

20 February 2026

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Dear Mr Khan

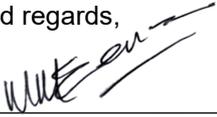
RE: COMMENTS ON THE FRAMEWORK FOR AUDIT COMMITTEES IN INSTITUTIONS REGULATED BY THE PUBLIC FINANCE MANAGEMENT ACT (FRAMEWORK)

1. The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to make a submission on the Framework.
2. SAICA is South Africa's pre-eminent accountancy body and is widely recognised as one of the world's leading accounting institutes. The Institute provides a wide range of support services to more than 50 000 members who are chartered accountants [CAs(SA)], associate general accountants [AGAs(SA)] and accounting technicians [ATs(SA)] who hold positions as chief executive officers, managing directors, board members, entrepreneurs, chief financial officers, auditors, and leaders in their respective spheres of operation.
3. Our work in the public sector goes beyond member support but also includes a significant focus on advocacy and capacity building to support and encourage an improvement in public finance management.
4. SAICA supports the development of the Framework as it will bring uniformity in the approach to audit committees' (AC) expectations, roles and responsibilities for both management and audit committee members. We have made recommendations on areas that the Framework could be improved on, which includes the following:
 - a. Independence is a key attribute for audit committees and their members. It is therefore important that the Framework encourages accounting officers and accounting authorities to appoint independent audit committee members to ensure that effective oversight is performed over the institutions.
 - b. Audit committee members should possess the necessary skills and competence commensurate with their roles. This can be achieved through the appointment of audit committee members that belong to professional bodies as these members provide the requirement of maintaining continuous professional development in line with their respective professional bodies, which would benefit the institutions.
5. We further propose various legislative amendments that may be required to further strengthen the independence of audit committee members and guide their remuneration. The affected legislation includes section 77 of the PFMA, and Treasury Regulations 3.1.6 and 27.1.
6. Our detailed comments are included under **Annexure A: Detailed Comments on the Framework for Audit Committees in Institutions Regulated by the Public Finance Management Act.**



7. We would also appreciate the opportunity to engage further, and we would be willing to discuss the comments if required. Please do not hesitate to contact Odwa Benxa (odwab@saica.co.za) in this regard.

Kind regards,



Dr Mariska McKenzie
Acting Chairperson: National Public Sector Committee



Natasha Soopal
Head of Public Sector and Ethics



Odwa Benxa
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ANNEXURE A: DETAILED COMMENTS ON THE FRAMEWORK FOR AUDIT COMMITTEES IN INSTITUTIONS REGULATED BY THE PUBLIC FINANCE MANAGEMENT ACT

No.	Framework Section	Comment	Recommendation
Section 1 – INTRODUCTION			
1.1	Applicability of the Framework	The Framework is silent on whether its application is compulsory for the institutions it applies to.	It may be appropriate for the OAG to specifically state in the applicability section whether the application of this Framework is compulsory or may be used as guidance for the institutions it applies to.
Section 2 – MEMBERSHIP OF THE AUDIT COMMITTEE			
2.1	Attributes of an effective AC	The Framework is silent on the sound relationship between the AC, CAE and external assurance providers.	The OAG should consider adding the CAE and external assurance providers under paragraph 2.1(iii) given the important role of the audit committee in reviewing the internal audit function and external assurance providers' work to confirm that it addresses the high risk areas of the institution.
2.2	Appointment of Audit Committee under different modalities	Sub-committees of the AC The Framework does not address the costs associated with establishing sub-committees under the <i>relevant considerations</i> in deciding whether to establish a sub-committee.	The costs related to sub-committees should be included as a relevant consideration in deciding on its establishment given that sub-committees carry a cost in the form of remuneration of its members, which the institution will pay for. If the cost is not considered, it may result in overspending on the budgeted costs.

