



2023

Annual Report



interfront



Title of Publication: Interfront Annual Report 2022/23

All rights reserved © 2023 by International Frontier Technologies SOC Ltd

ACKNOWLEDGEMENTS

The managers and staff of all the departments of Interfront are thanked for their contributions.

PHOTOGRAPHY:

Freepik.com

Cape Town Photographer

Aletia Visser Fine Art Photography
124 Upper Orange Street
Somerset West
www.aletiavisser.co.za

Pretoria Photographer

Kaimara (Pty) Ltd
309 Brooks Street
Menlo Park
Pretoria
0081
www.kaimara.co.za

The cover image has been designed using assets from Freepik.com.

Design and layout: Ink Design Publishing Solutions, Cape Town, www.inkdesign.co.za

Print Management: Rob Print, Cape Town, robgommpriint@gmail.com

About this Report

Materiality

To ensure that this report is accurate, relevant and consistent, the reporting process is informed by the key material issues impacting on or impacted by our business. The responsibility for determining such materiality is ultimately that of the Interfront Board.

The process is informed by:

- Comprehensive collaboration and input involving Interfront's internal and external stakeholders
- Business and operational priorities
- Key strategic focus areas
- Detailed and ongoing assessment of risks

Assurance

Assurance regarding the contents of this report is achieved through an internal assurance process. Interfront's Board and Executive Committee (EXCO) provides assurance that they have implemented, monitored and managed all relevant controls, compliance, governance and reporting requirements. This ensures the reliability and integrity of the information presented in this report. External assurance of our Annual Financial Statements, as well as the reporting against predetermined objectives, is provided by the Auditor-General of South Africa (AGSA) and the audit report can be found in **Part E: Financial Information**.

Reporting structure and frameworks

Every effort has been made to align with the integrated reporting requirements of the King IV Report on Corporate Governance. As Interfront is a Schedule 3A state-owned entity, the report is also aligned with the requirements of the Public Finance Management Act, No. 1 of 1999 (PMFA), the Companies Act, No. 71 of 2008, and the National Treasury Regulations.



Table of Contents

About this Report	1
-------------------	---



PART A: GENERAL INFORMATION

4

01 Corporate Information	5
02 Foreword by the Chairperson	6
03 Overview by the Acting Managing Director	8
04 Statement of Responsibility and Confirmation of Accuracy	10
05 Strategic Overview	11
06 Legislative and Other Mandates	14
07 Organisational Structure	14
08 Our Business Model and Capitals	16



PART B: PERFORMANCE REPORT

21

01 Report of the Agsa: Predetermined Objectives	22
02 Overview	22
03 Operational Highlights	24
04 Operational Challenges	25
05 Operational Outlook	25
06 Information and Communication Technology (Ict)	26
07 Situational Analysis	27
08 Performance Information	29
09 Performance Report	34
10 Linking Performance with Budgets	40



PART C: GOVERNANCE

42

01 Introduction	43
02 Portfolio Committees	43
03 Executive Authority	43
04 Interfront Board	44
05 Board Committees	48
06 Remuneration of Board Members	50

07	RiskManagement	50
08	InternalControl Unit	51
09	Ethics	53
10	Health, Safety and Environmental Issues	54
11	Company Secretary	55
12	Social Responsibility	55
13	Audit and Risk Committee Report	56
14	B-BBEE Compliance Performance Information	60



PART D: HUMAN CAPITAL MANAGEMENT

61

01	Overview	62
02	Human Capital Priorities for the Year	64
03	Workforce Planning	65
04	Performance Management Framework	66
05	Employee Wellness Programme	66
06	Policy Development	66
07	Achievements	67
08	Challenges	67
09	Future HR Plans/Goals	68
10	The Employee Value Proposition (Evp)	68
11	Reasons for Employee Losses	76
12	Transformation and Employment Equity Growth	77



PART E: FINANCIAL INFORMATION

79

01	Board's Responsibility and approval of the Annual Financial Statements	80
02	Report by the Board of Directors	82
03	Financial Report	86
04	Report of the Auditor-General to Parliament on the International Frontier Technologies SOC Ltd	89
05	Annual Financial Statements	97



ANNEXURE

129

ANNEXURE A: Board Directorship Mustaq Ahmed Enus-Brey

130

ANNEXURE B: Procurement/Finance Information

131

List of Abbreviations and Acronyms

132



PART

A



GENERAL INFORMATION

- 01 Corporate Information
- 02 Foreword by the Chairperson
- 03 Overview by the Acting Managing Director
- 04 Statement of Responsibility and Confirmation of Accuracy
- 05 Strategic Overview
- 06 Legislative and Other Mandates
- 07 Organisational Structure
- 08 Our Business Model and Capitals

