrity is not compromised. This proactive approach ensures that all interests are transparently managed and that trust in SITA's decision-making processes is upheld.

20. CODE OF CONDUCT

SITA's gifts and hospitality policy aligns with public sector regulations but sets stricter internal standards to ensure impartiality and prevent undue influence. The policy prohibits any employee from accepting gifts or hospitality exceeding a total of R3 000 (three thousand Rand) per financial year, whether from a single source or multiple sources.

Gifts valued above R350 require prior approval and must be recorded in the official Gifts and Hospitality Register, which is reviewed regularly to monitor trends and ensure compliance. These controls help prevent conflicts of interest and ensure that business decisions remain objective and free from favouritism.

By requiring disclosure and transparency regarding the acceptance of gifts and hospitality, SITA manages the integrity of its interactions with clients, service providers, and other stakeholders.

21. OCCUPATIONAL HEALTH AND SAFETY

21.1 Occupational hygiene survey

The Occupational Health and Safety (OHS) Act of 1993 provides, as far as is reasonably practicable, for a work environment that is safe and without risk to the health and safety of employees. SITA protects the health and safety of our employees by requiring compliance with the OHS Act and other standards applicable to the organisation as set by, among others, ISO 14001 and ISO 45001 and the International Labour Organisation (ILO).

Moreover, in the era of digitalisation, OHS requires a shift in focus to embrace technological advancements while addressing potential new risks. AI and automation can improve safety by automating hazardous tasks and monitoring workplace conditions, but also introduce, for example, ergonomic risks due to employees sitting for long hours and adopting awkward postures, and mental health and biological risks, if not managed properly. Effective risk assessment, training, and proactive policies are crucial for ensuring a safe and healthy digital workplace.

During the year under review, emergency evacuations were simulated; OHS training, audits, and risk assessments were conducted; and an OHS policy was approved by the Board to ensure that SITA complies with the requirements of the OHS Act.

21.2 Emergency evacuation

Emergency evacuation is the immediate and organised movement of people away from a dangerous area to a safer location in a workplace. It is a crucial process for saving lives and minimising injuries, property damage, and health hazards during a crisis, threat, or disaster. Emergency evacuations are conducted to proactively identify potential emergencies, develop response plans to reduce their impact, and regularly test and update procedures.

For the year under review, evacuation drills were conducted at fourteen (14) SITA offices. Emergency evacuation information sessions were also presented to maintain awareness among employees regarding the importance of the topic.

21.3 OHS training

OHS internal audits are conducted to assess the workplace's health and safety programme and identify areas where improvement is needed to ensure compliance with the OHS Act and regulations and promote a safer working environment. OHS internal audits were conducted in fourteen (14) SITA offices. Common findings were blocked emergency doors and poor lighting in buildings. Recommendations were provided to ensure that the identified issues are addressed.

21.4 OHS policy

SITA's health, safety and environmental (HSE) policy was developed to enable the organisation to discharge its obligations in terms of the OHS Act by providing and maintaining a safe working environment as far as is reasonably practicable. The policy was reviewed and approved by the Board of Directors in December 2024 and presented to employees to inform them about the health and safety obligations as stated in the policy.

21.5 Risk assessments

A risk assessment is a process used to identify potential hazards and analyse what could happen if a disaster or hazard should occur. It is simply a careful examination of what could cause harm to people so that precautions can be taken to prevent injury and ill health. Risk assessments were conducted together with OHS internal audits in fourteen (14) SITA offices.

22. COMPANY SECRETARY

The Company Secretary is appointed in terms of section 86(1) of the Companies Act, Act No. 71 of 2008, and is responsible for ensuring corporate governance by the Board of Directors, Board committees and Exco.

In line with section 88 of the Companies Act, the Company Secretary is accountable to the Board of Directors. The Company Secretary's 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 SITA's Memorandum of Incorporation, any of its policies, or the Companies Act;
- (d) ensuring that minutes of all Board meetings and the meetings of any sub-committees of the Board 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, in accordance with the Companies Act, that a copy of SITA's annual financial statements is sent to every person who is entitled to receiving 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's Strategic Plan and APP development sessions, as well as monitoring performance against predetermined objectives;

- (c) ensuring that the Board has relevant, accurate, timely, and complete information in order to monitor, review, and make decisions, and report to the shareholders; and
- (d) preparing agendas for Board and Board committee meetings in consultation with the chairperson of the Board and chairpersons of Board committees, as well as ensuring that adequate notices of meetings are given and that all meeting papers and other important information are provided in time.

23. SOCIAL RESPONSIBILITY

SITA's corporate social responsibility (CSR) is required to align with primary government priorities, particularly in respect of digital skills development and gender economic transformation, followed by support for industry transformation and social alleviation through donations, infrastructure development, human resources, and other charitable acts. The reporting year saw the continuation of CSR programmes being carried out.

23.1 ICT infrastructure pillar

Approximately R4 000 000 (R800 000 per school) was spent to launch CyberLabs at Meyerton High School in Johannesburg, Oaklands High School in the Western Cape, Setumo Secondary School in the North West, Mdzabu Secondary School in Mpumalanga, and Pholela Special School in KwaZulu-Natal during the 2024-2025 financial year. The agency 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 introduce learners to the ICT discipline and allow them to acquire the necessary skills in the ICT field to develop ICT solutions that are aimed at addressing their own 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 who 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, 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 Innovation pillar

23.2.1 Continued coding and robotics challenges

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. Learners were encouraged to engage in hands-on experimentation to inspire them to pursue careers in science, technology, engineering, and mathematics (STEM). This yielded several benefits – learners had a fun experience while developing and presenting presentations, making use of their creative, technical, problem-solving, coding, and organisational skills, all while learning to collaborate with others.

In financial year 2024/2025, the SITA CSR Robotics Challenge included primary schools, mainly aimed at Grade7 learners, as their involvement at an early age exposes them to the benefits derived from gaining practical experience in a competitive environment, such as the development of the technical and non-technical skills required. The importance of ensuring that everyone is included is emphasized throughout.

Every learner in the country deserves an equal opportunity to develop and showcase solutions toward the nation's goal of digital transformation, and so SITA encourages participation in both rural and urban communities. SITA also aims to contribute to the National Development Plan (NDP) goals, which include curbing unemployment and reducing inequality in South Africa by 2030 by addressing the primary challenges which the country faces. By organising initiatives such as the Robotics Challenge, SITA provides an opportunity for learners to gain exposure to and actively develop solutions in the robotics space. Learners can achieve this by exploring their potential with innovative ideas, turning them into practical solutions that can improve their daily lives. Hopefully, these solutions will contribute substantially to the development of our country as a whole.

The initiative aligns with Chapter 9 of the NDP, which states "improve education, training, and innovation". This converges with goal 4 of the SDG, which is "to ensure inclusive and equitable quality education and promote lifelong learning opportunities". The initiative helps with the achievement of this goal in that it ensures wider digitalisation of young people by aiding learners to develop and enhance their digital skills, which have become crucial as job-relevant skills. Grade 7, 8, and 9 learners from schools in all nine provinces are included in this initiative.

The winners of the competition at the National finals were as follows:

High school winners:

- (a) Position 1: Cosmo High School from Gauteng – R500 000
- (b) Position 2: Ekangala Engineering School from Gauteng – R300 000
- (c) Position 3: JG Meiring High School from the Western Cape – R200 000

Primary school winners:

- (a) Position 1: Mashupye Tladi Primary School from Limpopo – R500 000
- (b) Position 2: Inkonjane Primary School from North-West – R300 000
- (c) Position 3: Kutung Primary School from Gauteng – R200 000

24. AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2025.

24.1 Audit Committee responsibility

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 ARC was constituted as an independent committee to fulfil its statutory duties in terms of section 51(1)(a)(iii), section 76 and section 77 of the PFMA, associated Treasury Regulations, and 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 the 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' report, 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 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 their impact on the financial reporting process and has noted the recommended and planned remedial actions, considered their appropriateness, and advised accordingly. While the committee is providing the assurances needed in line with the statutory requirements, it will closely monitor progress to resolve the audit findings and performance gaps.

24.6 Internal financial control

During the 2024/25 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 in 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 have been highlighted, as evidenced by the matters raised in the Auditor-General's report.

Going forward, additional focus will be directed towards the plans to ensure sufficient coverage to address the audit outcomes.

24.8 Audit committee members and meetings

#	Period	Name of Member
Audit Risk and Compliance Committee (ARCC)		
1.	27 February 2025 – 31 March 2025	Adv. JC Weapond (Chairperson)
2.	27 February 2025 – 31 March 2025	Mr W Mathebula
3.	27 February 2025 – 31 March 2025	Mr O Shelembe
Audit Committee (AC)		
4.	27 September 2024 – 31 January 2025	Ms N Pietersen (Chairperson)
5.	27 September 2024 – 31 January 2025	Prof. S Bvuma
6.	27 September 2024 – 31 January 2025	Ms Z Hill
7.	31 October 2024 – 31 January 2025	Mr K Pillay
Audit Risk and Compliance Committee (ARCC)		
8.	01 April 2024 – 31 August 2024	Ms N Pietersen (Chairperson)
9.	01 April 2024 – 31 August 2024	Ms M Mnisi
10.	01 April 2024 – 31 August 2024	Ms L Petlele
11.	01 April 2024 – 31 August 2024	ML Mseme



Adv. JC Weapond **(Chairperson)**

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 compliance with the B-BBEE requirements of the B-BBEE 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 (B-BBEE Certificate Levels 1 – 8) with regard 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 an enterprise supplier development & localisation (ESDL) strategy to implement preferential procurement initiatives. Waiting for the finalisation of the National Treasury Regulations after the New Public Procurement Act, which was gazetted in 2024.
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 Broad-Based Black Economic Empowerment?	N/a	

26. SOCIAL AND ETHICS COMMITTEE REPORT

Introduction

The Social and Ethics Committee ("the Committee") is pleased to present its annual report in accordance with Section 72(8) of the Companies Act 71 of 2008 and regulation 43(5) of the Companies Regulations. The Committee has executed its responsibilities as prescribed and confirms that the company maintains practices aligned with sound corporate citizenship and ethical governance.

The Committee is a statutory committee constituted by the Board and fulfils the required functions on behalf of the Board. The Board has delegated oversight of SITA's social and ethics management processes to the Social and Ethics Committee.

Role and responsibility

The Committee is mandated to monitor:

1. To monitor the company's activities, having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice, regarding matters relating to:
 - (i) social and economic development, including the company's standing in terms of the goals and purposes of:
 - (aa) the 10 principles set out in the United Nations Global Compact Principles;
 - (bb) the OECD recommendations regarding corruption;
 - (cc) the Employment Equity Act; and
 - (dd) the Broad-Based Black Economic Empowerment Act;
 - (ii) good corporate citizenship, including the company's—
 - (aa) promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - (bb) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed, including attention to digital inclusion through reducing the digital divide; and
 - (cc) record of sponsorship, donations and charitable giving;
 - (iii) the environment, health and public safety, including the impact of the company's activities and of its products or services;
 - (iv) consumer relationships, including the company's advertising, public relations, and compliance with consumer protection laws; and
 - (v) labour and employment, including:
 - (aa) the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
 - (bb) the company's employment relationships, and its contribution toward the educational development of its employees

Composition

During the period under review, the Social and Ethics Committee comprised three (3) non-executive directors. The Executive Directors and certain key members of management are invited as ex-officio members. Dr. Lucienne Abrahams served as the Chairperson of the Committee between 01 April 2024 - 31 August 2024 and Mr. K Pillay as the Chairperson between 27 September 2024 - 31 January 2025. The Office of the Company Secretary provides secretarial services and support to the Committee.

Membership and attendance

SITA underwent three Board transitions during the review period.

- 1. Initial Board (July 2023):** The first Board, chaired by Mr. PK Pillay, was appointed in July 2023, followed by the establishment of the Social and Ethics Committee in August 2024 which was preceded by a judgement.
- 2. Reinstatement (August 2024):** The Supreme Court of Appeal ruled in August 2024 to reinstate the Board, chaired by Ms. M Mosidi, which was implemented by DCDT in September 2024. This was followed by the establishment of Board Committees on 27 September 2024.
- 3. Interim Board (February 2025):** Following the end of the second Board's term, the Minister appointed an Interim Board on February 27, 2025.

Name	Position	Attendance
27 September 2024 – 31 January 2025		
Mr K Pillay	Chairperson	3/4
Ms Z Hill	Member	3/4
Ms O Ketsekile	Member	4/4
Ms N Pietersen	Member	4/4
Name	Position	Attendance
01 April 2024 - 31 August 2024		
Dr Lucienne Abrahams	Chairperson	2/2
Mr N Mnisi	Member	2/2
Ms N Pietersen	Member	2/2
Ms Renisha Naidoo	Member	1/2

The Committee met quarterly and as and when necessary, during the financial year and maintained strong oversight in all designated areas.

Terms of Reference

The SEC operates within an approved framework set out in the Social and Ethics Committee Terms of Reference.

Role of the Social and Ethics Committee

As part of the Board's overall mandate to provide direction and establish ethics and values pivotal to sustainable performance, the Committee performed an oversight and monitoring role in partnership with the Audit Risk & Compliance Committee (ARCC), Human Resource and Remuneration Committee (HR&REM) and ICT Research, Development and Innovation (ICTRDI) Committee to ensure that SITA's business both internally and externally is conducted in an ethical and appropriately governed manner.

SITA fully subscribes to good corporate citizenship and actively promotes it as part of its culture. Furthermore, the Committee developed and/or reviewed policies and governance processes and their impact on expected acceptable practices and behaviours as they relate to the performance and the reputation of the Agency. In this manner, the Committee guided the company's approach in managing new and emerging social and ethics challenges.

Discharge of responsibilities

During the 2024/2025 financial year, the committee considered the following:

- Corporate Social Responsibility programmes, including details of donations and charitable giving;
- The Agency's risk register, which addresses, inter alia, the risks associated with the Agency in addressing the statutory responsibilities of the Committee and how they are addressed, including combined assurance responses;
- Non-Executive Directors' Code of Conduct, Conflict of Interest, Gifts and Entertainment policies;
- Whistle-blowing policy; and
- Fraud prevention and awareness.

Social and Economic Development

- 106 SMMEs were offered training on various courses such as Cybersecurity, AI, Data Analytics & Azzure Administrator. It should be noted that all this was done in partnership with the Original Equipment Manufacturers (OEMs) as SITA is yet to appoint training service providers to receive benefits for Enterprise Supplier Development (ESD).

Environmental Sustainability

- Continued with the implementation of a paperless workflow system across departments

Ethical Business Practices

- Maintained a zero-tolerance stance on bribery and corruption through its Conflict-of-Interest Policy.

8. Consumer and Community Engagement

- Conducted a customer satisfaction survey—result: 48%

Conclusion

The Committee affirms that SITA continues to operate in a socially responsible and ethical manner. We remain committed to enhancing our impact and evolving our practices to meet the expectations of our stakeholders.





Hi!
How can I help you.