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2.3	Audit Committee membership	<p>1) PFMA paragraph 77 requires that for departments, the majority of AC members must not be employed by the department unless approved by the relevant treasury. Allowing members of management to be AC members may:</p> <ul style="list-style-type: none"> a) hinder the independence of the audit committee and prevent it from implementing effective oversight over the institution. b) Result in conflict of interest issues as members of management are responsible for the reports that are presented to the audit committee. c) Be contrary to good corporate governance principles and recommended practices as per King V, specifically recommended practice 60 which states that, all members of the audit committee should be independent, non-executive members of the governing body. 	<p>We acknowledge that section 77 of the PFMA allows employees of the institution to serve as audit committees, however based on the concerns raised on this in the comment, we recommend that the Framework encourages AOs to appoint majority independent members who are not in the employment of the institution to enhance independence of the committee.</p> <p>Furthermore, the OAG should amend section 77 of the PFMA to prevent members of management from becoming AC members thereby promoting the independence of the AC and good corporate governance as recommended in King V.</p>
2.11	Continuous professional development of Audit Committee members	<p>1) The Framework states that the Chairperson of the AC, in consultation with the AO/AA, should initiate and monitor CPD of the AC as a whole, as well as that of individual members in all areas necessary for them to perform at a high level. This may, however, be inappropriate due to the following:</p> <ul style="list-style-type: none"> a) AC members are appointed by the AA/AO and not the AC Chairperson, and as such, it should be the AA/AO that ensures that members of the AC have the necessary skills and competence to be able to perform as AC members. b) The AC Chairperson is also part of the AC and would be subject to the same requirement of ensuring that their CPD is up to date. There may therefore be independence issues where the AC chairperson is required to monitor the CPD of AC members. c) The AC members should ideally belong to a professional body, such as SAICA or the Institute of Internal Auditors South Africa. The relevant professional 	<p>The Framework should be updated to reflect the following:</p> <ul style="list-style-type: none"> 1) Encourage the AA/AO to appoint AC members who are registered with professional bodies to ensure that the AC is constituted of individuals who have the necessary skills and competence for the role. 2) Members of the AC, including the Chairperson, should be required to maintain CPD in accordance with the requirements of their respective professional bodies. The AA/AO should then be expected to implement a mechanism to monitor that members of the AC are keeping up to date with their CPD. This could take the form of requiring AC members to submit confirmations from their respective professional bodies that they have complied with the CPD requirements annually. This will assist with avoiding the need for the AA/AO to have knowledge of the CPD requirements of the

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		<p>bodies require their members to maintain continuous professional development to ensure that they possess the appropriate skills and knowledge that enables them to execute their responsibilities. Each audit committee member should be responsible to ensure that they are professionally competent to fulfil their responsibilities as audit committee members. CPD will also be monitored by the professional body that the AC member may be registered with. It may therefore be inappropriate to expect the AA/AO to initiate and monitor CPD compliance of AC members who are either non-official members of the institution or independent members of the AA and the AC, as this is the role of their respective professional bodies.</p> <p>d) The various professional bodies have varying CPD requirements for their members. By implication, if the responsibility to initiate and monitor CPD for the AC members rests with the AC/AO/AC Chairperson, the AC/AO/AC Chairperson would be expected to know the CPD requirements of each professional body that the AC members belong to, which may be impractical.</p> <p>2) The Framework appears to be silent on the consequences for AC members who are not compliant with CPD requirements.</p> <p>3) The Framework states that the Institution should assume responsibility for the direct and indirect costs associated with a member's CPD under certain clearly defined conditions. This may, however, be inappropriate due to:</p> <p>a) As stated above, AC members are responsible for maintaining the CPD requirements set by their respective professional bodies. This should be at their own costs as it is a requirement of their respective professional body.</p> <p>b) Given the budget constraints faced by government, it may be inappropriate to expect the institution to pay for the AC members CPD. This is especially true for small</p>	<p>various professional bodies that the AC members would belong to.</p> <p>3) In addition, the AO/AA should conduct annual assessments of AC members to identify developmental areas to ensure that they remain competent to perform their duties. Confirmation of interventions undertaken by the AC members to address the identified gaps should be obtained by the AA/AO.</p> <p>4) Where the Chairperson and AC members are found to be non-compliant with their respective professional bodies' CPD requirements, there should be a grace period to allow the members to rectify this breach prior to further action being taken by the AA/AO against those members, which could include the termination of the AC member's services.</p> <p>5) The institution should not be responsible for paying for CPD costs of AC members, including the Chairperson, as CPD is the responsibility of the individual members in line with their professional body requirements. This will also assist in ensuring the potential independence issues are avoided and save costs for the institutions.</p>

