



National and provincial audit outcomes **2024-25**

*Audit outcomes for 2024-25 financial year
Status of material irregularities at 31 August 2025*

***Illuminating insights for a better
South Africa***

26 March 2026



Advocating for an effective government culture

MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.

VISION

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability.

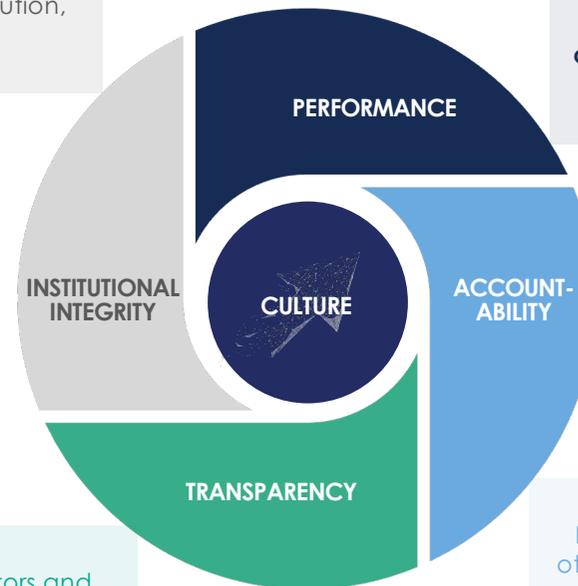


AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Implement and maintain **institutionalised controls** to ensure leadership and officials **behave ethically, comply with legislation and act in best interest** of the institution, **avoiding conflicts of interest**

Demonstrate commitment to improving lived realities of South Africans by **delivering on legislated mandate and strategic objectives aligned to people's needs**, being **financially sustainable**, and **avoiding harm to public and public sector institutions**