PART D

HUMAN CAPITAL MANAGEMENT

27. INTRODUCTION

27.1 Overview of HCM matters

During the 2024/2025 financial year, SITA's Human Capital Management (HCM) function continued to serve as a strategic enabler in supporting the organisation's digital transformation agenda. The focus was on enhancing organisational capabilities through talent development, improved employee engagement, performance management, wellness interventions, and culture transformation. These efforts aimed to build a resilient, future-ready, and high-performing workforce aligned with the strategic objectives of government digitisation.

27.2 Set HCM priorities for the year under review and impact of these priorities

The key HCM priorities for the year under review were:

- (a) Strengthening talent and leadership development;
- (b) Enhancing employee engagement and organisational culture;
- (c) Expanding skills development and bursary programmes;
- (d) Driving wellness and inclusion through a holistic employee wellness programme; and
- (e) Implementing a structured workforce planning and recruitment strategy.

These priorities significantly contributed to improved staff capability, with 89.43% of employees trained and over R45.4 million invested in skills development initiatives. Organisational culture was advanced through high-performance and customer-centricity training, and inclusivity was reinforced through wellness campaigns and the re-establishment of the Gender Forum.

27.3 Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

SITA implemented a structured workforce planning approach aligned with its operational and strategic objectives. Key strategies included:

- (a) Targeted internship and bursary programmes to build a future talent pipeline;
- (b) Strategic partnerships with OEMs, academic institutions, and SETAs to close critical ICT skill gaps; and
- (c) A competency-based recruitment process to ensure the right skills are placed in the right roles.

Despite positive growth in headcount (from 3 441 to 3 736), high vacancy rates (57%) and scarce ICT skills remain challenges. However, through internal training, bursaries, and internship-to-contractor transitions, the Agency continues to strengthen its internal talent pipeline.

27.4 Employee performance management framework

SITA's performance management framework is focused on building a culture of accountability and continuous improvement. Managers are trained in high-performance practices that include goal setting, feedback, and coaching. While no performance rewards were made in this financial year, a continued focus on capacity building and clear performance metrics remains central to enabling service excellence and employee development.

27.5 Employee Wellness Programme

A holistic model that focuses on mental health, physical well-being, financial literacy, and workplace inclusivity was adopted for the Employee Wellness Programme (EWP). Key interventions included:

- Launch of EAP services, with 23.6% utilisation;
- Proactive wellness initiatives such as Women's Month, Wellness Day, and support for people with disabilities;
- Updated wellness, substance abuse, and harassment policies; and
- E-learning courses and bi-monthly blood donation drives.

These initiatives reinforced employee support structures and promoted psychological safety, inclusion, and health in the workplace.

27.6 Highlights of SITA's accomplishments

- (a) Trained 3,039 employees, equating to 89.43% of the workforce.
- (b) Invested R45.4 million in skills development and talent pipeline initiatives.
- (c) Awarded 282 internal and 16 external bursaries.
- (d) Hosted 199 interns and transitioned 173 to experiential roles.
- (e) Trained 1,845 employees in high-performance and customer-centric behaviours.
- (f) Launched Gender Forum and developed a compelling employee value proposition.
- (g) Reviewed most HCM policies.
- (h) Improved organisational headcount to 3,736, with positive employment growth in key skill areas.

27.7 Challenges faced by SITA

- (a) High vacancy rate (57%) across critical skill levels.
- (b) Skills shortages in key ICT areas.
- (c) Turnover due to resignation (39.4%) and contract expiry (23.8%) remains a concern.
- (d) Only 1.2% of workforce representation for people living with disabilities, below the 2% target.
- (e) No performance bonuses issued, which may impact morale and retention in the short term.

27.8 Future HCM plans and goals

To drive strategic human capital outcomes and support organisational transformation, the following priorities and initiatives have been identified for implementation and continuous improvement:

- (a) Strengthening performance management and accountability
- (b) Enhancing leadership and talent management
- (c) Developing workforce skills and capabilities
- (d) Embedding the employee value proposition
- (e) Improving representation of people living with disabilities and achieving employment equity targets
- (f) Supporting workforce well-being and inclusion
- (g) Remuneration and market alignment
- (h) HCM digitisation.

27.9 HCM digitisation

Overview of the intended outcome or impact

Human resource digitalisation initiatives are aimed at creating a digitally transformed, customer-centric Human Capital Management division. HCM digitalisation involves using digital technologies and software to automate and enhance human capital management processes. This will ensure quick turnaround times in response to queries and creating solution designs and offerings that are based on the client's operational requirements for core business. This, in turn, will improve employees' experience and engagement within the organisation. Digital transformation will help the organisation to become more agile, efficient, and competitive by optimising current workflows, reducing costs, and making data-driven decisions.

Key focus areas and initiatives for the financial year

The key focus area for this financial year was leave encashment. HCM digitalisation now allows employees to use three days' leave annually for leave encashment. A maximum of three compulsory or long-service leave days can be sold (encashed) per calendar year (12 months), using a self-service function. The leave encashment system was deployed with effect from March 2025.

Future plans

This refers to the strategic upgrade of SITA's HCM system to a fully integrated, automated solution aimed at enhancing all facets of workforce and talent management.

This transformation includes the implementation of modules for organisational structure management, succession planning, mentorship, career pathing, performance management, recruiting, onboarding, learning and development, and compensation.

The upgrade is designed to improve data-driven decision-making, workforce planning, internal mobility, and employee engagement through advanced analytics, user-friendly interfaces, role-based access, and API integrations. Ultimately, the initiative supports SITA's broader digital transformation agenda by aligning talent management processes with business continuity and strategic human capital goals.

27.10 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 in order to meet the current and future business needs.

The following are the initiatives implemented during the year under review:

a) 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 89.43% 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 AWS, employees undergo self-paced learning, as well as attaining occupation-specific certifications in SITA's core business.

b) 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.

c) 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 the focus on ICT qualifications that are aligned to employees' career pathing and that support SITA's retention strategy. Of the 282 bursaries awarded to employees, 210 were for ICT qualifications and 72 for non-ICT qualifications.

Unemployed youth were awarded 16 external bursaries to the value of up to R150 000 to study towards an ICT qualification through an accredited tertiary institution.

(d) Internships

SITA presented an internship programme to 199 unemployed graduates during the year under review, in partnership with FASSET. 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 have completed the internship programme as fixed-term contractors so as to enable them to acquire further work experience. In addition, 173 interns were converted into experiential trainees to enable them to acquire more working experience.

27.11 Organisational culture

As part of its strategic objective to position itself as a high-performance organisation, SITA embarked on a culture transformation journey in 2020/21. This initiative aimed to build a digitally capable workforce to support the digitisation of government services. SITA's vision is to cultivate a work culture where employees are engaged, valued, recognised, and rewarded while they are continuously learning – ultimately enabling them to find deeper purpose in their work.

During the year under review, SITA sustained its efforts to continually assess the impact and effectiveness of the culture transformation programme since its inception, focusing on initiatives designed to boost employee engagement across the organisation.

Key initiatives included:

Training and awareness: A total of 1,845 employees were trained on the principles of a high-performance culture and customer centricity. These training sessions equipped employees with a clear understanding of the behaviours, activities, and mindsets required to contribute meaningfully to a high-performance culture.

Team effectiveness sessions: A pilot programme was launched, with 116 employees participating in team effectiveness sessions. These sessions are designed to enhance collaboration, improve communication, and foster a culture of engagement and high performance within teams. A project plan is currently being developed to guide the roll-out of this initiative across the rest of the organisation.

Employee value proposition (EVP): EVP roadshows were successfully conducted across all organisational levels, ensuring broad awareness and engagement. In addition, HCM policies and employee benefits were reviewed and aligned with EVP priorities to better reflect the needs and expectations of employees.

Looking ahead, a high-level implementation plan will be developed to support the roll-out of EVP initiatives and other HCM programmes. These efforts are aimed at further improving employee engagement and strengthening a culture of high performance at SITA.

27.12 Employee wellness

SITA's EWP supports its underlying wellness strategy, of which the overall goal is to optimise human and social capital. The EWP can be accessed by employees and management through self-referral, peer referral, or managerial referral (formal referral). The programme ensures emotional support for employees at all levels.

The EWP also provides managerial support through the Managerial Consultancy Programme, which is a programme put in place to empower and assist managers / LOB with people management skills, conflict management and resolution in the workplace, how to handle difficult employees, etc. This programme is monitored on a regular basis for efficiency and relevance.

The EWP interventions expanded on below were implemented during the period under review.

a) Employee assistance programme (EAP)

An EAP service provider was appointed in January 2025 and the EAP service offerings are ongoing, with the utilisation uptake being monitored monthly – currently at 23,6%. The top five problems consulted on are (1) mental wellbeing, (2) work-related issues, (3) couple- and family-related issues, (4) financial issues and individual trauma and, lastly, (5) legal issues.

EWP services are marketed through the different platforms within SITA, such as Digital Fridays and Induction Programme sessions, the latter being aimed at creating awareness of EWP services among all new employees and ensuring that they are feeling psychologically safe in their new work environment.

Group interventions have been prioritised for teams that experienced conflict-related matters, involving both managers and team members. This was aimed at improving and restoring the morale of the team members, which has led to enhanced productivity.

b) Proactive wellness initiatives

Women's Month was celebrated in October 2024 through virtual and in-house sessions on financial wellbeing for women, achieving a work-life balance for career women, and the working mother, in partnership with Alex Forbes and Old Mutual. Widespread consultation and benchmarking were conducted as a key step in re-establishing the Gender Forum and ensuring the incorporation of LGBTQIA+ rights and optimal inclusivity. A formal launch of the Forum took place during the Women's Month celebration event.

A wellness day with the theme "Your health and wellbeing is our priority" was held in March 2025. On this day, various health screening services were rendered to employees by the three in-house medical aids (Bonitas, Discovery Health and Medihelp) together with Old Mutual nurses. To create ongoing awareness of EWP services, SITA's EAP service provider,

Life Health Solution, was invited to take part in the Wellness Day. Alex Forbes, Sanlam, Capitec Legacy, and Old Mutual provided financial advice and guidance on the day as well. Employees participated in a number of sporting activities, including special games for people with disabilities (PwD).

c) Employee Wellness and Sustenance policies

Employee wellness and substance abuse policies were reviewed and approved in December 2024. Both policies have been communicated to employees and management through Corporate Communications, and posted on the intranet for access and ease of reference. Currently, virtual workshops on the policies are being conducted for different departments and units to provide them with the opportunity to engage directly regarding the provisions of the policies.

A new policy on harassment was tabled at the EXCO and has been referred to HR&REM, where after it will be submitted for Board approval.

d) Elimination of harassment in the workplace (on SITAVarsity)

Employees continue to engage with an e-learning course on the elimination of harassment in the workplace on SITAVarsity. The course outlines a code of good practice which aims to eliminate all forms of harassment in the workplace. Guidance is provided on what policies and procedures can be implemented in the event that various forms of harassment occur in the workplace. To date, 1 235 employees have completed all modules.

e) Blood donation drive

A blood donation drive is conducted for employees on a bi-monthly basis, and employee participation is satisfactory.

f) Additional sick leave

The EWP includes the management of additional sick leave through a holistic approach to health risk management that seeks synergies with wellness and disease management programmes provided by employees' medical schemes, whereby sick leave management is implemented in conjunction with rehabilitation and re-skilling structures to achieve overall health risk management.

27.13 Employee performance management framework

SITA has adopted an integrated corporate performance management policy, aligned to the organisation's planning processes and guidelines. The policy guides performance management at both corporate and employee levels, focusing on planning, monitoring, reviewing, reporting, and implementation. During the year under review, one of the key initiatives implemented to support a high-performance culture was the roll-out of structured awareness and engagement campaigns aligned to each phase of the performance management cycle – including contracting, mid-year reviews, and final review evaluations. These campaigns aimed to enhance understanding, improve communication, and encourage active participation in the performance process across all levels of the organisation.

28. HUMAN CAPITAL MANAGEMENT OVERSIGHT STATISTICS

28.1 Personnel cost per occupational level

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

The personnel expenditure per occupational level in the table below is based on the total guaranteed packages of employees as on 31 March 2025. This excludes variable costs (acting allowances, mobile and data allowances, overtime, shift, and standby allowances) for the financial year which ended on 31 March 2025. The total expenditure amount of R2 212 940 bn is used as a base for calculating the percentage of personnel expenditure.

The table below reflects personnel costs per occupational level.

Salary band	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	2 910	0.13%	1	2 910
Senior Management	88 704	4.01%	46	1 928
Professional qualified	994 513	44.94%	997	998
Skilled	996 957	45.05%	2 020	494
Semi-skilled	129 856	5.87%	672	193
Unskilled	0	0.00%	0	0
Total	2 212 940	100%	3 736	592

28.2 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	1	1	-	-	1	-	-	-
Senior Management	20	19	-	2	2	1	4	3
Professional qualified	394	428	23	54	27	16	115	52
Skilled	816	869	55	109	53	31	136	106
Semi-skilled	282	290	10	36	2	10	6	35
Unskilled	-	-	-	-	-	-	-	-
Total	1 513	1607	88	201	85	58	261	196

Occupational levels	Female Employees							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	1	-	-	-	-	-	-
Senior Management	16	16	-	2	1	-	2	2
Professional qualified	306	348	19	44	13	12	99	42
Skilled	789	705	32	89	16	25	123	86
Semi-skilled	349	235	16	30	3	8	5	29
Unskilled	-	-	-	-	-	-	-	-
Total	1 460	1 304	67	164	33	47	229	159

Occupational levels	Disabled Employees							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-
Professional qualified	-	-	-	-	-	-	2	-
Skilled	12	-	-	-	-	-	7	-
Semi-skilled	21	-	-	-	-	-	3	-
Unskilled	-	-	-	-	-	-	-	-
Total	33	-	-	-	-	-	12	-

***Note:** The target for people living with disability is 2% of the total headcount and not dependent on race or occupational level. SITA had 45 people living with disability (1.2%), while the target was 75.

28.3 Employment and vacancies

The table below reflects a summary of employment and vacancies.

Occupational levels	2023/2024 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of Vacancies
Top Management	2	2	1	1	50%
Senior Management	49	14	46	6	43%
Professional qualified	916	326	997	126	39%
Skilled	1 913	387	2 020	273	71%
Semi-skilled	561	30	672	29	97%
Unskilled	0	0	0	0	0%
Total	3 441	759	3 736	435	57%

The organisation has made progress in strengthening its leadership capacity with the successful appointment of four executives. However, one of the appointed executives has since resigned, creating a vacancy that needs to be filled promptly. Despite this achievement, the organisation continues to struggle with attracting and retaining top talent, largely due to its poor employer brand image, which hinders recruitment efforts.

28.4 Employment changes

There is an overall positive growth trend for this financial year. The data reflects significant growth in appointments, with a total headcount of **3 736**.

Employee terminations during the 2023/2024 financial year resulted in changes to the headcount at the beginning of the reporting period.

Occupational levels	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top Management	2	0	1	1
Senior Management	48	9	11	46
Professional qualified	916	214	73	997
Skilled	1 920	436	75	2 020
Semi-skilled	548	630	53	672
Unskilled	0	0	0	0
Total	3 434	1 289	213	3 736

28.5 Reasons for staff leaving

The data indicates staff leaving due to resignations and expiry of contracts, attributed to learnerships and skilled levels within the organisation.