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		<p>institutions with limited budgets to run their operations and deliver on their mandates.</p> <p>c) There may be potential impairment of independence for AC members arising from institutions paying for their CPD, which would impact their effective oversight over the institutions.</p>	
Section 3 – MANAGING THE AC RESPONSIBILITIES			
3.4	Audit Committee secretariat	<p>The Framework states that, it is expected that the secretariat should work closely with and be guided by the AC Chairperson to assist in ensuring:</p> <ul style="list-style-type: none"> i Documents submitted to or from the AC are of an appropriate standard; ii Meeting papers are furnished to AC members in advance of meetings to allow members sufficient time to process the documents; iii Minutes and action plans are maintained for AC meetings, and the action plans are monitored and feedback provided to the AC on progress; iv The AC is informed timeously of key developments in the institution; v The AC is informed timeously of developments in the professional, regulatory and other realms, relevant to their roles and responsibilities; and vi The status of the AC work plan is monitored. <p>In practice, it is the AO/AA and not the AC Chairperson that is responsible for the above-mentioned actions, except for the monitoring of the AC workplan and reviewing the minutes of meetings. Furthermore, it may be impractical to expect the AC Chairperson to be responsible for these actions given the limited time that the AC Chairperson spends interacting with the institution.</p>	<p>The Framework should be updated to reflect that the AO/AA, supported by the Chairperson (rather than the Chairperson), should work closely with the Secretariat to ensure that the mentioned actions are implemented.</p>

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3.6	Audit Committee meetings	<p>Section 3.6.1 of the Framework states that Section 77(b) compels ACs to meet at least twice a year, however, the actual number of meetings could be more given the broad scope of the ACs responsibilities. The AC charter should provide clarity on this.</p> <p>SAICA has noted that the Framework allows for a minimum number of AC meetings and for the AC charter to address any additional meetings that may be necessary. However, for clearer guidance, it may be appropriate for the Framework to state that the AC is encouraged to hold quarterly meetings in line with the external reporting that the institutions are required to undertake (for example to the DPME and the National Treasury) to allow for the AC to provide assurance on the reported information.</p> <p>Furthermore, it may be appropriate for the Framework to provide guidance on the processes and relevant approvals required for holding special meetings to address the risk of excessive meetings being held by the AC and their resultant cost to the institution. The guidance on these meeting can subsequently be incorporated into the AC charter.</p>	<ol style="list-style-type: none"> 1) The OAG should amend the Framework to incorporate a recommendation for quarterly meetings to be held by the AC to align to the quarterly reporting that is required of the institutions. 2) The Framework should include guidance on the approvals that are required for special meetings to held. This guidance should clarify whether the AC Chairperson or the AO/AA that should approve the holding of special meetings.
3.10	Contractual arrangements and remuneration	<p>3.10.1 AC Members' Remuneration</p> <p><u>Treasury Regulation 3.1.6</u></p> <ol style="list-style-type: none"> 1) The Framework states that non-official members must be remunerated in accordance with TR 3.1.6, 20.2.2 and 20.2.3, read together. These regulations vest the determination of AC remuneration in the AO and Executive Authority. 2) Treasury Regulation 3.1.6 states that, 'members of an audit committee who have been appointed from outside the public service pursuant to section 77(a)(i) of the Act must have appropriate experience, be appointed on contract and be remunerated in accordance with paragraph 20.2.2 of these regulations. Should it be deemed necessary, such members 	<ol style="list-style-type: none"> 1) As TR 3.1.6, 20.2. and 20.2.3 do not apply to public entities, the OAG should amend the Framework to include guidance for remuneration of AC members for all public sector institutions, clearly linking the guidance to the requirements of the PFMA and the Treasury Regulations. The guidance should be separate for public entities and other public sector institutions, that is, departments, trading entities, constitutional institutions and government components as these institutions have varying requirements under the PFMA and the Treasury Regulations.