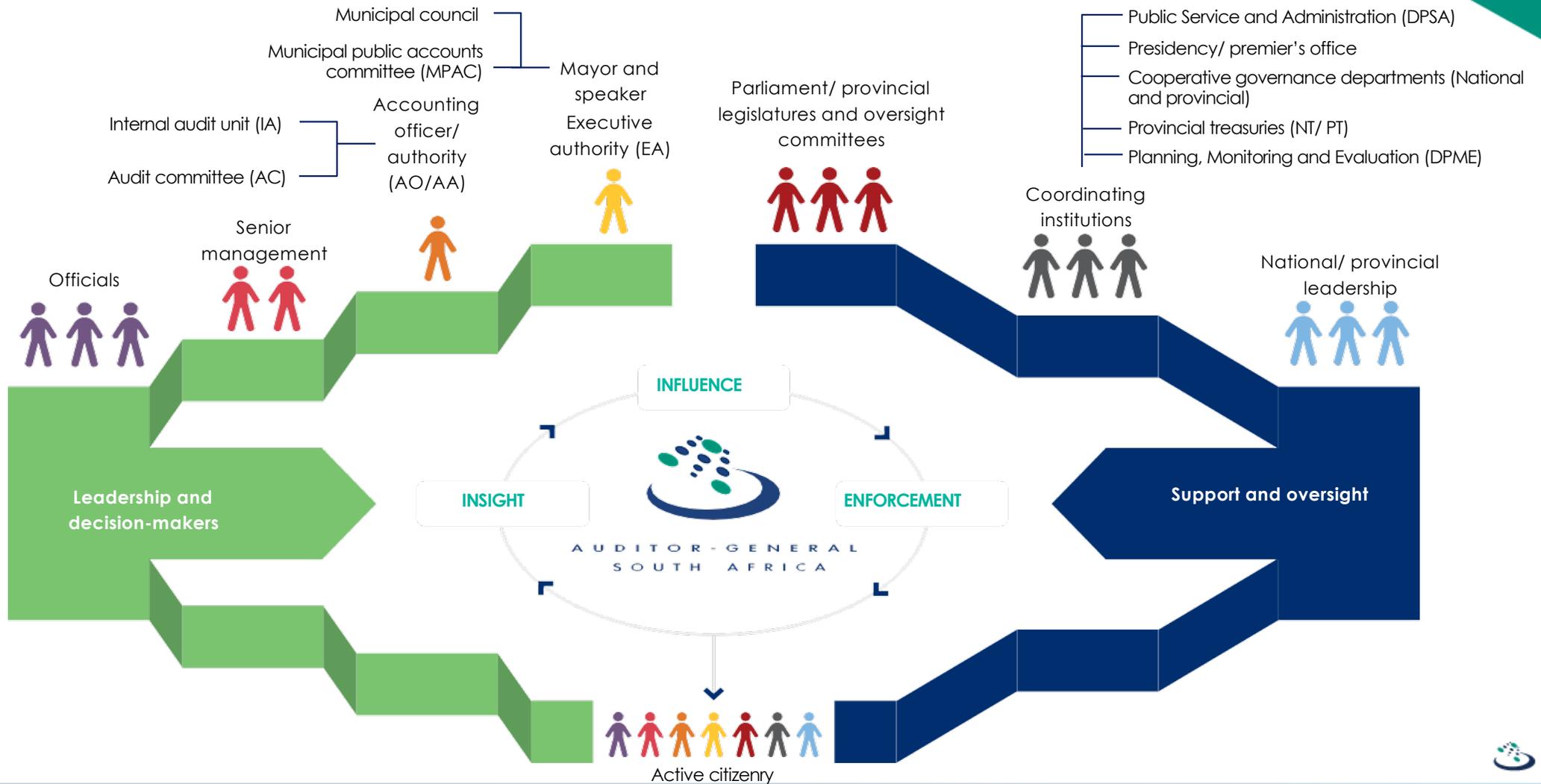


Provide public, oversight, auditors and other stakeholders with **timely, relevant and reliable information on institution's finances, performance, use of resources and compliance with legislation**

Be responsive to public, oversight and other stakeholders through **reporting and providing answers on mandated responsibilities fulfilled, actions taken and decisions made**; ensure **swift consequences** for transgressions and poor performance



All have a role to play in accountability ecosystem



Audit outcomes – limited clean audits and concerning regressions



Cut-off date:
15 September 2025



Movement from previous year
and related budget



Late submission of financial statements – 15
Non-submission of financial statements – 8
Delays encountered during audit process – 10