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

Reason	Number	% of total no. of staff leaving
Death	8	3,4%
Resignation	91	39,4%
Dismissal	2	0,9%
Retirement	39	16,9%
Ill health	2	0,9%
Expiry of contract	55	23,8%
Other	34	14,7%
Total	231	100%

28.6 Misconduct and disciplinary action

The table below reflects misconduct and disciplinary action.

Nature of disciplinary Action	Number
Verbal Warning	5
Written Warning	11
Final Written warning	10
Dismissal	1
Resignation during the disciplinary hearing	2
Suspension from work without salary	2

28.7 Personnel expenditure

Variable costs are excluded from the total personnel cost 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.

The personnel expenditure per programme in the table below is based on the total guaranteed packages of employees as on 31 March 2025. This excludes variable costs (acting allowances, mobile and data allowances, overtime, shift, and standby allowances) for the financial year which ended on 31 March 2025.

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	No. of employees	Average personnel cost per employee (R'000)
Programme 1: Thought-leadership	3 304 732	1 320 902	39.97%	2 135	619
Programme 2: Digital infrastructure	3 045 890	556 252	18.26%	973	572
Programme 3: Skills and capability	435 232	237 196	54.50%	488	486
Programme 4: Financial sustainability	524 336	58 918	11.24%	85	693
Programme 5: Procurement & industry	74 222	39 672	53.45%	55	721
Total	7 384 412	2 212 940	29.97%	3 736	592

28.8 Performance rewards

No performance rewards were paid during the financial period 2024/2025.

28.9 Training cost

Between April 2024 to March 2025, a total of 3,321 employees received training at a combined cost of R30,937,806.98. This includes both short courses and bursaries to help staff gain NQF-aligned qualifications. Of the total, 3,321 employees took part in short courses, while 282 received bursaries to study towards formal qualifications.

Additionally, R2,536,372.02 was invested in external bursaries for non-SITA employees to pursue ICT-related qualifications. This brings the total training and development spend to R33,474,179.00.

Furthermore, R11,966,000.00 was dedicated to the development of 199 interns, reaffirming the organisation's ongoing commitment to talent development, skills enhancement, and the formation of a sustainable talent pipeline.

Occupational levels	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	* Average personnel cost per employee (R'000)
Top Management	7	0%	1	7
Senior Management	792	3%	47	16
Professional qualified	9 774	32%	1 024	10
Skilled	17 341	56%	1 634	9
Semi-skilled	3 023	10%	615	5
Unskilled	0	0%	0	0
Total	30 937	100%	3 321	9

***NOTE:** Calculation for average personnel cost per employee = Personnel expenditure / No. of employees





PART E

PFMA COMPLIANCE REPORT

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

29.1 Irregular expenditure

29.1.1 Reconciliation of irregular expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	2 469 784	2 247 022
Add: Irregular expenditure confirmed	514 171	222 762
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure removed	-1 818	0
Closing balance	2 982 137	2 469 784

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure that was under assessment in 2023/24	0	0
Irregular expense VAT correction relates to 2023/2024 (Opening Balance) identified in 2024/2025	0	293 090
Irregular expenditure that relates to 2023/24 and identified in 2024/25	0	93 731
Irregular expenditure for the current year	514 171	129 031
Total	514 171	515 852

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

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure under assessment	0	1 122
Irregular expenditure under determination	1 100 741	365 400
Irregular expenditure under investigation	0	0
Total	1 100 741	366 522

29.1.3 Details of current and previous years' irregular expenditure condoned

There was no expenditure incurred for irregular expenditure condoned.

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure condoned	0	0
Total	0	0

29.1.4 Details of current and previous years' irregular expenditure removed (not condoned)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure NOT condoned but removed	1 818	0
Total	1 818	0

29.1.5 Details of current and previous years' irregular expenditure recovered

There was no irregular expenditure recovered during the reporting period.

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure recovered	0	0
Total	0	0

29.1.6 Details of current and previous years' irregular expenditure written off (irrecoverable)

There was no irregular expenditure written off during the reporting period.

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure written off	0	0
Total	0	0

29.1.7 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 resulted in such non-compliance cases
Total

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

There are no non-compliance cases for the during the reporting period.

Description	2024/2025	2023/2024
	R'000	R'000
None	0	0
Total	0	0

29.1.9 Details of disciplinary or criminal steps taken in current and previous years as a result of irregular expenditure

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

29.2 Fruitless and wasteful expenditure

29.2.1 Reconciliation of fruitless and wasteful expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	47 115	47 115
Add: Fruitless and wasteful expenditure confirmed	680	0
Less: Fruitless and wasteful expenditure written off	-1	0
Less: Fruitless and wasteful expenditure recoverable	-605	0
Closing balance	47 189	47 115

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2023/24	0	504
Fruitless and wasteful expenditure that relates to 2023/24 and identified in 2024/25	0	552
Fruitless and wasteful expenditure for the current year	128	0
Total	128	1 056

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

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	128	0
Fruitless and wasteful expenditure under investigation	0	23 002
Total	128	23 002

29.2.3 Details of current and previous year fruitless and wasteful recovered

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure recovered	605	0
Total	605	0

29.2.4 Details of current and previous years' fruitless and wasteful expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure written off	1	0
Total	1	0

29.2.5 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 where possible, and there were cases where action could not be taken as employees have resigned.

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

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

Material losses through criminal conduct	2024/2025	2023/2024
	R'000	R'000
Theft	619	465
Other material losses	0	0
Less: Recovered	131	0
Less: Not recovered and written off	0	0
Total	488	465

29.3.1.1 Details of other material losses

Nature of other material losses	2024/2025	2023/2024
	R'000	R'000
Theft of computer equipment	619	465
Total	619	465

29.3.1.2 Other material losses recovered

There were no other material losses recovered during the reporting period.

Nature of losses	2024/2025	2023/2024
	R'000	R'000
None	0	0
Total	0	0

29.3.1.3 Other material losses written off

There were no other material losses written off during the reporting period.

Nature of losses	2024/2025	2023/2024
	R'000	R'000
None	0	0
Total	0	0

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

Description	Number of invoices	Consolidated value
		R'000
Invoices paid within 30 days or agreed period	5 343	3 652 678
Invoices paid after 30 days or agreed period	8 320	3 265 023
Invoices older than 30 days or agreed period (unpaid and without dispute)	2 034	282 859
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-
Total	15 697	7 200 560

31. INFORMATION ON SUPPLY CHAIN MANAGEMENT

31.1 Procurement by other means

No.	Project description	Name of supplier	Type of procurement by other means	Contract number	Consolidated value R
1.	Provision of Mainframe Adabas and Natural Application Software License, Maintenance & Support and Software AG products for Persal System for a period of twenty-four (24) months on behalf of the North West Office of the Premier	BITanium Consulting (Pty) Ltd	Single-source procurement	SSP-5231-2023	R7 986 083,81
2.	Request for the procurement of Huawei cloud infrastructure, installation, maintenance and support for SAPS for a period of five (5) years	Pinnacle Micro (Pty) Ltd	Closed bid	RFB 2736-2023	R339 050 089,15
3.	Procurement of CISCO equipment for the Department of the Premier: CEI for LAN refresh at Groote Schuur Hospital through CISCO framework agreement	Altron Systems Integrated, A division of Altron TMT	Brand-specific	RFB 2776-2023	R12 480 309,24
4.	Request for provisioning of SAPS ID card printing solution, including installation, configuration, maintenance, and support of the equipment and accessories for a period of three (3) years	Khauleza IT Solution (Pty) Ltd	Single-source procurement	SS 5223-2023	R7 803 114,55
5.	Request to enter into a single-source agreement with Gijima Holdings (Pty) Ltd for the continuation of software development for the SAPS' Integrated Person Management under a three (3) month contract	Gijima Holdings (Pty) Ltd	Single-source procurement	SSP 5283-2023	R1 422 402,80

No.	Project description	Name of supplier	Type of procurement by other means	Contract number	Consolidated value R
6.	Request for carpentry services at the Department of Correctional Services (Kgosi Mampuru) for the conversion of L-shaped desks into straight form desks for installation in SITA buildings	Department of Correctional Services	Single-source procurement	SSP 5286-2023	R100 325,00
7.	Procurement for operating lease for SITA Modimolle's switching centre accommodation for a period of five (5) years	Tiradeprops (Pty) Ltd	Single-source procurement	SSP-5327-2023	R2 477 671,47
8.	Procurement of secure socket layer (SSL) certificates for a period of two (2) years for SITA and clients	Altron Security, a division of Altron TMT (Pty) Ltd	Sole-source procurement	SS 5324-2023	R3 370 478,01
9.	Procurement for the renewal of Software AG licenses, support and maintenance for government-wide integration platform usage for a period of thirty-six (36) months	Software AG South Africa	Sole-source procurement	SS 5250-2023	R14 214 000,00
10.	Procurement of Huawei Equipment for SITA's demilitarised zone (DMZ) and data centre (DC) for the transformation of these environments as part of software defined networking (SDN)	In2IT (Pty) Ltd	Single-source procurement	SSP 5450-2024	R49 503 838,36
11.	Request for the renewal of ASG TMON for CICS TS software support and maintenance agreement, installed at the Centurion and Numerus data centres for a period of 3 years	ASG AFRICA	Single-source procurement	SS 5178-2023	R6 428 130,36
12.	Appointment of migration service provider Mustek Limited for Gauteng Provincial Government's cloud migration project for a period of six (6) months	Mustek Limited	Single-source procurement	SSP 5675-2024	R3 961 202,78
13.	Emergency procurement of repair services for IBM z9 mainframe for the North West Office of the Premier	Johnbak Solutions (JBS)	Emergency procurement	ER-5686-2024	R98 555,00
14.	Request to establish a contract with HCL for the support and maintenance of HCL software for a period of three (3) years	HCL Technologies (Pty) Ltd	Single-source procurement	SS-5214-2023	R36 963 892,28
15.	Request for approval of procurement request to replace two (2) rear tyres, wheel alignment & balancing for SITA-owned vehicle (BMW X3)	Family Inderjeeth Investment (Pty) Ltd	Emergency procurement	ER 5198-2023:	R15 330,65

No.	Project description	Name of supplier	Type of procurement by other means	Contract number	Consolidated value R
16.	Appointment of Teraco data centre as the single-source supplier of carrier neutral environment and direct connect partner for a period of two (2) years with an option to renew for a period of one (1) year	Teraco Data Environments	Single-source procurement	SSP 5316-2023	R4 250 464,78
17.	Request for emergency procurement for immediate resolution to repair Dell server out of warranty, hosting the Webfin application	DELL Technologies	Emergency procurement	ER 5756-2024	R5 292,51
18.	Approval for extension of current operating lease agreement for SITA Middleburg switching centre rental for a period of five (5) years from 1 February 2025 to 31 January 2030	Garden and Home Décor CC	Single-source procurement	RFB 2041/2019	R2 022 588,95
19.	Procurement of lease contract for Mthatha SITA switching centre for a period of (5) five years	Government Employees Pension Fund C/O Mowana Properties (Pty) Ltd	Single-source procurement	SSP 5633-2024	R53 202,99
20.	Request to appoint Travel With Flair (Pty) Ltd as the travel management company for in-house traveling services at SITA on a month-to-month basis not exceeding three (3) months	Travel with Flair	Single-source procurement	SSP 5909-2024	R11 215 936,89
21.	Request to enter into a 12-month contract with EOH as ICT service provider for the Department of Water and Sanitation	EOH Mthombo (Pty) Ltd	Single-source procurement	SSP 5846-2024	R19 132 622,30
22.	Emergency procurement to source DELL services for (client) Northwest Office of the Premier's DELL HCI environment	Dell Computer (Pty) Ltd	Emergency procurement	ER 4999-2023	R741 788,00
23.	Emergency procurement for the Northwest Office of the Premier's IBM Mainframe environment after outage experienced in December 2024	IBM South Africa	Emergency procurement	ER 5940-2024	R109 191,30
24.	Emergency procurement for the Northwest Office of the Premier's IBM Mainframe environment after outage experienced in July 2024	IBM South Africa	Emergency procurement	ER 5939-2024	R10 919 129,00
Total					R534 325 640,18

31.2 Contract variations and expansions

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
1.	Contract variation for the upgrade of access link (kzn0256-20) of Department of Health site (Turning Clinic) from 1 meg to 10 meg for a period of sixty (60) months, under the existing contract req 211	Brilliant Telecommunications (Pty) Ltd	Variation	REQ 211	R178 250,00	R0,00	R515 600,00
2.	Extension in respect of contract SS1685-2017: Gauteng Provincial Government's fully managed data centre contract duration without variation of the original contract value	Telkom/BCX SA SOC	Extension	SS 1685-2017	R267 789 088,16	R0,00	R0,00
3.	Extension of contract between SITA and Vodacom (Pty) Ltd for data cards for a period of twenty-four (24) months	Vodacom (Pty) Ltd	Extension	ER 3037-2020	R288 820,00	R0,00	R98 956,80
4.	Contract variation in the scope of work for RFQ 0000208 for upgrade of one (1) access link DHA0144-19 for the Department of Home Affairs, Port St Johns from 2 meg to 5 meg for a period of fifty-two (52) months	Mubvumela Corporation (Pty) Ltd	Variation	RFQ 0000208	R1 264 000,00	R0,00	R508 300,00

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
5.	Contract variation for upgrade of access links (KZN0318-21 & DEA0006-18) from 2meg to 10meg for the national department: KwaZulu Natal & Department of Environmental Affairs for a remaining period of fifty-three (53) months, under the existing contract RFQ 4426-1880-2022	Brilliant Telecommunications (Pty) Ltd	Variation	RFQ 4426-1880-2022	R217 194,00	R0,00	R847 509,75
6.	Request to approve contract variation of SSP 5010-2023 between Dimension Data (Pty) Ltd and SITA due to e-mail cleansing service upgrade	Dimension Data (Pty) Ltd	Variation	SSP 5010-2023	R7 337 000,46	R0,00	R4 704 785,70
7.	Request for scope expansion on SS 4198-2021 to increase the number of layer 2 links by 3 x 10gbps links, and to extend the current running contract on a month-to-month basis for a period not exceeding six (6) months	Liquid Telecommunications SA t/a Liquid Intelligent Technologies	Expansion	SS 4198-2021	R16 960 881,38	R4 979 454,00	R8 945 969,60

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
8.	Request for approval to increase the current capped amount on the contract between SITA and Sankofa Insurance Brokers (Pty) Ltd in respect of RFB 2333-2020: request for acquisition of corporate insurance for a period of three (3) years	Sankofa Insurance Brokers (Pty) Ltd	Variation	RFB 2333-2020	R11 406 990,59	R0,00	R860 265,97
9.	The provision of diesel to 157 SAPS switching centres, nodal points sites and high sites and 14 SITA sites on a month-to-month basis for a period not exceeding three (03) months	Infrasol (Pty) Ltd	Variation	SSP 4769-2022	R7 978 125,00	R29 281 875,00	R11 740 000,00
10.	Contract price and scope expansion of IBM mainframe implementation for North West Provincial Government to procurement of DB2 and CICS2 resources	IBM South Africa Pty Ltd	Expansion	SS 2711-2019	R20 921 799,35	R0,00	R1 424 100,66
11.	Request for approval for extension of EOH contract as an ICT single-source service provider for the Department of Water and Sanitation	EOH Mthombo (Pty) Ltd	Extension	SSP 5154-2023	R49 277 230,02	R0,00	R16 254 051,19
12.	Gardening and landscaping	Delta Facilities Management (Pty) Ltd	Extension	RFB 2260/2020	R7 720 233,41	R0,00	R1 445 447,86