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		<p>may be remunerated taking into account tariffs determined by the South African Institute of Chartered Accountants in consultation with the Auditor-General as provided for in paragraph 20.2.3¹.</p> <p>3) Previously, SAICA and the Auditor-General of South Africa together determined the tariffs to be charged by private firms and pre-issuance reviewers for work performed on behalf of the AGSA. However, due to competition legislation, SAICA no longer participates in the determination of these rates, which are now set solely by the Auditor-General of South Africa and published as a circular annually.</p> <p>4) SAICA acknowledges that National Treasury has, in terms of Treasury Regulation 20.2.2, issued the 2025 Remuneration of Non-Official Members: Commissions and Committees of Inquiry, and Audit Committees Circular to accounting officers of constitutional institutions and national and provincial departments, heads of provincial treasuries and accounting authorities of public entities, which indicates the maximum remuneration payable per day to non-official members of Commissions and Committees of Inquiry. SAICA further acknowledges that the circular indicates that the remuneration applicable to Committees of Inquiry is applicable to members of audit committees appointed from outside the public service in terms of Treasury Regulation 3.1.6. However, it is unclear whether this Circular applies to public entities as Treasury Regulations 3.1.6 and 20.2.2 are not applicable to them as per Treasury Regulations 1.2.1(c), (d) and (e). Therefore, the legal basis of the Circular may be invalid.</p> <p>5) The Framework therefore appears to provide guidance only on the remuneration for AC members of departments, constitutional institutions, trading entities and government components as Treasury Regulations 3.1.6, 20.2.2 and 20.2.3 do not apply to public entities. Consequently, it is unclear whether the hierarchy referred to in section 3.10.1 is applicable to public entities.</p>	<p>2) Furthermore, the OAG should consider the following amendments to the Treasury Regulations:</p> <p>a) amend TR 3.1.6 to remove the reference to SAICA determining tariffs.</p> <p>b) develop Treasury Regulations to specifically address the remuneration of AC members of public entities. These Treasury Regulations could be added under Treasury Regulation 27.1.</p>

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		<p><u>General comments</u></p> <p>1) There are instances where some institutions pay a retainer fee to audit committee members. This has raised inconsistency issues as retainers are not applied universally to all audit committees. There also appears to be no clear guidance on the payment of retainers.</p>	<p><u>General comments</u></p> <p>The Framework should be updated to include guidance on instances where retainers can be paid to audit committee members as along with the related rates.</p>
Section 4 – FUNCTIONS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE			
4.8	Other relevant responsibilities	<p>1) The Framework states that:</p> <p>a) A core responsibility of the AC is to provide robust and sustained oversight of management’s actions to address internal and external audit findings, as well as matters raised by Parliamentary committees, statutory bodies, and issues identified through media with credible standing. This role extends beyond merely tracking progress; it encompasses ensuring that identified deficiencies, including material irregularities (MIs), as well as unauthorised, irregular, fruitless, and wasteful expenditure (UIFW), are addressed promptly, decisively, and in a manner that strengthens governance and safeguards public resources.</p> <p>b) A key aspect of the AC’s oversight of these issues is ensuring that investigation of internal control failures that allowed such incidents to occur are executed swiftly and efficiently, and that controls are strengthened. Another is ensuring appropriate consequence management and loss recovery, as well as timely and adequate disclosure of incidents.</p> <p>2) In terms of the Public Audit Act, No. 5 of 2018, MIs are issued to the AA/AO and it is the AA/AO that is responsible for addressing the issued MIs. Furthermore, sections 38 and 51 of the PFMA place the responsibility for the prevention of UIFWE as well as the implementation of consequence management with the AO/AA. Therefore, the use of the word ‘ensuring’ with reference to the AC’s responsibilities</p>	<p>The OAG should:</p> <p>1) remove the word ‘ensuring’ with reference to the AC’s responsibilities as this may be construed as taking away the responsibility for the MIs and UIFWE from the AA/AO to the audit committee. Furthermore, the OAG should consider using the word ‘review’ in line with the wording used in TR 3.1.10 and 27.1.8.</p> <p>2) Differentiate guidance for the different types of institutions to factor the differences in their legal forms and thereby provide institution-specific guidance that is fit-for-purpose.</p>