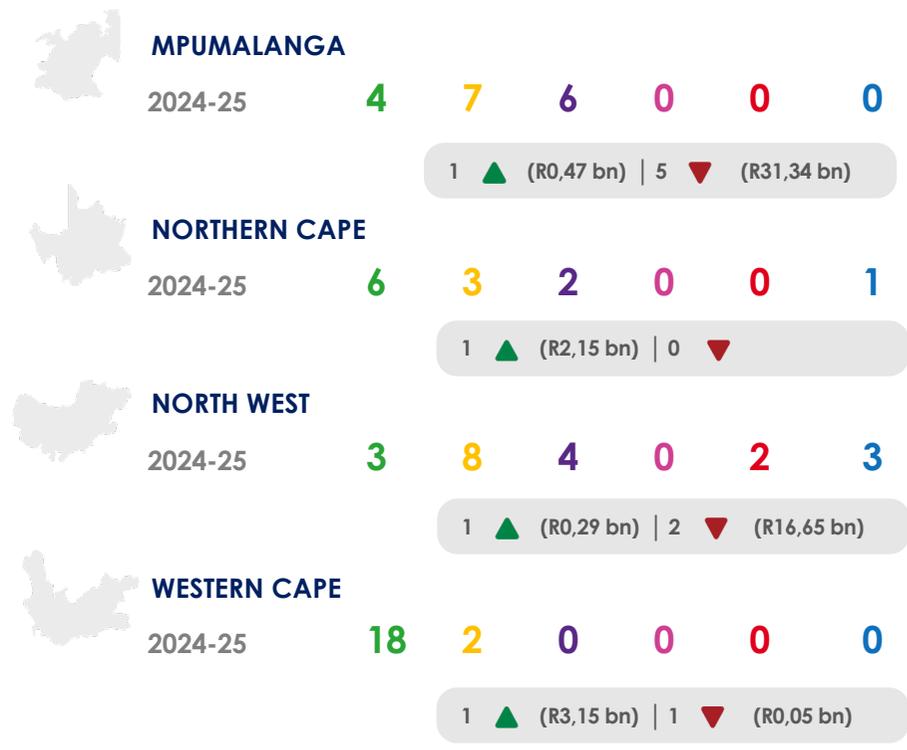
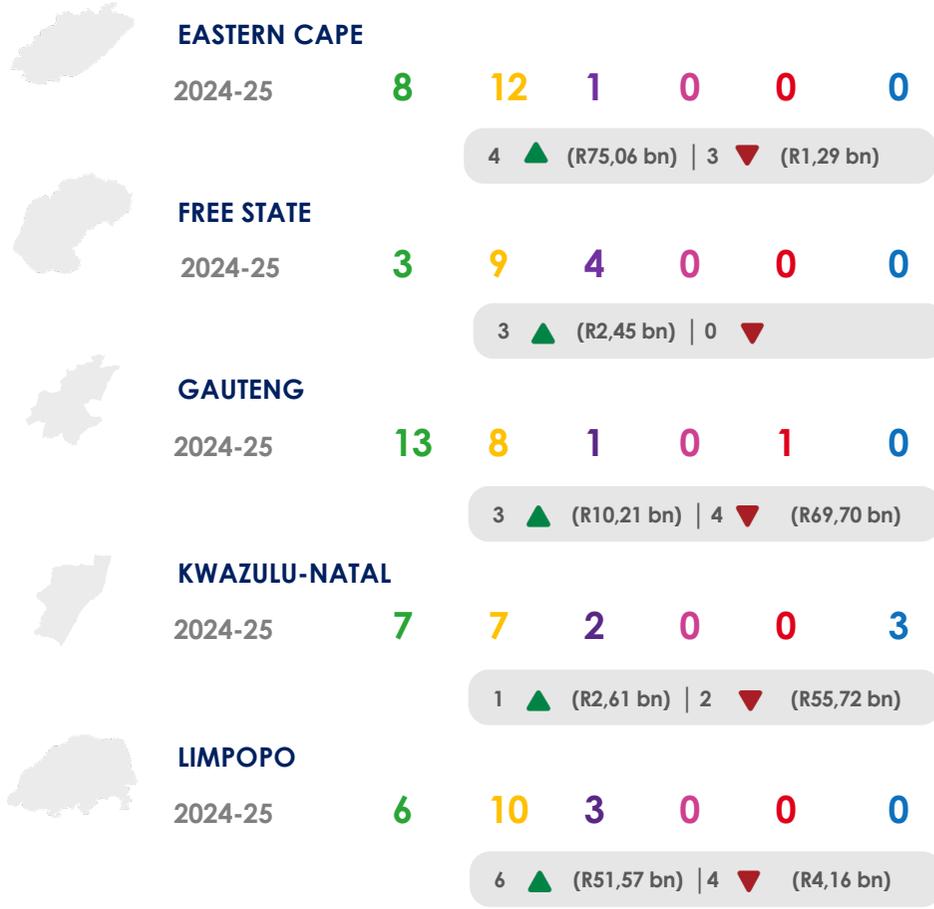
Including audits
subsequently finalised
28 February 2026



- ◆ Unqualified with no findings (clean)
- ◆ Unqualified with findings
- ◆ Qualified with findings
- ◆ Adverse with findings
- ◆ Disclaimed with findings
- ◆ Outstanding audit
- ▲ Improvement
- ▼ Regression