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
13.	Extension of office space for SITA Mahikeng office for a period of forty-two (42) months with South African Broadcasting Corporation (SABC)	South African Broadcasting Corporation (SABC)	Extension	SSP 4651/2022	R4 496 318,35	R684 676,93	R5 514 641,87
14.	Extension of contract: RFB 2170-2020 with CA for spool software maintenance and support for a period of two (2) years	CA Southern Africa (Pty) Ltd	Extension	RFB 2170-2020	R18 458 655,55	R0,00	R17 335 813,07
15.	Hardware maintenance and support for all EUE-related equipment on a month-to-month basis for a period not exceeding six (6) months	Gijima Holdings (Pty) Ltd	Extension	RFB 2299-2020	R123 162 324,48		R26 532 809,34
		Sizwe IT Group			R87 364 006,96		R15 453 326,60
16.	Provision of preventative and corrective maintenance to SITA switching centres on a month-to-month basis for a period not exceeding six (6) months	Infrasol (Pty) Ltd	Extension	RFB 2017-2019	R10 520 187,02	R1 961 775,33	R2 022 448,79
17.	ICT support and maintenance for the Department of Water and Sanitation	EOH Mthombo (Pty) Ltd	Extension	SSP 5484-2024	R49 277 230,02	R8 127 025,60	R 16 254 051.19
18.	Extension of car tracking and monitoring services for a BMW (X3) for the Acting Managing Director	C-Track Mzansi (Pty) Ltd	Extension	RFQ 4190-AH-2021	R9 186,25	R0,00	R255,17

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
19.	Contract extension of RFB 2114/2019 for the development, support and license maintenance of Beyondtrust Remote Support System for a period of one (1) year	Wire Speed Systems (Pty) Ltd	Extension	RFB 2114-2019	R11 026 979,70	R0,00	R1 956 165,66
20.	Request for approval to deviate and extend contract with 4B Protection Services for physical security guarding for SITA Gauteng offices for a period of 1 month from 1 October 2024 to 31 October 2024	4B Protection Security Services Pty (Ltd)	Extension	RFB 3000-2024	R50 248 823,29	R26 299 214,26	R1 854 431,81
21.	Contract extension of period of current contract with in-house travel agency Travel With Flair for a maximum of two (2) months	Travel With Flair	Extension	RFB 2165/2020	R155 947 876,96	R46 266 733,73	R6 557 972,00
22.	Expansion of scope of existing Mimecast contract RFB 2271/2020 for KZN Department of Economic Development and Environmental Affairs	Galix Networking (Pty) Ltd	Expansion	RFB 2271-1/2022	R6 175 596,60	R0,00	R1 172 056,98

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
23.	Request to approve scope expansion for continuation of software development for Department of Rural Development and Land Reform for electronic deeds registration system for phase 1 scope of development	Tipp Focus Holdings	Expansion	RFQ 5082-1183 -2023	R30 309 400,00	R0,00	R4 484 241,00
24.	Request for scope expansion of additional switch (x1) for DCDT network infrastructure upgrade project with maintenance and support for a period of three (3) years	Altron Nexus Solutions – Division of Altron Nexus (Pty) LTD	Expansion	RFB 2539-1/2021	R1 984 318,10	R0,00	R89 810,79
25.	Extension of Port Elizabeth office/ Gqeberha office lease agreement for SITA Eastern Cape for a period of three (3) years	Bird-in-hand (Pty) Ltd	Extension	SS 4163-2021	R2 974 829,40	R26 605 633,60	R8 546 876,52
26.	Request to expand Memorandum of Agreement between SITA and Xon Systems (Pty) Ltd for provisioning, maintenance, and support of end user devices	XON Systems (Pty) Ltd	Expansion	RFQ 4615-740-2022	R47 224 736,72	R0,00	R7 082 995,76
27.	Provision of email cleansing services for a period of six (6) months	Dimension Data (Pty) Ltd	Extension	SSP 5010-2023	R7 337 000,46	R4 704 785,70	R6 995 401,42

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
28.	Expansion of scope of existing cabling contract RFQ 912 with KZN Department of Economic Development, Tourism and Environmental Affairs	Interface Network Technology (Pty) Ltd	Expansion	RFQ 912-1/2022	R3 000 000,00	R0,00	R2 000 000,00
29.	Expansion of Scope of existing Exinda contract RFB 2742-2023 with KZN Department of Economic Development, Tourism and Environmental Affairs	First Technology KwaZulu-Natal (Pty) Ltd	Expansion	RFB 2742-1/2023	R2 209 757,62	R0,00	R1 978 423,20
30.	Upgrade of access link dha0243-21 (DHA0154-24) from 2 meg to 5 meg for Department of Home Affairs for the remaining period not exceeding 15 April 2026	Amber Falcon Properties 187 (Pty) Ltd	Variation	RFQ 4696-1880-2022	R70 144,25	R0,00	R72 501,75
31.	Extension of contract for usage, maintenance and support services under software products agreement with CA Southern Africa (Pty) Ltd for a period of six (6) months, from 17 November 2024 to 16 May 2025	CA Southern Africa (Pty) Ltd	Extension	SS 3088-2020	R127 711 969,67	R0,00	R23 711 969,67

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
32.	Request of approval for extension of current SITA and Nec Xon System (Pty) Ltd contract without value on a month-to-month basis for a period not exceeding six (6) months	NEC XON	Extension	RFB 1994 - 2019	R17 559 679,60	R21 927 837,70	R0,00
33.	Request for scope variation on RFB 2784-2023: upgrade of all ablution facilities areas with new tiles, toilets, toilet mechanisms, basins, taps, vanities, mirrors, ceiling tiles and light fittings - Erasmuskloof and Centurion	Maanda-Fhadzo Construction and Projects	Variation	RFB 2784-2023	R8 360 327,50	R0,00	R1 290 300,00
34.	Contract extension of ss 2496-2019 for navy secure information portal and secure reliable mail license and support contract on behalf of the South African Navy, from 01 December 2024 to 30 April 2025	VC IT Insight (Pty) Ltd	Extension	SS 2496-2019	R5 865 000,00	R586 500,00	R977 500,00
35.	Request to extend existing contract RFB 929 between SITA and Metrofile (Pty) Ltd to continue rendering microfilm and archiving services to the Department of Defence for a period of six (6) months, from 1 December 2024 to 31 May 2025	Metrofile (Pty) Ltd	Extension	RFB 929	R4 367 946,20	R0,00	R672 711,08

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
36.	Request for extension of SITA Cape Town office lease agreement for a period of twelve (12) months (six (6) months fixed extension and six (6) months on month-to-month basis with a three (3) months' notice period)	Black River Park Investments (Pty) Ltd	Extension	SSP 4534-2022	R82 232 522,40	R10 283 354,88	R10 782 018,38
37.	Variation of Gauteng provincial government's fully managed data centre contract with financial implications for additional period of six (6) months	Telkom/BCX SA SOC	Variation	SS1685-2017	R267 789 088.16	R0,00	R19 373 645,32
38.	Contract extension with current in-house travel agency, Travel With Flair, for a maximum of two (2) months	TRAVEL WITH FLAIR	Extension	RFB 2165/2020	R155 947 876,96	R46 266 733,73	R10 273 755,00
39.	Request for scope expansion of existing contract for financial statements software	CaseWare Africa, a division of Adapt IT (Pty) Ltd	Expansion	RFB 2840-2023	R859 860,43	R0,00	R564 964,75
40.	Request for extension of security service contract for SITA Pietermaritzburg and Durban offices on a month-to-month basis not exceeding a period of six (6) months	Qiniso Security CC	Extension	RFB 888	R4 977 875,88	R0,00	R1 345 163,62

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
41.	Expansion of scope – additional forty (40) hours required to complete implementation of CICS on z14 mainframe	IBM South Africa Pty Ltd Registration	Expansion	SS 2711-2019	R20 921 799,35	R1 424 100,66	R94 939,84
42.	Request to extend Memorandum of Agreement between SITA and Dotcom Security Solutions (Pty) Ltd on a month-to-month basis for a period not exceeding six (6) months for supply of Symantec residency senior professional services, certified maintenance and support services to SITA for SAPS	Dotcom Security Solutions (Pty) Ltd	Extension	RFQ 4714-2494-2022	R22 832 100,00	R0,00	R7 610 700,00
43.	Request to extend contract SS 1969-2018 with Telkom SA SOC Limited for the provision of White Space Server Accommodation for SITA clients	Telkom SA SOC	Extension	SS 1969-2018	R45 589 105,48	R30 732 095,40	R27 981 871,77
44.	Approval of scope variation of existing Mimecast contract RFB 897/2021 for KZN Department Provincial Treasury on a month-to-month basis not exceeding six (6) months	Vox Telecommunications (Pty) Ltd	Variation	RFB897/2021	R3 109 140,00	R0,00	R561 233,64

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
45.	Contract extension of RFB 2299-2020: SAPS hardware maintenance and support of all EUE-related equipment on a month-to-month basis not exceeding three (3) months, from 1 February 2025 to 30 April 2025	Gijima Holdings	Extension	RFB 2299-2020	R123 162 324,38	R26 532 809,34	R13 266 404,67
		Sizwe Africa IT group			R87 364 006,69	R15 453 326,60	R8 035 729,82
46.	Extension of contract for cleaning and hygiene services to SITA Gauteng offices (Erasmuskloof, Centurion, Beta, Numerus, and medical battalion) on a month-to-month basis not exceeding a period of six (6) months from 1 March 2025 to 31 August 2025	Siyathuthuka and Mutla Bafokeng Facility JV	Extension	RFB 2413-2020	R27 865 626,61	R0,00	R5 281 681,25
47.	Request for scope expansion to add SAPS Newcastle's switching centre's Netscout devices to RFB 2799-2023 contract for remaining period not exceeding 1 April 2027	Pedion Technologies (Pty) Ltd	Expansion	RFB 2799-2023	R44 807 823,88	R0,00	R975 715,43
48.	Request to extend contract RFB 2017-2019 for SITA switching centre maintenance on a month-to-month basis not exceeding three (3) months	Infrasol (Pty) Ltd	Extension	RFB 2017-2019	R10 520 187,02	R3 984 224,12	R960 663,16

No.	Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion / variation	Value of contract expansion / variation
49.	Contract extension of Broadcom software licenses via CA Southern Africa (Pty) Ltd with maintenance and support for a period not exceeding six (6) months	CA Southern Africa (Pty) Ltd	Extension	SS 4632-2022	R6 775 340,00	R0,00	R1 965 573,33
50.	Request to approve scope variation for contract RFQ 5859-AH-2024	Africa International Advisors	Variation	RFQ 5859-AH-2024	R320 160,91	R0,00	R106 107,12
51.	Contract extension of SITA corporate insurance for the period of twelve (12) months	Sankofa Insurance Brokers (Pty) Ltd	Extension	RFB 2333 - 2020	R11 406 990.59	R860 265.97	R5 583 312.76
52.	Extension of the current operating lease agreement contract for the Nelspruit Switching Centre between SITA and Klipkoppie Ontwikkeling .	Klipkoppie Ontwikkeling	Variation	RFB 2406-2020	R4 338 394.32	R0.00	R1 396 099.08
Total							R299 807 218.95



PART F

FINANCIAL INFORMATION

35. 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	PO Box 26100 Monument Park South Africa 0105
Shareholder	Communication and digital Technologies
Bankers	Standard Bank of South Africa
Auditors	Auditor General South Africa

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 my knowledge and belief, the company has lodged with the Registrar of Companies all such returns as required by the Companies Act, Act No. 71 of 2008, and all such returns are true, correct and up to date.

pp 

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 2025. 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 2025. 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 133 to 193 of this report.

The agency's financial performance can be summarised as follows:

	31 March 2025 Rand (R'000)	31 March 2024 % change
Revenue	7 798 994	9.23%
Net surplus for the year - before tax	751 585	42.32%
Total assets	6 660 246	11.34%
Net assets	4 757 140	9.55%
Cash generated from operations	(155 390)	-168.08%

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 viable.

33.6 Dividends

There were no dividends declared for the current financial year ended 31 March 2025.

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 and 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 32 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 effectively managed by management and monitored by the internal audit department. During the year internal controls improved and more work will be done to ensure that internal controls are improved on qualification areas. With the exception of qualification areas, internal controls operated effectively.

Management is busy with the preparation of an audit action plan that is intended to address the remaining qualification areas.

33.7.4 Irregular expenditure

Details of irregular expenditure are disclosed in note 32 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 to the date of financial position

Government Gazette no.52720 published on 23 May 2025 (effective from 01 June 2025) introduces a significant amendment to how government departments interact with the State Information Technology Agency under Regulation 17.8 – Efficiency of Procurement. This marks a shift toward a more competitive and decentralised public IT procurement model and encourages performance improvements. SITA will enhance its responsiveness and efficiency to retain its relevance and competitiveness and not compromise its future sustainability.