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		<p>may be construed as taking away the responsibility for the MIs and UIFWE from the AA/AO to the audit committee. In addition, this may be seen as the AC being responsible for designing, implementing and executing internal controls rather than exercising oversight over management's actions in this regard.</p> <p>3) Opportunity exists for the Framework to differentiate AC responsibilities in accordance with the type of institutions. This is so because in public entities, there is often an AA with the AC serving as a sub-committee of the AA. In this instance, the AC may be delegated specific responsibility to exercise oversight over the MIs and UIFWE and report its recommendations to the AA while the AA, in its entirety, takes full responsibility for the MIs and the UIFWE. In a department, constitutional institution, trading entity and government component on the other hand, there exists only an AO which does not have a sub-committee that is an audit committee. It may therefore be appropriate for the Framework to differentiate between these types of entities and provide institution-specific guidance for ACs in these institutions.</p> <p><u>Section 4.8.1 – Outcome focused oversight</u> Section 4.8.1 of the Framework state that the ultimate measure of the AC's effectiveness in this area is whether its oversight leads to:</p> <ul style="list-style-type: none"> i The timely resolution of audit findings. ii The reduction or elimination of repeat findings. iii Demonstrable improvements in governance, risk management, and control environments. iv Strengthened institutional culture of accountability and compliance. <p>SAICA believes it may be more to measure the effectiveness of the AC based on what the AC is required to do in terms of the</p>	<p><u>Section 4.8.1 – Outcome focused oversight</u></p> <ul style="list-style-type: none"> 1) The OAG should provide guidance on measuring the effectiveness of the AC that aligns with the AC's responsibilities as determined in the PFMA and Treasury Regulations (as a starting point) as it may be unfair for the effectiveness measures to be misaligned with the applicable prescripts. 2) The recommended effectiveness measures should recognise the lack of enforcement powers held by ACs as their role is limited to making recommendations to the AO/AA who have the ultimate responsibility to implement them.

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		<p>PFMA and Treasury Regulations. In this regard, Treasury Regulations 3.1.10 to 3.1.16 would apply for departments, constitutional institutions, trading entities and government components while Treasury Regulations 27.1.8 to 27.1.13 would apply for public entities. These responsibilities would be reflected in the AC charter as required by the Treasury Regulations.</p> <p>In addition, while SAICA recognises that the ACs must be impactful in their institutions, the Framework must acknowledge that AC members make recommendations to the AOs/AAs who have the ultimate responsibility to implement those recommendations. This fact must therefore be recognised in the Framework as the AC does not have managerial powers to implement recommendations.</p> <p><u>4.8.3 Combined assurance</u> Section 4.8.3 indicates that there may be instances in which the AO/AA may not delegate the responsibility for the oversight over combined assurance to the audit committee. This may, however, be against good corporate governance as per King V recommended practice 59(a) which states that, 'the terms of reference of the audit committee must include reference to its statutory duties, if applicable. Generally, its delegated role should comprise oversight of the following: a. Assurance functions and services, including combined assurance arrangements'.</p>	<p><u>4.8.3 Combined assurance</u> The Framework should recommend that the oversight for combined assurance should always be delegated to the audit committee in line with recommended practice 59(a) of King V.</p>
Section 5 – THE AUDIT COMMITTEE’S RELATIONSHIP WITH KEY STAKEHOLDERS			
5.5	Internal audit	<p>5.5.1. Sourcing models for internal audit function - Co-Sourced and outsourced Model</p> <p>The following represent the main additional AC responsibilities for each compared to the fully in-house IAF model:</p>	<p>The Framework should be amended to remove the reference to the AC participating in the procurement process by evaluating proposals and recommending the appointable service providers. Instead, the Framework should reflect that the AC should receive a report from management on the compliance of the</p>

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		<ul style="list-style-type: none"> Participate in the procurement of the insourced/outsourced internal audit service provider (specify the skills and competencies, evaluate proposals, recommend the appointable service providers). <p>While acknowledging that the AC should be involved in the appointment of the insourced or outsourced internal audit service provider, SAICA believes that caution is required to ensure that the independence of the AC is not impaired by its involvement in procurement decisions. SAICA agrees that the AC should be involved in the determination of the specifications, which would consider the skills and competence of the potential internal audit service provider. However, the remainder of the procurement process, including the bid evaluation, adjudication and appointment of the service provider, should be completed by management in line with the institution's procurement policies. The AC should in turn receive a report from management on the compliance of the appointment process with relevant procurement prescripts and the institution's policies for oversight purposes.</p>	<p>appointment process with relevant procurement prescripts and the institution's policies for oversight purposes, and state that the AO/AA is ultimately responsible for the appointment of the internal audit service provider.</p>