Provincial audit outcomes



◆ Unqualified with no findings (clean)
 ◆ Unqualified with findings
 ◆ Qualified with findings
 ◆ Adverse with findings
 ◆ Disclaimed with findings
 ◆ Outstanding audit

Movement from previous year and related budget

▲ Improvement
 ▼ Regression



State-owned enterprises (group level) – audit outcomes

2023-24

2

10

3

0

4

0

19

Last year of previous administration

2024-25

2

10

2

0

3

2

19

Including subsequently finalised audits

11%

52%

11%

0%

15%

11%

Development Bank of Southern Africa
South African Nuclear Energy Corporation

ACSA
Armcor
Landbank
South African Broadcasting Corporation
Trans-Caledon Tunnel Authority
Transnet
Industrial Development Corporation *
Air Traffic and Navigation Services *
Broadband Infraco*
Central Energy Fund

ESKOM*
Independent Development Trust

South African Post Office
South African Airways
DENEL

Late submission of financial statements (2) - South African Forestry Company, Alexkor

Movement from previous year and related budget

2 ▲ (R3,48bn) 1 ▼ (R1,85bn)

* Audited by private sector auditors

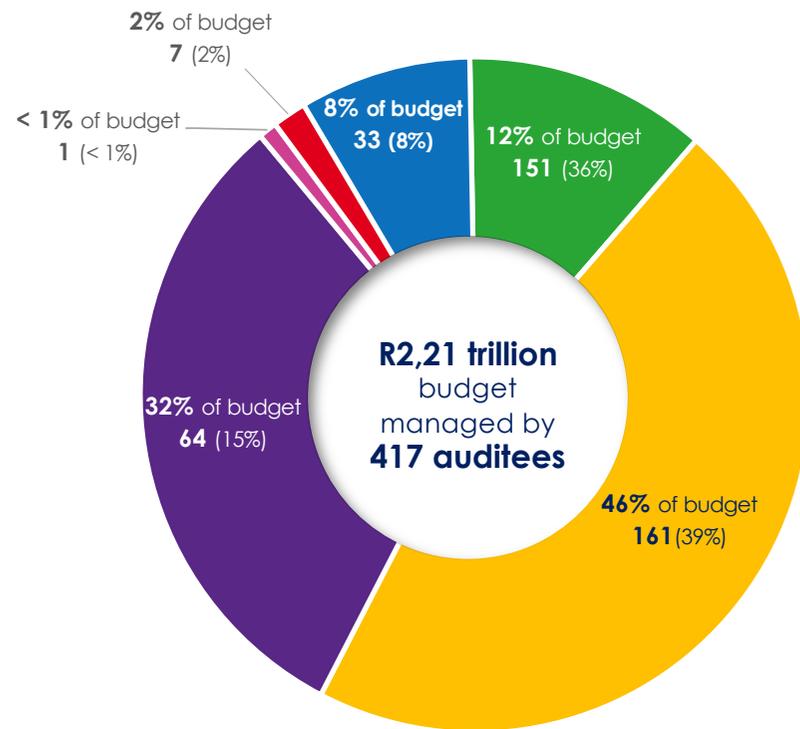
◆ Unqualified with no findings (clean) ◆ Unqualified with findings ◆ Qualified with findings ◆ Adverse with findings ◆ Disclaimed with findings ◆ Outstanding audit

Movement from previous year

▲ Improvement ► Unchanged ▼ Regression

Budget managed by auditees per outcome; complacency in yellow zone

Audit outcomes



(Budget based on estimated expenditure budget for 2024-25)

161 auditees with unqualified audit opinion with findings

High levels of non-compliance

- 152 (94%) with material non-compliance with key legislation
- R25,91bn in irregular expenditure – 61% of total

Reporting that is not credible

- 88 (55%) material misstatements in financial statements submitted for auditing
- 93 (72%) material misstatements in performance reports submitted for auditing

Overspending and losses

- R2,79bn overspending of budget – 45% of total
- R0,89bn fruitless and wasteful expenditure – 63% of total