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 1 July 2023–31 AUGUST 2024			
Name and surname	Designation (in terms of the public entity board structure)	Date of appointment	Date resigned/term ended
Mr K Pillay	Chairperson – Non-executive director	1-Jul-23	Term ended: 31-Aug-24
Ms L Petlele	Department of Communications and Digital Technology Representative – Non-executive director	1-Jul-23	Term ended: 31-Aug-24
Ms N Pietersen	Non-executive director	1-Jul-23	Term ended: 31-Aug-24
Ms K Sibanda	Non-executive director	1-Jul-23	Term ended: 31-Aug-24
Mr M Mnisi	Non-executive director	1-Jul-23	Term ended: 31-Aug-24
Mr L Keyise	Non-executive director	1-Jul-23	Term ended: 31-Aug-24
Dr L Abrahams	Non-executive director	1-Jul-23	Term ended: 31-Aug-24
Ms L Mseme	National Treasury representative – Non-executive director	1-Jul-23	Term ended: 31-Aug-24
Ms R Naidoo	Department of Public Services & Administration representative – Non-executive director	1-Jul-23	Term ended: 31-Aug-24
Mr S Dzungwa	Managing Director (Acting) Executive director	01-Feb-24	Resigned: 4-Feb-25
Mr MK Kgauwe	Chief Financial Officer – Director	21-Jul-23	Active

SITA BOARD OF DIRECTORS 15 SEPTEMBER 2024 – 31 JANUARY 2025			
Name and surname	Designation (in terms of the public entity board structure)	Date of appointment	Date resigned/term ended
Ms M Mosidi	Chairperson – Non-executive director	15-Sep-24	Term ended: 31-Jan-25
Dr S Bvuma	Non-executive director	16-Sep-24	Term ended: 31-Jan-25
Ms O Ketsekile	Non-executive director	15-Sep-24	Term ended: 31-Jan-25
Ms Z Hill	Non-executive director	16-Sep-24	Term ended: 31-Jan-25
Mr M Ratshimbilani	Non-executive director	16-Sep-24	Term ended: 31-Jan-25
Mr K Pillay	Non-executive director	20-Sep-24	Term ended: 31-Jan-25
Mr L Keyise	Non-executive director	20-Sep-24	Term ended: 31-Jan-25
Ms K Sibanda	Non-executive director	20-Sep-24	Resigned: 6-Dec-24
Mr W Vukela	Department of Public Services & Administration representative – Non-executive director	23-Oct-24	Term ended: 31-Jan-25
Ms N Pietersen	Non-executive director	16-Sep-24	Term ended: 31-Jan-25
Mr R Ramabulana	Non-executive director	15-Sep-24	Term ended: 31-Jan-25
Mr S Dzengwa	Managing Director - Executive director	01-Feb-24	Resigned: 4-Feb-25
Mr MK Kgauwe	Chief Financial Officer - Executive director	21-Jul-23	Active

SITA BOARD OF DIRECTORS 27 FEBRUARY 2025 – TO DATE			
Name and surname	Designation (in terms of the public entity board structure)	Date of appointment	Date resigned/term ended
Ms S Mudau	Chairperson – Non-executive director	27-Feb-25	Active
Mr O Shelembe	Department of Communications and Digital Technology representative-Non-executive director	27-Feb-25	Active
Mr W Vukela	Department of Public Services & Administration representative – Non-executive director	Re-appointed: 27-Feb-25	Active
Mr W Mathebula	National Treasury representative – Non-executive director	27-Feb-25	Active
Mr C Weapond	Non-executive director	27-Feb-25	Active
Mr G Reddy	Acting Managing Director – Executive director	5-Feb-25	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 Qualified opinion

1. I have audited the financial statements of the State Information Technology Agency (SITA) SOC set out on pages 133 to 193, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the SITA as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

34.1.1 Basis for qualified opinion

Property, Plant and Equipment

3. The useful lives and impairment assessments of property plant and equipment were not reviewed and performed at each reporting date in accordance with GRAP 17, Property, Plant and Equipment, and GRAP 26, Impairment of Cash-generating Assets. As a result, I was unable to determine the impact on the net carrying amount of property, plant and equipment stated at R 1 303 million (2024: 1 136 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 expenditure, and accumulated surplus.
4. Furthermore, items of property plant and equipment were not properly recorded in the financial statements. Assets acquired in prior years were only included as additions in the current year, and intangible assets were incorrectly classified as property, plant, and equipment. This resulted in an overstatement of the carrying amount of property, plant, and equipment by R33 million, as disclosed in note 2. The misclassification also impacted cost of sales, operating expenditure, and accumulated surplus.
5. I was unable to obtain sufficient and appropriate audit evidence that property, plant, and equipment were properly accounted for, due to deficiencies in the internal control systems and processes, particularly regarding the reconciliation of records for additions, disposals, and overall record-keeping. I was unable to confirm Property, Plant and Equipment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the Property, Plant and Equipment stated at R1 303 million (2024:1 136 million) in note 2 to the financial statements.

Intangible Assets

6. The useful lives and impairment assessments for intangible assets were not reviewed and performed at each reporting date in accordance with GRAP 31, Intangible Assets, 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 impact on the net carrying amount of intangible assets stated at R 395 million (2024: 436 million) in note 3 to the financial statements as it was impractical to do so. There was a consequential impact on the cost of sales, operating expenditures, deferred taxation, and accumulated surplus.
7. Furthermore, items of property, plant and equipment were incorrectly classified as intangible assets which resulted in intangible assets as disclosed in note 3 being overstated by R42,7 million. There was a consequential impact on property, plant and equipment, deferred tax, cost of sales, operating expenditure, and accumulated surplus.

Deferred Tax

8. I was unable to obtain sufficient and appropriate audit evidence to confirm the accuracy and completeness of the deferred tax balance disclosed in the financial statements. The cost of assets recorded in the accounting fixed asset register differed from the cost of assets recorded in the tax asset register. These discrepancies affect the temporary differences used to calculate deferred tax. In the prior year the public entity failed to provide adequate information regarding the deferred tax balances. As a result, I was unable to determine whether any adjustments were necessary to the deferred tax liability stated at R209 million (2024: 62 million) disclosed in note 20 to the financial statements.

Prior period error

9. The public entity did not disclose all the prior period errors in note 33 to the financial statements, as required by GRAP 3, Accounting policies, estimates and errors. The nature and the amount of the correction for some of the financial statement items affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the financial statements.

Cost of Sales

10. Cost of Sales was not accounted for as required by GRAP 1, Presentation of Financial Statements in the prior year. Transactions relating to prior and future periods, as well as inaccurate and invalid transactions were recorded in the annual financial statements under cost of sales. Consequently, the corresponding figure of cost of sales disclosed in note 17 to the financial statements was overstated by R169 million and accumulated surplus was understated by the same amount. My opinion on the current year financial statements is modified because of the effect of this matter on the comparability of the cost of sales for the current period and corresponding figures.

Operating Expenditure

11. Operating Expenditure was not recorded as required by GRAP 1, Presentation of Financial Statements in the prior year. Transactions relating to prior and future periods, as well as inaccurate and invalid transactions were recorded in the annual financial statements under operating expenditure. Consequently, the corresponding figure of operating expenditure disclosed in note 18 to the financial statements was overstated by R112 million and accumulated surplus was understated by the same amount. My opinion on the current year financial statements is modified because of the effect of this matter on the comparability of the operating expenditure for the current period and corresponding figures.

Trade and other payables

12. In the prior year, the public entity did not recognise trade and other payables as required by GRAP 1, Presentation of Financial Statements. Trade and other payables as disclosed in note 12 were not recorded at the correct amounts. Consequently, trade and other payables were overstated by R578 million. My audit opinion on the financial statements for the period ended 31 March 2024 was modified accordingly. My opinion on the current year financial statements is modified because of the effect of this matter on the comparability of the trade payables for the current period and corresponding figures.

Context for opinion

13. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
14. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
15. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

34.1.2 Responsibilities of the accounting officer for the financial statements

16. 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.
17. 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

18. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 129 to 131, forms part of my auditor's report.

34.2 Report on the audit of the annual performance report

20. 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.
21. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes that measure 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	28 - 29	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	30 - 32	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.

22. 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.
23. 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 I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
24. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
25. I did not identify any material findings on the reported performance information for the selected programmes-Thought leadership and service delivery and Digital Infrastructure.

34.2.1 Other matters

26. I draw attention to the matters below.

34.2.1.1 Achievement of planned targets

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

28. The tables that follow provides 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 28 to 32.

Thought leadership and service delivery

Targets achieved: 0% Budget spent: 99%		
Key indicator not achieved	Planned target	Reported achievement
Percentage implementation of Court Online Phase 2 Roll-out plan	100% implementation of Court Online Phase 2 Roll-out Plan	0% implementation of Court Online Phase 2 Roll-out plan
Percentage implementation of Indigent Household application and integration of phase 2 plan	100% implementation of Indigent Household application and integration of phase 2 plan	38.56% implementation of Indigent Household application and integration of phase 2 plan
M5: Implementation of Citizen super-app with selected government e-services accessible	Citizen super-app developed with selected government e-services accessible	Elected government e-services not accessible on the Citizen super-app
M6: Percentage customer satisfaction level attained	Attain 60% customer satisfaction level	Not achieved 48% customer satisfaction level attained

Digital Infrastructure

Targets achieved: 40% Budget spent: 87%		
Key indicator not achieved	Planned target	Reported achievement
Percentage implementation of plan for government public cloud services enabled across multiple hyperscalers	100% implementation of plan for government public cloud services enabled across multiple hyperscalers	55% implementation of plan for government public cloud services enabled across multiple hyperscalers
Percentage of national and provincial departments' information security maturity level assessments completed	100% of national and provincial departments' information security maturity level assessments completed	98% of national and provincial departments' Information security maturity level assessments completed
Percentage national and provincial departments provided with information security awareness campaigns	100% of national and provincial departments provided with information security awareness campaigns	80.25% of national and provincial departments provided with information security awareness campaigns

Material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Thought Leadership and Digital Infrastructure programmes. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

30. 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.
31. 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.
32. 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.
33. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

34. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by sections 55(1) (a) and (b) of the PFMA. Material misstatements of related party transactions, statement of comparison of budget and actual amounts and cash flow statement identified by the auditors in the submitted financial statements were corrected but the uncorrected material misstatements and/or supporting documents that could not be provided resulted in the financial statements receiving a qualified opinion.

Revenue management

35. 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

36. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 32 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by ongoing multi-year contracts incurred in prior years.
37. Prepayments were made before goods or services were received, in contravention of treasury regulation 31.1.2(c).

Consequence management

38. 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.

Other information in the annual report

39. 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 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.
40. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
41. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
42. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

43. 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.
44. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified and, the material findings on compliance with legislation included in this report.
45. Material 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 statements.
46. Management did not adequately prepare accurate and complete financial reports that are supported and evidenced by reliable information; as a result, there were material misstatements identified during the audit which were caused by the inadequate reviews.
47. Management did not adequately review and monitor compliance with applicable laws and regulations; as a result, there was material non-compliances identified during the audit which was also reported in the prior years.
48. Timely and proper record keeping was not sufficiently implemented to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.
49. Management did not Implement controls over daily and monthly processing and reconciling of transactions as a result material misstatements were identified.

50. 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.

Material irregularities

51. 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.

Status of previously reported material irregularities

Payment made for licenses that were not utilised

52. Payments were made for excess licenses that were not utilised/deployed as internal controls were not implemented by officials to ensure effective, economical, and transparent use of financial resources as required by section 57(b) of the PFMA.
53. The payment for the excess licenses 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 licenses and thus both officials that were responsible for ensuring that only licenses in use are being paid did not fulfil their responsibilities. This resulted in a material financial loss to the entity.
54. I notified the accounting authority of the material irregularity on 16 September 2021 and invited written submissions on their actions taken to address the matter. The accounting authority 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:
- An investigation that was initiated into the matter on 01 March 2023. The investigation was concluded on 17 May 2024 and shared with me on 24 May 2024.
55. I considered the representations made and the substantiating documents provided and concluded that appropriate actions were not being taken to address the material irregularity.
56. 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 a proclamation was gazetted on 16 May 2025 for the investigation to commence. The investigation is in progress.

Payment for services not delivered

57. 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 and a material loss to the entity.
58. I notified the accounting authority of the material irregularity on 16 September 2021 and invited written submissions on their actions taken to address the matter. The accounting authority 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 concluded that appropriate actions were not taken to address the material irregularity.
59. I notified the accounting authority on 31 July 2024 of the following recommendations to address the material irregularity, which should have been implemented by 31 October 2024 with a progress report by 21 September 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.
60. The accounting authority failed to submit the progress report despite follow-ups. On 29 October 2024, the accounting authority requested an extension for the implementation of the recommendations up to 15 December 2024, which was granted. On 16 December 2024, the accounting authority requested a further extension up to 31 January 2025.
61. The final response with substantiating documentation on the implementation of recommendations was received on 30 January 2025 where the accounting authority did not respond to the implementation of the recommendation but challenged the validity of the material irregularity. I concluded that the accounting authority has not taken appropriate actions to implement the recommendations and to address the material irregularity.
62. I issued a directive to the accounting authority on 3 July 2025 to recover the financial loss, or to make progress with the recovery of the loss, from the responsible person(s) by 3 February 2026. In addition, I notified the accounting authority of the following remedial action to address the material irregularity, which must be implemented by the same date, with a progress report by 3 October 2025:
- Appropriate action must 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.
63. On 01 September 2025, a progress report was received from the accounting authority wherein an update on the implementation of the remedial action was provided. The accounting authority indicated that the entity made a determination to recover the financial loss from the supplier. I will follow-up on the progress with the recovery at the due date for the implementation of the remedial action.

Other reports

64. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
65. Ongoing investigations were conducted by the Directorate of Priority Crime Investigation into allegations of possible unethical behaviour and allegations of procurement and contract management irregularities. These investigations were in progress at the date of this auditor's report.

Auditor - General

Pretoria

4 September 2025



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

The auditor-general's responsibility for the audit

The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

I communicate with the accounting 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 bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	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; TR 31.2.7(a); TR 30.2.1; TR 33.1.3; TR 33.1.1; TR 16A9.1(b)(iii); 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)(iii); 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)
Preferential Procurement (PPPFA 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

Legislation	Sections or regulations
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
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)



STATE INFORMATION TECHNOLOGY AGENCY SOC LTD

Annual Financial Statements for the year ended 31 March 2025

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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards

The annual financial statements set out on pages 134 - 193, which have been prepared on the going concern basis, were approved by the board of members on 4 September 2025 and were signed on its behalf by:



Member

Board Chairperson

STATE INFORMATION TECHNOLOGY AGENCY SOC LTD

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

		2025	2024
		R '000	Restated *
	Note(s)		R '000
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 303 151	1 136 267
Intangible assets	3	395 844	436 580
Prepayments	4	42 358	5 553
		1 741 353	1 578 400
Current Assets			
Cash and cash equivalents	5	1 618 321	2 219 662
Receivables from exchange transactions	6	3 059 011	1 984 840
Current tax receivable	21	53 634	-
Prepayments	4	177 181	185 445
Inventories	7	10 746	13 449
		4 918 893	4 403 396
Total Assets		6 660 246	5 981 796
Share capital / contributed capital	8	-	-
Reserves			
Other NDR	9	627 335	627 335
Accumulated surplus		4 129 805	3 715 223
Total Net Assets		4 757 140	4 342 558
Liabilities			
Non-Current Liabilities			
Finance lease obligation	14	3 882	90 773
Post-retirement benefit obligation	10	127 343	120 959
Long service award benefit	10	10 522	10 467
Deferred tax	11	209 185	62 998
		350 932	285 197
Current Liabilities			
Trade and other payables	12	1 016 717	971 032
Income received in advance	13	502 683	280 293
Finance lease obligation	14	27 732	23 976
Post-retirement benefit obligation	10	3 676	3 324
Long service award benefit	10	1 366	1 603
Current tax payable	21	-	73 813
		1 552 174	1 354 041
Total Liabilities		1 903 106	1 639 238

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Statement of Financial Performance

		2025	2024
		R '000	Restated*
	Note(s)		R '000
Revenue from exchange transactions	15	7 798 454	7 139 897
Revenue from non-exchange transactions	16	540	326
Total revenue		7 798 994	7 140 223
Cost of sales	17	(5 274 272)	(4 805 757)
Gross surplus		2 524 722	2 334 466
Operating expenses	18	(1 762 094)	(1 801 139)
Operating surplus		762 628	533 327
Finance costs	19	(11 043)	(5 226)
Surplus before taxation		751 585	528 101
Taxation	20	(337 003)	(156 389)
Surplus for the year		414 582	371 712

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Statement of Changes in Net Assets

	Other NDR	Accumulated surplus/deficit	Total net assets
	R '000	R '000	R '000
Balance at 01 April 2023	627 335	3 343 510	3 970 845
Changes in net assets			
Surplus for the year	-	371 712	371 712
Total changes	-	371 712	371 712
Restated* Balance at 01 April 2024	627 335	3 715 223	4 342 558
Changes in net assets			
Surplus for the year	-	414 582	414 582
Total changes	-	414 582	414 582
Balance at 31 March 2025	627 335	4 129 805	4 757 140
Note(s)	9		

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Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

		2025	2024
		R '000	Restated*
	Note(s)		R '000
Cash flows from operating activities			
Receipts			
Sale of goods and services		7 842 565	7 473 083
Interest income		178 467	174 712
		8 021 033	7 647 796
Payments			
Suppliers and employees		(7 431 890)	(6 769 542)
VAT paid		(422 279)	(377 115)
Taxes on surpluses		(322 254)	(262 380)
		(8 176 423)	(7 409 037)
Net cash flows from operating activities	22	(155 390)	238 759
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(347 737)	(390 437)
Purchase of other intangible assets	3	(38 674)	(29 337)
Prepayment (Non-current portion)		(36 805)	(4 648)
Net cash flows from investing activities		(423 216)	(424 422)
Cash flows from financing activities			
Finance lease payments		(22 735)	(32 465)
Net increase/(decrease) in cash and cash equivalents		(601 341)	(218 128)
Cash and cash equivalents at the beginning of the year		2 219 662	2 437 790
Cash and cash equivalents at the end of the year	5	1 618 321	2 219 662

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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	

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Rendering of services	6 792 703	-	6 792 703	6 231 978	(560 725)	(a)
Drop shipment revenue	1 197 710	-	1 197 710	1 274 965	77 255	(a)
Other income	53 253	-	53 253	112 909	59 656	
Finance income	-	-	-	178 602	178 602	
Total revenue from exchange transactions	8 043 666	-	8 043 666	7 798 454	(245 212)	

Revenue from non-exchange transactions

Transfer revenue

Public contributions and donations	-	-	-	540	540	
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Total revenue	8 043 666	-	8 043 666	7 798 994	(244 672)	
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Expenditure	(7 596 997)	-	(7 596 997)	(7 047 409)	549 588	
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Total Cost of Sales	(5 724 906)	-	(5 724 906)	(5 274 272)	450 634	(b)
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Total Operating Expenditure	(1 872 091)	-	(1 872 091)	(1 762 094)	109 997	(c)
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Finance costs	-	-	-	(11 043)	(11 043)	
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Surplus before taxation	446 669	-	446 669	751 585	304 916	
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Taxation	-	-	-	337 003	337 003	(d)
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Actual Amount on Comparable	446 669	-	446 669	414 582	(32 087)	
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Basis as Presented in the Budget and Actual Comparative Statement

- (a) The variance is mainly due to opportunities that did not materialize, reduction in service level agreement values due to budget cuts at the client and lower-than-budgeted consumption-based services.
- (b) The deviation is directly related to decreased revenue, which resulted in lower cost of sales than budgeted and delays in the procurement process.
- (c) Actual expenditures are less than budgeted as a result of the measures implemented to optimize savings.
- (b) Taxation is not budgeted for because it is a resultant payment. It is a mandatory payment that must be made from the company's profits.

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ACCOUNTING POLICIES**1. Significant accounting 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 2025 were authorised and approved in accordance with a resolution of the Board of Directors on 30 May 2025.

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 preparation

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 accrual 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 Standard of 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.

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Annual Financial Statements for the year ended 31 March 2025

1.4 Materiality (continued)

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 of GRAP (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 71 of 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 currencies are 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.

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Annual Financial Statements for the year ended 31 March 2025

1.7 Financial instruments (continued)

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 evidence of 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.

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 practical ability 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.

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1.8 Significant judgements and sources of estimation uncertainty (continued)

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 with such 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.

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.

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Annual Financial Statements for the year ended 31 March 2025

1.8 Significant judgements and sources of estimation uncertainty (continued)***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.

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 Post retirement benefit subsidy benefit is as follows:

- Employees joining before 1 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 between 10 and 15 years receive a lump sum 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 applied on 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.

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1.8 Significant judgements and sources of estimation uncertainty (continued)**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 as non-cash generating assets.

Allocation of costs

Management allocates amortisation and depreciation based on the employee type indicator linked to an employee which is 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) if the 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 and Operating Expenses

1.9 Property, plant and equipment**Recognition and measurement**

An item of property, plant 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 reliably.

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 for it 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 residual values 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.

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1.9 Property, plant and equipment (continued)**Repairs and maintenance costs**

Repairs and maintenance costs incurred in relation to the maintaining 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 generating 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 it is 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.

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 years

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

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1.9 Property, plant and equipment (continued)

* 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 subcategories 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 within 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.

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.

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1.10 Intangible assets (continued)

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 on Accounting 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.

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
Computer software, other	Straight-line	1-25 years

Included in this asset category are the following: 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.

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1.10 Intangible assets (continued)

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 sell the intangible asset.
- its ability to measure 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 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 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 value 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.

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1.11 Leases (continued)**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.

Determining whether an arrangement contains a lease

The company ensures that the following two requirements are met, in order for an arrangement transacted by the company 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 the output 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 its 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 to the 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.

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Annual Financial Statements for the year ended 31 March 2025

1.12 Impairment (continued)

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

- Discount rate is equal to the Reserve Bank CPD rate.
- Cash flows increase by the applicable CPI rate.
- 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 implementation 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 a monthly 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 under common 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.

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1.13 Employee benefits (continued)

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 performance based and dependant on the terms of the contract. The outcome of a transaction can be 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.

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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 entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay 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.

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 transferor 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 benefits or service potential from non-exchange transactions, other than taxes.

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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.

Finance expenses are classified as cash flows from operating activities in the cash flow statement. SITA considers finance expenses to form part of its normal operating cash flows as they arise from the day-to-day funding of operations rather than specific financing arrangements.

1.18 Taxation***Income tax expense***

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 receivable/payable

Where the current tax for current and prior periods, to the extent unpaid, SITA recognizes income tax payable. Where SITA has already made payments and the amount already paid in respect of current and prior periods relating to current tax, exceeds the amount due for those periods, SITA recognizes Income tax receivable.

The amount of related interests owed to/by SITA is treated as part of the balance of taxes outstanding by SARS and is thus accounted for as part of the balance.

Deferred tax

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 rates is 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.

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Annual Financial Statements for the year ended 31 March 2025

1.18 Taxation (continued)

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, and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but they 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 by the 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 outflow 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 at reporting date are not recognised.

Contingent Assets

Contingent Assets 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 is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

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

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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 or building 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 dominated by 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 personnel are considered to be those family members who may be expected to influence, 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 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

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Annual Financial Statements for the year ended 31 March 2025

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 price less estimated costs of completion, disposal, and transportation or the estimated replacement cost. The entity uses the 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 relaised in the next financial period are recorded as prepayment.

1.26 Budget information

The approved budget covers the fiscal period from 1 April 2024 to 31 March 2025, 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 date and the 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 Income received in advance

Income received in advance is received from customers for goods and services that have not yet been delivered and is recorded as a liability when the cash is received, until the related goods and services are delivered. Revenue is recognised in the Statement of Financial Performance when the entity has fulfilled its performance obligation.

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Annual Financial Statements for the year ended 31 March 2025

1.29 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 any accumulated 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:

1.30 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.

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**2. Property, plant and equipment**

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	24 744	-	24 744	24 744	-	24 744
Buildings	170 613	(80 443)	90 170	171 215	(77 756)	93 459
Finance lease - Cloud Infrastructure	158 284	(130 993)	27 291	158 284	(113 586)	44 698
Office furniture and fittings	74 717	(43 930)	30 787	96 090	(55 647)	40 443
Motor vehicles	956	(524)	432	1 384	(849)	535
Finance lease asset - Printers	10 433	(10 433)	-	10 433	(10 433)	-
Computer equipment	1 640 177	(598 419)	1 041 758	1 497 341	(652 162)	845 179
Infrastructure equipment	187 323	(100 389)	86 934	172 159	(84 950)	87 209
Finance lease asset - Coolers	1 096	(61)	1 035	-	-	-
Total	2 268 343	(965 192)	1 303 151	2 131 650	(995 383)	1 136 267

Impairment loss assessment and assessment of useful lives were not performed in the current year

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Reclassification	Depreciation	Total
Land	24 744	-	-	-	-	24 744
Buildings	93 459	-	(393)	(242)	(2 654)	90 170
Finance lease- Cloud infrastructure	44 698	-	-	-	(17 407)	27 291
Office furniture and fittings	40 443	1 930	2 137	(7 828)	(5 895)	30 787
Motor vehicles	535	-	(17)	-	(86)	432
Finance lease - Printers	845 179	339 818	(41 226)	49	(102 062)	1 041 758
Computer equipment	87 209	5 453	(1 905)	8 076	(11 899)	86 934
Infrastructure equipment	-	1 096	-	-	(61)	1 035
	1 136 267	348 297	(41 404)	55	(140 064)	1 303 151

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**2. Property, plant and equipment (continued)****Reconciliation of property, plant and equipment - 2024**

	Opening balance	Additions	Disposals	Adjustments	Depreciation	Impairment loss	Total
Land	24 744	-	-	-	-	-	24 744
Buildings	97 908	268	-	(2 053)	(2 664)	-	93 459
Finance lease- Cloud infrastructure	56 119	-	-	6 034	(17 455)	-	44 698
Office furniture and fittings	36 977	71	-	10 690	(5 167)	(2 128)	40 443
Motor vehicles	635	-	-	87	(187)	-	535
Finance lease - Printers	2 213	-	-	(2 201)	(12)	-	-
Computer equipment	501 952	437 047	(1 164)	132 280	(122 390)	(102 546)	845 179
Infrastructure equipment	119 774	11 758	(570)	(25 402)	(13 302)	(5 049)	87 209
	840 322	449 144	(1 734)	119 435	(161 177)	(109 723)	1 136 267

The adjustments relate to prior period corrections of the opening balances for 2024.

	2025	2024
Note(s)	R '000	R '000

Assets subject to finance lease (Net carrying amount)

Finance lease assets	27 291	44 698
	1 035	-
	28 326	44 698

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Property, plant and equipment	67 264	243 078
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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**3. Intangible assets**

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	580 940	(281 633)	299 307	549 245	(226 337)	322 908
Internally generated intangible assets	25 122	(9 398)	15 724	25 122	(7 526)	17 596
Construction In Progress	80 813	-	80 813	96 076	-	96 076
Total	686 875	(291 031)	395 844	670 443	(233 863)	436 580

Impairment loss assessment and assessment of useful lives were not performed in the current year.

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Disposals	Transfers out	Reclassification	Amortisation	Total
Intangible assets	322 908	32 648	(455)	-	(18)	(55 776)	299 307
Internally generated intangible assets	17 596	-	-	-	-	(1 872)	15 724
Contruction in progress - intangible assets	96 076	-	-	(15 263)	-	-	80 813
	436 580	32 648	(455)	(15 263)	(18)	(57 648)	395 844

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Disposals	Reclassification	Adjustments	Amortisation	Total
Intangible assets	187 498	22 411	(1 782)	7 280	148 038	(40 537)	322 908
Internally generated intangible assets	66 423	-	(46 948)	-	(9)	(1 870)	17 596
Contruction in progress - intangible assets	11 398	84 678	-	-	-	-	96 076
	265 319	107 089	(48 730)	7 280	148 029	(42 407)	436 580

The adjustments relate to prior period corrections of the opening balances for 2024.

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000
4. Prepayments		
Current portion	177 181	185 445
Non current portion	42 358	5 553
	219 539	190 998

The prepayments are in relation to software acquisitions. These are supported by valid contracts and are in line with the normal payment terms of the respective suppliers.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Current account balance	7 961	11 448
Call account balance	1 000	158 039
Payroll account	20	20
CPD account	1 609 340	2 050 155
	1 618 321	2 219 662

6. Receivables from exchange transactions

Trade debtors	3 313 578	2 127 955
Other receivables	26 308	35 420
Doubtful debt allowance	(280 875)	(178 535)
	3 059 011	1 984 840

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 24.

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

7. Inventories

Inventories	10 746	13 449
Opening balance	13 449	16 525
Inventory written off	(33)	(1 925)
inventory sold	(2 670)	(1 151)
	10 746	13 449

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

8. Share capital / contributed capital**Reconciliation of number of shares issued:**

Reported as at 01 April 2024

Issued

Ordinary

-	-
-	-

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

Non-Distributable Reserves	627 335	627 335
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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-distributable 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').

Changes in the present value of the defined benefit obligation are as follows:

Balance at beginning of the year	124 283	121 248
Service costs	2 391	2 633
Net interest expense/revenue	11 407	10 236
Contributions paid	(3 489)	(2 364)
Remeasurements	(3 573)	(7 470)
	131 019	124 283

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Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

10. Employee benefit obligations (continued)**Net expense recognised in the statement of financial performance**

Current service cost	2 391	2 663
Finance cost	11 407	10 236
Revaluation Loss/(Gain)	(3 573)	(7 470)
	10 225	5 429

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

Key assumptions used

The principal actuarial assumptions at the reporting date are as follows:

Discount rate	11,20 %	12,60 %
Inflation rate	5,80 %	7,30 %
Medical aid contribution inflation rate	7,80 %	9,30 %
Net real Discount rate	3,20 %	3,10 %
Take-up rate by retiring employees	100,00 %	100,00 %
Proportion of employees retiring with spouse	60,00 %	60,00 %
Normal Retirement age	65,0	65,0
Pre-retirement mortality	Unchanged	Unchanged
Post retirement mortality	Unchanged	Unchanged

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

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

10. Employee benefit obligations (continued)

- 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 after 1 April 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 2025 using the projected unit credit method.

Anticipated contributions to be paid within 12 months	3 676	3 324
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The amounts recognised in the statement of financial position are as follows:**Carrying value**

Present value of the defined benefit obligation-wholly unfunded	(131 019)	(124 283)
Non-current liabilities	(127 343)	(120 959)
Current liabilities	(3 676)	(3 324)
	(131 019)	(124 283)

Sensitivity analysis relating to the assumed medical cost trend rates:

Sensitivity Analysis - Assumptions	Variation	Change in value	%Change (This Year)	Change in value (Last Year)	%Change (Last Year)
Discount rate	1 %	(16 026)	(12,2)%	(15 299)	(12,3)%
	(1)%	19 562	14,9 %	18 673	15,0 %
Contributions inflation	1 %	19 666	15,0 %	18 782	15,1 %
	(1)%	(16 328)	(12,5)%	(15 589)	(12,5)%
Retirement Age	1 %	(6 277)	-4,8 %	(6 395)	(5,1)%
	(1)%	6 864	5,2 %	6 843	5,5 %
Post-retirement mortality	1 %	(3 233)	-2,5 %	3 000	(2,4)%
	(1)%	3 202	2,4 %	2 971	2,4 %

Long service award benefit

Long service award benefit	11 888	12 070
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Movement in the present value of the long-service award benefit

Balance at beginning of the year	12 070	12 701
LSA - Service costs	1 074	800
LSA - Net interest expense/(revenue)	1 108	1 112
LSA - Remeasurements	(562)	(392)
LSA - Expected benefit payment	(1 802)	(2 151)
	11 888	12 070

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Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

10. Employee benefit obligations (continued)**Employee benefit expense:**

Service costs	1 074	800
Net interest expense/(revenue)	1 108	1 112
Remeasurements	(562)	(392)
	<u>1 620</u>	<u>1 520</u>

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 contributions to be paid within 12 months	<u>1 366</u>	<u>1 603</u>
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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's perspective. 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.