109 material irregularities – 54% of all MIs

- 91 financial loss – R2,50bn
- 8 underutilisation of public resources
- 5 harm to general public
- 5 harm to institution

Complacency evident from stagnation in category



- ◆ Unqualified with no findings (clean)
- ◆ Unqualified with findings
- ◆ Qualified with findings
- ◆ Adverse with findings
- ◆ Disclaimed with findings
- ◆ Outstanding audit



Fiscal pressure, poor-quality spending and impact

What the financial statements are showing

-  **Budget overshending / spending not in accordance with purpose** – R6,23 billion
-  **Deficits (expenditure exceeding revenue)** – R58,08 billion at 158 auditees
-  **Departmental accruals** (unpaid expenses at year-end) – R51,25 billion

Oversight reports prepared and published by Treasuries are not used effectively to drive accountability

Impact
Next year's budget will be used to pay expenses of current year

-  **Claims against departments** – R116,05 billion
-  **Fruitless and wasteful expenditure** – R1,42 billion

Impact
Payment of claims often not budgeted for, which reduces the funds earmarked for operations and delivery
Wasted money that was budgeted for operations and delivery

-  **Going concern uncertainties**
10 public entities
6 state-owned enterprises
-  **Guarantees for state-owned enterprises (2024-25 balance)** – R453,48 billion

Impact
Potential future obligations on government funds for liabilities of entities

Poor quality of spend

- Higher prices due to unfair and uncompetitive procurement
- Infrastructure and information technology project management failures resulting in increased cost
- Payments for goods and services not received
- No or limited benefit received for money spent
- Grant funding used for operational expenses
- Late creditor payments resulting in interest and penalties – average payment period of 73 days
- Fraud committed by officials

161 material irregularities
R9,17 billion estimated financial loss



Infrastructure project failures and impact

Planning, funding and contractor appointments

- **Irregular appointment** of contractors, which often then do not deliver or cost more
- **Lack of integration** and coordination between provincial and local government
- **Inadequate institutional capability** to manage infrastructure projects

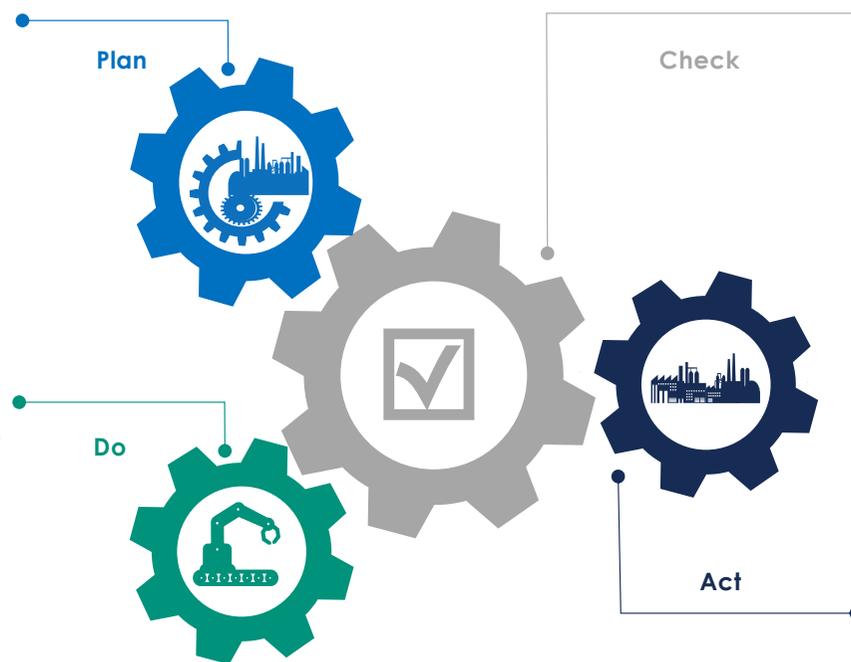
Implementation of projects

Projects with findings: 136 (89%) including:

- **Delays:** 109 (72%) with average delays of 41 months
- **Cost overruns** and losses: 72 (47%)
- **Poor-quality** work: 59 (39%)
- Not put to use / **underutilised:** 15 (10%)

- Grant department
- Responsible auditee
- Implementing agent
- Contractors
- Regulators

Roleplayers



Impact

Quality of spend

Fraud prevention

Accountability

Risk to public and officials

Service delivery

Monitoring and oversight

- **Contract monitoring** not done or not effective
- Inadequate **quality inspections** by project managers and professional service providers
- Housing projects not enrolled for inspection by **NHBRC**
- **Late payments** to contractors and **contractual conditions** not complied with
- Insufficient oversight from **departments transferring grants** – monitoring is based on cost

Corrective action and consequences

- **Lack of consequences** for poor performance and project failures – contractors and professional service providers
- Delays in **appointing replacement contractors** after termination of contracts
- **Follow-up audits of projects** show little improvement in weaknesses previously reported





The National Development Plan underscores the urgent necessity of modernising and fortifying government's information technology and communication (ICT) systems to **enhance capacity** of state institutions

Risks in current systems and environment

- Vulnerable to **cyberattacks and resultant loss** of data and system availability due to inadequate backups and incident response – findings at 64% of auditees where audited
- **Lack of integration** in government ICT systems → affecting interoperability and validation controls (e.g. against government databases)
- Vacancies in ICT units due to **difficulty to attract specialised skills**
- Continued **high reliance on external service providers** that are not always properly managed
- **Weaknesses in ICT control environment** include inadequate security, user management and IT service continuity controls → exposing auditees to risks of unauthorised system access, data breaches and disruption of business processes

Overall status of information technology controls



◆ Good ◆ Concerning ◆ Poor

Weaknesses that can derail digital transformation goals

- ICT is critical for modernising public services, but still **treated as support function** by auditees
- **ICT reforms and initiatives** aimed at accelerating digital transformation only recently launched
- **ICT projects fail** to meet key objectives (time, cost, quality or business expectations) due to poor project management and monitoring – findings on 57% of projects audited
- Money wasted on systems and software licences purchased or developed and then **not utilised**
- R5,48 billion spent on IT infrastructure but many auditees still **operate with ageing infrastructure** – focus is on operations and not modernisation
- **State Information Technology Agency (Sita)** – persistent challenges in delivering on mandate of providing critical IT services to departments → departments procure ICT goods and services outside established Sita processes

Impact

Quality of spend

Fraud prevention

Continuing of operations

Service delivery



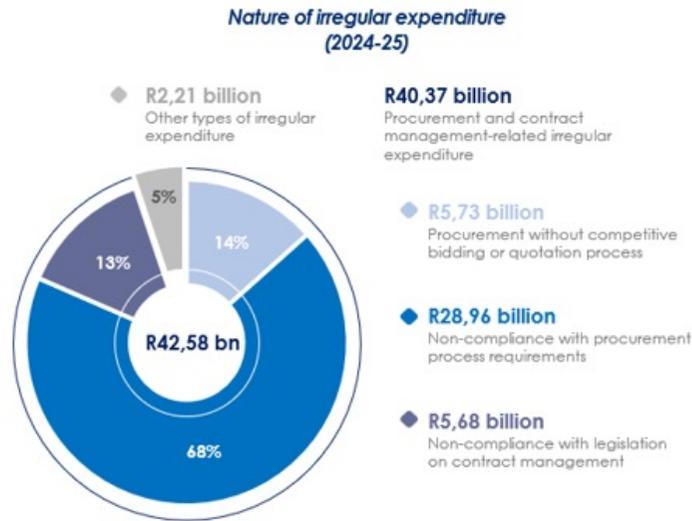
Procurement process transgressions and irregular expenditure

These are not merely **procedural lapses** but also significantly heighten the risk of fraud and financial loss, erode public trust and directly impair service delivery.