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	2025	2024
Note(s)	R '000	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 contributions	117 044	85 134
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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 R119.9 million (2024: R121.2 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	(62 998)	(55 056)
Current year	(146 187)	(52 157)
Prior year under provision on the Capital allowances	-	44 215
	(209 185)	(62 998)
Depreciation - PPE	(158 403)	(102 637)
Intangible asset	(98 700)	(66 936)
Finance lease assets	(7 648)	(12 069)
Provision for doubtful debt	21 541	24 251
Leave accrual	32 707	29 293
Straighlining of leases (Debtor)	(1 817)	(1 817)
Straighlining of leases (Creditor)	2 043	1 794
Post retirement medical benefits	35 375	33 556
Prepayments (Prepaid expenses)	(48 176)	(4 511)
Finance lease liability (Cloud)	8 254	30 982
Finance liability Coolers	282	-
Bonus Accruals	2 147	1 837
Provision for long service	3 210	3 259
	(209 185)	(62 998)

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

12. Trade and other payables

Trade payables	694 263	807 307
Non-trade payables	90 495	47 396
Accrued leave pay	121 139	108 493
Vat payable	110 820	7 836
	1 016 717	971 032

The company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.

Non-trade payables relates to amounts owing to employees and refunds.

13. Income received in advance

Income received in advance	440 376	217 986
IFMS	62 307	62 307
	502 683	280 293
Ring fenced cash	502 683	280 293
	502 683	280 293

14. Finance lease obligation

Finance lease - Cloud

The finance lease - Cloud is in respect of capitalized 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.

Minimum lease payments due

- within one year	29 222	34 371
- in second to fifth year inclusive	3 205	106 410
	32 427	140 781
less: future finance charges	(1 857)	(26 032)
Present value of minimum lease payments	30 570	114 749

Present value of minimum lease payments due

- within one year	27 401	23 976
- in second to fifth year inclusive	3 169	90 773
	30 570	114 749

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Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

14. Finance lease obligation (continued)**Finance lease - Water Coolers**

The finance lease - Water Coolers relates to a Service Level Agreement that SITA entered into with a supplier to provide, install and service water coolers at SITA Gauteng buildings, as well as across all regional offices. This agreement is valid for a period of thirty-six (36) months.

Minimum lease payments due

- within one year	432	-
- in second to fifth year inclusive	793	-
	<u>1 225</u>	<u>-</u>
less: future finance charges	(180)	-
Present value of minimum lease payments	<u>1 045</u>	<u>-</u>

Present value of minimum lease payments due

- within one year	332	-
- in second to fifth year inclusive	713	-
	<u>1 045</u>	<u>-</u>

Non-current liabilities	3 882	90 773
Current liabilities	<u>27 732</u>	<u>23 976</u>
	<u>31 614</u>	<u>114 749</u>

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.

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Notes to the Annual Financial Statements

	Note(s)	2025 R '000	2024 R '000
15. Revenue from exchange transactions			
Rendering of services		6 231 978	5 986 814
Drop shipment revenue		1 274 965	913 156
Other income		112 909	62 053
Finance income		178 602	177 874
		7 798 454	7 139 897
Other Income			
Foreign Exchange Gain		46	-
Marketing Income		1 185	35 613
Sundry income		38 663	60 372
Finance lease adjustment		73 014	(33 932)
		112 908	62 053
Finance income			
Interest on provisional tax overpayment		1	3 580
Interest on cash balance		178 601	174 294
		178 602	177 874
16. Revenue from Non-Exchange Transactions			
Insurance claims received		540	326
17. Cost of sales			
Sale of goods			
Repairs and maintenance		341 354	371 068
Direct labour		1 277 097	1 159 949
Service delivery expenditure		2 385 540	2 188 326
Dropshipment cost of sales		1 103 359	912 555
Direct amortisation		50 904	37 039
Direct depreciation		116 018	136 820
		5 274 272	4 805 757

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Notes to the Annual Financial Statements

Note(s)	2025	2024
	R '000	R '000
18. Operating expenses		
Municipal charges	83 262	73 537
Auditors remuneration	14 916	16 439
Indirect software	80 394	83 560
Professional Services	36 559	20 231
Training Own Staff (External)	33 474	17 268
S and T (Local) - Indirect	29 806	38 592
Legal Fees	26 078	25 166
Subscription	13 997	13 246
Marketing Expenditure	4 336	56 028
Repairs and maintenance	30 452	19 954
Net loss on disposal of assets	31 151	50 353
Operating lease expense	20 337	22 575
Inventory write off	33	1 925
Debt Impairment	102 340	51 955
Services Contracts	96 352	124 738
Indirect depreciation	24 046	24 357
Staff costs	1 098 641	1 006 393
Indirect amortisation	6 744	5 368
Impairment	-	109 664
Other expenses	29 176	39 790
	1 762 094	1 801 139

19. Finance costs

Finance costs	11 043	5 226
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Finance Costs - relate to finance cost portion of employee benefits considered indirect as per the actuarial reports, finance costs on finance leases and interest on underpayment of provisional tax.

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000
20. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	190 815	208 546
Local income tax - recognised in current tax for prior periods	-	-
Restatement prior period adjustment	-	(7 942)
	190 815	200 604
Deferred		
Originating and reversing temporary differences	146 188	(44 215)
	337 003	156 389
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting surplus	751 585	528 101
Tax effect of adjustments on taxable income		
Surplus/(Deficit) for the period	767 728	528 102
Total income tax expense	(337 003)	(156 389)
	430 725	371 713
Income tax using the company's domestic tax rate 27%	207 287	142 587
(Deductible)/non deductible expenses 38%	129 746	13 802
Effective income tax 65%	337 033	156 389
21. Current tax receivable/(payable)		
Balance at the beginning of the year	(73 813)	132 122
Provisional taxes paid	322 254	262 380
Add: SARS interest income	1	3 580
Less: SARS interest expense	(1 981)	-
Less: SARS refund for the year	(2 014)	(250 756)
Less: Current tax for the year	(190 815)	(221 139)
	53 634	(73 813)

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Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000
22. Cash (used in) generated from operations		
Surplus	751 585	528 101
Adjustments for:		
Depreciation and amortisation	197 712	203 585
Impairment deficit	-	109 664
Interest and Penalties	4 796	-
Service Cost - Post Retirement	1 202	1 421
LSA - Service cost	539	432
Rental Buildings - Indirect (Operating lease smoothing)	20 337	22 575
Debt impairment	102 340	51 955
Bad debt written off (Opex)	1	0
Inventory written off	-	1 925
Loss of disposal of PPE	31 151	50 353
Profit on disposal or scrapping of property, plant and equipment	-	(4)
Other income finance lease adjustment	(73 014)	33 932
Actuarial (gain)/loss - Post Retirement 630330 (COS)	(1 795)	(4 030)
Actuarial (gain)/loss - Post Retirement 730330 (Opex)	(1 778)	(3 440)
LSA - Actuarial (gain)/loss(COS)	(282)	(211)
LSA - Actuarial (gain)/loss 730360 (Opex)	(280)	(180)
Forex gain 480030	(46)	(0)
Foreign exchange loss- account 780030	1 251	23
Interest Finance lease- Cloud	11 569	15 602
Interest Finance Lease- Coolers	20	-
Rounding off differences: account 640080	2 175	(4 489)
Foreign gain COS	(704)	(32)
Forex loss COS-account 680030	51	6 788
Finance Cost - Post retirement	5 675	4 714
Finance Cost - Long service (COS)	556	600
Finance Cost - Long service (Opex)	552	512
Finance income	(178 602)	(177 874)
Inventory lost due to theft	33	-
LSA - Service cost	535	369
Finance Cost - Post retirement	5 732	5 522
Service Cost - Post Retirement	1 190	1 213
Donations	0	452
LSA - Expected benefit payment	(905)	(1 160)
LSA - Expected benefit payment	(897)	(991)
Rental Buildings - Direct (Operating lease smoothing)	1 413	1 080
Operating profit before working capital changes	882 111	848 405
Movement in Inventories:	2 702	(192)
Movement in Receivables from exchange transactions (including vat receivable):	(1 176 512)	(845 659)
Movement in Prepayments:	8 264	(37 230)
Movement in trade and other payables (including vat payable)	45 685	295 584
Movement in Income received in advance	222 389	58 421
Movement in finance liability (Current portion)	3 757	7 098
Cash generated in operations	(11 604)	326 427
Normal taxation	(322 254)	(262 380)
Finance income received	178 467	174 712
	(155 390)	238 759

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Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

23. Operating lease**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:

Less than 1 year	16 576	15 947
Between 2 and 5 years	19 644	11 001
	36 220	26 948

Operating lease income

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

Less than 1 year	2 241	2 241
Between 2 and 5 years	1 579	3 821
	3 820	6 062

The average period for operating lease agreements is 5 years.

24. 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 as stipulated by agreements entered into.

The trade debtors balance has increased by R1.2 billion from the prior year, resulting in a significant increase in the doubtful debt provision.

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Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

24. Financial instruments (continued)

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

Trade receivables	3 032 703	1 949 420
Other receivables	19 256	28 465
Cash and cash equivalents	1 618 320	2 219 662
	4 670 279	4 197 547

Impairment losses

The aging of trade receivables net of the impairment loss at the reporting date was:

Not past due	2 450 817	1 511 905
Past due 0 - 30 days	304 520	336 839
Past due 31 - 90 days	126 750	51 243
Past due 91 - 360 days	220 990	70 407
Past due more than 360 days	(70 374)	(20 974)
	3 032 703	1 949 420

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

CPD	1 609 340	2 050 155
Fitch BB	8 981	169 507
	1 618 321	2 219 662

In June 2020, the SARB provided a guarantee of R3.5 billion to the CPD, a wholly-owned subsidiary of the SARB, in order to cover the CPD for the impact of significant expected credit losses recognised, following the downgrade of the sovereign, as well as losses related to defaults by a certain counterparty and associated impairments recognised for the financial year. Due to the technical insolvency of the CPD, the guarantee has been renewed annually, with the guarantee amount being adjusted in line with the accumulated losses of the CPD. The CPD has since recovered from technical insolvency and the existing guarantee of R800 million expired in June 2024 and will not be renewed.

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Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

24. Financial instruments (continued)

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

Balance at beginning of the year	178 535	126 580
Balance at end of the year	(280 875)	(178 535)
	(102 340)	(51 955)

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.

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 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	871 841	-	-	-
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	845 516	-	-	-

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.

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Notes to the Annual Financial Statements

Note(s)	2025	2024
	R '000	R '000

24. Financial instruments (continued)

Variable interest rate

Cash and cash equivalents	1 618 321	2 219 662
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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:

16 183	22 197
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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 of customers, however, the company's top five customers exposes the company to a concentration ratio of 56%. This is however mitigated by a number of projects the company is embarking on to increase its product offering to attract new customers.

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Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000
25. Commitments		
Capital commitments		
Property, plant and equipment	1 437	2 862
Intangible assets	909	34 615
	2 346	37 477

An amount of R31 614 in 2025 figures (R114 749 in 2024) 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.

26. New standards and interpretations**26.1 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 2025 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 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**27. Members' and prescribed officers' remuneration and other benefits paid, payable or receivable****Executive Committee Members**

2025

	Duration in acting position	Date of resignation	Basic salary	Other benefits *	Contributions to pension, medical or insurance funds	Acting allowances	Travel allowance	Total
BJ Kumalo (Acting Executive: IT Infrastructure Services)	4 months		446,00	14,00	71,00	72,00	-	603,00
DW Boucher (Acting Executive: Internal Audit)	8 months		1 208,00	10,00	344,00	155,00	-	1 717,00
SS Dube (Executive: Human Capital Management)			2 042,00	33,00	218,00	-	-	2 293,00
B Laka (Company Secretary)			1 505,00	1,00	146,00	-	-	1 652,00
HS Ntsangani (Executive: Apps Development & Maintain)			1 908,00	36,00	397,00	-	240,00	2 581,00
KM Pillay (Executive: Supply Chain Management)		2024/12/31	1 594,00	217,00	141,00	-	90,00	2 042,00
GD Reddy (Executive: Service Management)			1 488,00	21,00	355,00	-	116,00	1 980,00
NITshenye (Executive: National & Regional Consulting)			2 586,00	-	550,00	-	240,00	3 376,00
AT Mthombeni (Acting Executive: Supply Chain Management)	3 months		332,00	3,00	20,00	35,00	-	390,00
XB Lingani (Executive: Internal Audit)			779,00	6,00	123,00	-	-	908,00
AP Mateta (Executive: Governance, Risk, Compliance and Integrity)			617,00	6,00	36,00	-	-	659,00
KM Mashiloane (Acting: Chief Procurement Officer)		2024/10/31	1 279,00	17,00	-	-	-	1 296,00
MG Mokwatlo (Acting Executive: Service Management)	2 months		194,00	2,00	40,00	16,00	-	252,00
TM Mukhodobwane (Acting Executive: Corporate & Digital Strategy)	4 months		511,00	20,00	78,00	57,00	32,00	698,00
N Green (Acting Company Secretary)	1 months		105,00	1,00	13,00	12,00	4,00	135,00
KA Kgafela (Acting Executive: Corporate & Digital Strategy and Directly accountable to the MD)	9 months		1 250,00	28,00	104,00	84,00	-	1 466,00
T Tlali (Directly accountable to the MD)			2 047,00	14,00	336,00	-	-	2 397,00
SM Sizani (Directly accountable to the MD - Acting HOD)	2 months		134,00	9,00	24,00	13,00	-	180,00
JR Cornelius (Company Secretary)		2024/09/30	604,00	-	66,00	-	-	670,00
TV Mphaphuli (Directly accountable to the MD)		2025/01/31	1 528,00	506,00	253,00	-	110,00	2 397,00
LC Baloyi (Directly accountable to the MD)		2025/02/28	1 206,00	69,00	72,00	-	-	1 347,00
RJ Johanissen (Directly accountable to the MD)		2025/01/22	1 110,00	48,00	-	-	-	1 158,00
L Ngqezana (Directly accountable to the MD)		2024/12/31	1 023,00	86,00	-	-	-	1 109,00
HT Mtshali (Directly accountable to the MD - Acting Legal)	8 months		907,00	54,00	86,00	93,00	-	1 140,00
	-	-	26 403,00	1 201,00	3 473,00	537,00	832,00	32 446,00

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**27. Members' and prescribed officers' remuneration and other benefits paid, payable or receivable (continued)****Executive directors**

2025

	Duration in acting position	Date of resignation	Basic salary	Other benefits*	Contributions to pension, medical or insurance funds	Acting allowances	Travel allowance	Total
MK Kgauwe			2 614,00	25,00	296,00	-	-	2 935,00
S Dzengwa		2025/02/04	2 451,00	271,00	-	-	-	2 722,00
GD Reddy (Acting Managing Director)	2 months		293,00	24,00	76,00	17,00	23,00	433,00
	-	-	5 358,00	320,00	372,00	17,00	23,00	6 090,00

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Notes to the Annual Financial Statements**27. Members' and prescribed officers' remuneration and other benefits paid, payable or receivable (continued)****Executive committee members**

2024

	Duration in acting position	Date of resignation	Basic salary	Other benefits *	Contributions to pension, medical or insurance funds	Acting allowances	Travel allowance	Total
KM Pillay (Executive: Supply Chain Management)			2 024,00	49,00	178,00	-	120,00	2 371,00
BJ Kumalo (Acting Executive: IT Infrastructure Services)			1 191,00	33,00	187,00	134,00	-	1 545,00
DJ Boucher (Acting Executive: Internal Audit)			1 584,00	28,00	466,00	186,00	-	2 264,00
TV Mphaphuli (Acting: Company Secretary)			1 604,00	108,00	274,00	136,00	121,00	2 243,00
S Dube (HCM: Executive HCM)			1 940,00	36,00	208,00	-	-	2 184,00
M Mashiloane (Acting: Chief Procurement Officer)			287,00	31,00	-	-	-	318,00
G Reddy (SM: Exec Service Management)			1 771,00	175,00	324,00	-	-	2 270,00
N Tshenye (Executive of National & Regional Consulting)			2 467,00	-7,00	503,00	53,00	240,00	3 256,00
HS Ntsangani (Executive: Application Development and Maintenance)			1 801,00	323,00	379,00	-	-	2 503,00
	-	-	14 669,00	776,00	2 519,00	509,00	481,00	18 954,00

STATE INFORMATION TECHNOLOGY AGENCY SOC LTD

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**27. Members' and prescribed officers' remuneration and other benefits paid, payable or receivable (continued)****Executive directors**

2024

	Duration in acting position	Date of resignation	Basic salary	Other benefits *	Contributions to pension, medical or insurance funds	Acting allowances	Travel allowance	Total
MK Kgauwe			2 484,00	164,00	282,00	27	-	2 957,00
B Mabaso	8 months	15/12/2023	2 922,00	213,00	260,00	-	-	3 395,00
S Dzengwa	2 months		484,00	25,00	-	-	-	509,00
	-	-	5 890,00	402,00	542,00	27	-	6 861,00

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Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

27. Members' and prescribed officers' remuneration and other benefits paid, payable or receivable (continued)**Non-executive Directors****2025**

	Members' fees	Total
Mrs KF Sibanda	220	220
Mr K Pillay	821	821
Mrs LA Abrahams (Dr)	401	401
Mr L Keyise	615	615
Ms MMA Mosidi	379	379
Mr MM Mnisi	220	220
Mr MV Ratshimbilani	349	349
Dr S Bvuma	514	514
Ms N Pietersen	617	617
Ms OZ Ketsekile	530	530
Mr RP Ramabulana	366	366
Mrs Z Hill	382	382
Ms S Mudau	147	147
Adv JC Weapond	86	86
	5 647	5 647

The following non-executive directors who are the representatives of DCDT, National Treasury and DPSA served on the SITA board and did not receive remuneration from SITA:

Name	Position	Institution
Ms L Petlele	Non-executive Director	DCDT
Ms L Mseme	Non-executive Director	National Treasury
Ms R Naidoo	Non-executive Director	DPSA
Mr W Vukela	Non-executive Director	DPSA
Mr W Mathebula	Non-executive Director	National Treasury
Mr O Shelembe	Non-executive Director	DCDT

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

27. Members' and prescribed officers' remuneration and other benefits paid, payable or receivable (continued)**2024**

	Members' fees	Total
Ms M Mosidi	249	249
Dr S Bvuma	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
Dr Lucienne Abrahams	-	-
	4 054	4 054

28. Contingent assets and contingent liabilities**Contingent liabilities**

Commercial disputes	125 338	125 338
Retention of surplus	3 136 121	3 019 593
Employee claims	2 634	51 868
	3 264 093	3 196 799

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 impracticable to reliably estimate the amount.

Retention of Surplus is the net surplus for the year ended 31 March 2025, the request to retain the surplus has been requested from the National Treasury and the confirmation to or not to retain the net surplus is still outstanding.

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

28. Contingent assets and contingent liabilities (continued)

Contingent assets

Commercial disputes	449 000	-
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The commercial dispute arises from a supplier's claim that SITA unlawfully terminated their agreement, which related to the maintenance and support of cameras. These instruments are critical in crime scene investigations, as they are used to gather forensic evidence. The supplier is seeking damages for losses it allegedly suffered as a result of the early termination of the agreement. SITA, however, maintains that the termination was lawful, asserting that due notice was provided to the supplier. Furthermore, SITA contends that the maintenance of forensic light sources provided by this supplier to one of SITA customers does not fall within the definition of ICT services. In its plea, SITA has also alleged that the contract was irregular and has lodged a counterclaim in the amount of R449 million.

29. Related parties - 2025 and 2024 Restated balances

List of Related parties	Nature of relationship
National Departments	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 entities that 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 outstanding 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.

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

29. Related parties - 2025 and 2024 Restated balances (continued)**Related party balances 2025 and 2024 Restated balances****Amounts - Owing by related parties**

Organisation	Nature of Transaction		
National departments	Provisioning of ICT services and products	2 061 601	1 406 377
Public entities	Provisioning of ICT services and products	94 913	50 296
Controlling department	Provisioning of ICT services and products	7 463	2 404
Same control*	Provisioning of ICT services and products	48 424	6 182
		2 212 401	1 465 259

Rental - Owing by related parties

Organization	Nature of Transaction		
National Departments	Rental of office space	22 568	11 284
Public entities	Rental of office space	1 233	541
		23 801	11 825

* 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

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000

29. Related parties - 2025 and 2024 Restated balances (continued)

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	471 941	229 862
Public Entities	Provisioning of ICT services and products	155	55
Entities Under Same Control	Provisioning of Postal services and ICT services and products	61 772	69 726
		533 868	299 643

*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

30. Going concern

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus (deficit) of R 4 129 805 and that the entity's total assets exceed its liabilities by R 4 757 141. SITA further assessed the going concern of the entity by considering conditions and events, both positive and negative, that are relevant to the entity's ability to continue as a going concern. These included but not limited to past profitability, future financial projections, financial trends, working capital adequacy and other factors such as legal proceeding and strategic risks that may threaten its ability to continue as a going concern.

Based on the assessment, it is concluded that SITA is justified to prepare the financial statements on a going concern basis.

31. Events after the reporting date

Government Gazette no. 52720 published on 23 May 2025 (effective from 01 June 2025) introduces a significant amendment to how government departments interact with the State Information Technology Agency under Regulation 17.8 – Efficiency of Procurement. The primary purpose of Regulation 17.8, is to give government departments more autonomy in acquiring IT goods and services when SITA cannot meet their requirements. This marks a shift toward a more competitive and decentralised public IT procurement model and encourages performance improvements. SITA will enhance its responsiveness and efficiency to retain its relevance and competitiveness and not compromise its future sustainability.

STATE INFORMATION TECHNOLOGY AGENCY SOC LTD

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
Note(s)	R '000	R '000
32. Irregular and Fruitless and Wasteful Expenditure		
Irregular expenditure	514 171	210 902
Fruitless and wasteful expenditure	128	552
Closing balance	514 299	211 454

*Refer to reconciling notes in the annual report

Additional Narratives

Irregular expenditure is inclusive of VAT

Prior year irregular identified in the current year R93 731

Prior year fruitless identified in current year R552

SITA has erroneously disclosed irregular expenditure exclusive of VAT in prior years. The effect of the error on the amount disclosed in the prior year is an understatement of irregular expenditure by an amount of R16 878. The cumulative effect of this has been disclosed on the annual report.

33. Prior Period Error**Property Plant and Equipment**

Property, plant and equipment was overstated due to incorrect transactions processed. The financial statements of 2023/24 have been restated to correct this error. The effect of the correction on those financial statements is summarised below:

Effect on statement of financial position	
Decrease in property, plant and equipment	(58 709)
Effect on statement of financial performance	
Decrease in depreciation	1 815
The effects of the correction as at 01 April 2024 is on the statement of financial position	
Decrease in property, plant and equipment	(58 709)
The effects of the correction as at 01 April 2024 is on the statement of financial performance	
Decrease in depreciation	1 815

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**33. Prior Period Error (continued)*****Intangible assets***

Intangibles assets were erroneously overstated due to the following; An item of intangible asset that the entity is no longer obtaining economic benefits from through its use was not derecognised as per the requirements of GRAP. There were items that were incorrectly classified as Intangible assets that are not capital in nature. These have been subsequently correctly and the impact is as below:

Effect on statement of financial position	
Increase in Intangible Assets	210 245
Effect on statement of financial performance	
Increase in Software expenses	(537)
The effects of the correction as at 01 April 2024 is on the statement of financial position	
Increase in Intangible Assets	210 245
The effects of the correction as at 01 April 2024 is on the statement of financial performance	
Increase in Software expenses	(537)

Inventory

During 2023/24 the entity erroneously calculated the Inventory write down incorrectly, this was therefore corrected resulting to an increase in the Inventory write down. There was also Licenses and duplicated inventory items that were incorrectly included as part of inventory in the prior year which has been corrected and adjusted for.

Effect on statement of financial position	
Increase in Inventory	554
Effect on statement of financial performance	
Increase in Inventory write down	(1 925)

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**33. Prior Period Error (continued)****Current tax receivable**

Current tax receivable was overstated due to incorrect recognition of the taxes owed within the income statement, while the tax return has the higher tax liability. The financial statements of 2023/24 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below:

Effect on statement of financial position

Decrease in current tax receivable	(110 215)
Increase in current tax payable	(73 813)
Decrease in accumulated surplus	86 861

Effect on statement of financial performance

Increase in taxation	97 167
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The effects of the correction as at 01 April 2023 is on the statement of financial position

Decrease in the current tax receivable	(86 861)
Decrease in the accumulated surplus	86 861

Finance lease liability

Finance lease liability numbers were restated due to an error identified in the prior year which was relating to the measuring of the lease liability.

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

Non-current liabilities	
Increase in finance lease liability	(15 190)
Current liabilities	
Increase in finance lease liability	(3 453)
Increase in deferred tax @27%	(5 034)

STATE INFORMATION TECHNOLOGY AGENCY SOC LTD

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

33. Prior Period Error (continued)

Trade and Other Payables

During 2023/24, the entity erroneously recognised some paybles in the incorrect financial year, did not recognise some payaybles as at year end, recorded some transactions at incorrect amounts and recorded invalid transaction. As a result, VAT payable was impacted.

Additionally, an account for purchase order receiving accrual was incorrectly mapped to operating expenditure.

Effect on statement of financial position

Increase in Trade Payables	(16 872)
Increase in Vat Payables	(452)
Increase in other payables	(1 625)
Increase in Finance lease accrual	(3 359)
Increase in operating lease creditor	(1 032)
	(23 340)

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**33. Prior Period Error (continued)****Revenue from exchange transactions**

Revenue from exchange transactions was overstated due to recognition of revenue in the incorrect period. Transactions which relates to other accounting periods were incorrectly accounted for as revenue in the 2023/24 financial year resulting in the overstatement of revenue from exchange transactions. The financial statements of 2023/24 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below:

Effect on statement of financial performance

Decrease in revenue from exchange transactions	94 126
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Note 15 items

Decrease in drop shipment revenue	36 317
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Overstatement of revenue	36 321
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Understatement of revenue	(4)
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Decrease in services revenue	54 897
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Overstatement of revenue	70 250
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Understatement of revenue	(15 353)
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Decrease in other income	2 912
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Overstatement of revenue	4 190
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Overstatement of lease income	1 090
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Understatement of revenue	(2 368)
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Effect on statement of financial position

Decrease in Receivables from exchange transactions	(70 177)
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Decrease in Trade debtors	(69 934)
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Decrease in operating lease debtor	(243)
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Decrease in Income received in advance	563
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STATE INFORMATION TECHNOLOGY AGENCY SOC LTD

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**33. Prior Period Error (continued)****Cost of Sales**

Cost of sales were overstated due to recognition of expenses in the incorrect period. Transactions which relates to other accounting periods were incorrectly accounted for as expenses in the 2023/24 financial year resulting in the overstatement of cost of sales. The financial statements of 2023/24 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below:

Effect on statement of financial performance

Decrease in cost of sales	(40 242)
Note 18 items	
Decrease in services cost of sales	(32 388)
Overstatement of cost of sales	(137 689)
- Repairs and maintenance	(8 895)
- Depreciation	(418)
- Services delivery overheads	(128 376)
Understatement of cost of sales	115 995
- Repair and maintenance	10 913
- Service delivery overheads	105 082
Re-allocation from drop shipment to service delivery overheads	9 714
Transactions included in GL but not disclosed - Service delivery overheads	(20 408)

Decrease in drop shipment cost of sale

	(7 854)
Overstatement of cost of sales	(8 835)
Understatement of cost of sales	11 584
Re-allocation to service cost of sale	(9 714)
Re-allocation to operating expenses	(889)

Effect on statement of financial position

Increase in prepayments	27 467
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Operating expenditure

Operating expenses were understated due to recognition of expenses in the incorrect period. Transactions which relates to other accounting periods were incorrectly accounted for as expenses in the 2023/24 financial year resulting in the understatement of operating expenses. The financial statements of 2023/24 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below:

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements**33. Prior Period Error (continued)****Effect on statement of financial performance**

Increase in operating expenses	12 501
Note 18 items	
Increase in operating expenses	12 501
Overstatement of expenses	(71 431)
Understatement of expenses	63 497
Re-allocation to operating expenses	889
Reclassification of account to accounts payable	1 625
Increase in accumulated surplus	22 386
Amount erroneously recognised in the annual financial statement	(4 466)

Income tax and deferred tax

Deferred tax liability was overstated due to due to restatement of related figures in the financial statements. The restatement of the 2023/24 figures also caused a decrease in the current tax expense. The financial statements of 2023/24 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below:

Effect on statement of financial position

Deferred tax liability	107 213
Restated deferred tax liability	62 998
Increase in deferred tax liability	44 215

Effect on statement of financial performance

Decrease in current tax expense	19 742
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The effects of the correction as at 01 April 2023 is on the statement of financial position

Deferred tax liability	107 213
Restated deferred tax liability	62 998
Increase in deferred tax liability	44 215

Related parties

The related parties disclosure has been restated due to prior period errors identified in the comparative figures, as disclosed in the Prior Period Error note. The restatement relates to differences in outstanding balances due to related parties by SITA.

The effect of the restatement on the related parties disclosure is summarised below:

Organization	2024 Reported	Prior period error correction	2024 Restated
National departments	681	229 180	229 862
Public entities	55	-	55
Same control	68 293	1 433	69 726
	69 029	230 613	299 643

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