Non-compliance with procurement and contract management legislation: 222 auditees (68%)

95% of irregular expenditure is due to irregular procurement and contract management processes

- Uncompetitive and unfair procurement: **198 auditees (61%)**
- Inadequate contract management: **90 auditees (28%)**
- Employees of departments doing business with state: **96 employees (R77,29 million worth of awards)**



- **Irregular expenditure remains pervasive:** R42,58 billion in 24-25
- **Impact on service delivery:** Delays and disputes in key sectors (health, education, transport) undermine timely provision of essential services and infrastructure.
- **IE not merely procedural issues** – significant portions impact appointment of best supplier for best products/services at best price (5 pillars) and are indicators of potential financial losses
- **Broader consequences:** Erodes public trust, weakens institutional integrity, and diverts resources from core mandates, with **fraud risk indicators** and/or allegations present at 117 auditees.

Total **irregular expenditure** may be higher:

- 33% either qualified on disclosure or disclosed they were still investigating
- irregular expenditure **under assessment** – estimated at more than R32 billion



Material irregularities – type and impact

203 MIs identified due to **non-compliance and suspected fraud**, resulting in:

161 Material **financial loss** (estimated R9,17 billion)

- **Financial inefficiencies:** Paying for items not received, revenue non-collection, and penalties for late payments.
- **Procurement and asset: Uneconomical** procurement, poor asset **safeguarding**, and minimal return on spending.
- **Fraud and compliance concerns:** Fraud and non-compliance affecting organisational integrity.

13 Material **misuse** of material public resources

Underutilisation of healthcare, education, transport, ICT assets, and properties

17 Substantial **harm to public sector institutions**

- Weaknesses in **financial and performance management**, repeated **disclaimed audit opinions**, and **failure to submit** financial statements.
- Unmanaged ICT risks and insufficient healthcare capacity.

12 Substantial **harm to general public**

Weaknesses in the **school nutrition programme**, unsafe **learner transport**, delayed and poorly maintained **water and road infrastructure**, and non-payment of **provident fund contributions**.

Financial impact

R2,37bn – Financial loss **recovered, prevented or being recovered**

R1,16bn (17 MIs) Financial loss **recovered**

R0,74bn (10 MIs) Financial loss **prevented**

R0,47bn (28 MIs) Financial loss **in process of being recovered**

Non-financial impact

36 MIs

Internal controls improved to prevent recurrence

36 MIs

148 responsible officials identified and disciplinary process completed/in process

24 MIs

Fraud/criminal investigations instituted

3 MIs

Addressing harm to general public

6 MIs

Addressing harm to public sector institution

2 MIs

Addressing misuse of material public resource

Overall root causes

Governance failures and lack of consequences and institutional integrity

Inadequate institutional capability

Weaknesses in oversight and intergovernmental coordination and cooperation

Our call to action is for **effective executive leadership and diligent oversight** – with particular focus on:

1

High-quality annual performance plans aligned to Medium-Term Development Plan and with standardised indicators for sectors and increased oversight of performance in accordance with plan and budget

2

Obtain assurance from accounting officers and authorities on:

- **institutional capability**
- institutionalised controls to **ensure ethics, integrity and compliance** (institutional integrity)
- **procurement and contract management** practices are compliant with legislation
- value from **audit committees and internal audit units**
- **cybersecurity** vulnerabilities are effectively dealt with and business continuity is in place

3

Monitor implementation of major **infrastructure and information systems** projects

4

Set tone for transparency and accountability by insisting on full disclosure of irregular and fruitless and wasteful expenditure and monitoring progress made in dealing with these expenditures as well as allegations of fraud and mismanagement

5

Pay oversight attention to **poor quality of spending and budget overspending**

6

Support, monitor and **oversee the resolution of material irregularities by accounting officers and authorities**



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