01 Corporate Information

International Frontier Technologies SOC Ltd
Registration Number: 2009/007987/30

Registered Office and Business Address

3rd Floor, St Andrews Building
Somerset Links Office Park
De Beers Avenue, Somerset West, 7130

Postal Address

PostNet Suite #10
Private Bag X15
Somerset West, 7129

Contact

Tel: 021 840 3400
Fax: 021 840 3401
Email: Company.Secretary@interfront.co.za
Website address: www.interfront.co.za

External Auditors

The Auditor-General of South Africa, 4 Darenty Street,
Lynnwood Bridge Office Park, Lynnwood Manor, Pretoria, 0081

Bankers

ABSA Bank Limited, 7th Floor, ABSA Tower West,
15 Troye Street, Johannesburg

Company Secretary

Madelein Pepperell
LLB and Associate of the Chartered Governance Institute
of Southern Africa

A portrait of a middle-aged man with grey hair and a beard, wearing a dark suit, white shirt, and a blue patterned tie. He is looking directly at the camera with a slight smile. The background is a blurred natural setting.

02 Foreword by the Chairperson

I am pleased to present the Annual Report of Interfront, a state-owned company wholly owned by the South African Revenue Service (SARS). As we reflect on the past year, we are proud to share our achievements and the strategic developments that have shaped our organisation.

At the start of the financial year a unique opportunity presented itself, through our Shareholder, to acquire the skills and capabilities of the team responsible for the development and support of the eFiling solution. This team has been a critical business development partner and service provider to SARS, offering essential support and maintenance to the SARS eFiling and MobiApp solutions. The eFiling channel is of significant importance to SARS as a digital platform, serving as its primary medium for engagements with individuals and companies. With its extensive experience and deep understanding of SARS' digital systems, the team's integration into Interfront has enhanced our capabilities and positioned us at the forefront of supporting SARS Vision 2024 and beyond.

Furthermore, we took the opportunity to bring the team responsible for the e@syFile solution in-house, further strengthening our technical skills and institutional knowledge. This personnel acquisition has brought dual strategic benefits for both SARS and Interfront. For Interfront, it has expanded our skills and value offering, allowing us to provide expertise beyond the customs landscape. For SARS, it has secured essential skills, ensuring operational effectiveness and addressing evolving tax challenges.

“

LOOKING AHEAD, WE REMAIN COMMITTED TO DELIVERING ON OUR STRATEGIC OBJECTIVES AND PROVIDING OUR CUSTOMERS WITH VALUE-FOR-MONEY, QUALITY PRODUCTS THAT MEET THEIR NEEDS.”

Recognising the changing landscape and the impact of the expanding team and emerging opportunities on our organisation, Interfront embarked on a strategic journey to revisit its Vision, Mission, Values and Strategic Objectives. This comprehensive strategic process has allowed us to capitalise on prospects effectively and ensure coherence with our expanded range of offerings. We have developed an interim revised Vision and Mission for the 2022/2023 financial year that reflect our commitment to being the primary technology partner to our customers and delivering smart innovative solutions that support their vision and objectives. A formal strategic process will be undertaken in the year ahead to formulate a new mission, vision and strategy for the medium to long term.

Our core values of Trust, Excellence, Camaraderie, Humility and Integrity remain unchanged. These values guide our actions as we strive to be honest, reliable and trustworthy individuals, to deliver excellence in our organisation and products, to foster teamwork, to act with transparency and integrity, and to conduct ourselves consistently in an honest and respectful manner.

In the midst of a challenging year, taking into account the aforementioned substantial changes to the organisation, we have successfully achieved the majority of our strategic objectives for the reviewed period and concluded the fiscal year within the allocated budget.

Looking ahead, we remain committed to delivering on our strategic objectives and providing our customers with value-for-money, quality products that meet their needs.

In conclusion, I would like to express my appreciation to the Interfront team for their dedication, expertise and hard work throughout the year. I also want to thank our Shareholder, SARS, for its ongoing support and collaboration. Together we will continue to drive Interfront's success and contribute to the advancement of SARS Vision 2024 and beyond.



MUSTAQ ENUS-BREY
Chairperson of the Board
31 July 2023

03 Overview by the Acting Managing Director

I am delighted to present our noteworthy accomplishments of the past financial year, the challenges we have faced and our plans for the future.

Over the past year, Interfront has continued to strengthen its position as a leading technology partner, providing innovative solutions to our customers and supporting their objectives. We have made significant progress in expanding our capabilities through the acquisition of the eFiling and e@syFile teams, both of which have brought valuable expertise and skills to our organisation. The integration of these teams has not only enhanced our service offerings, but also positioned us at the forefront of supporting our primary customer, the South African Revenue Service (SARS).

In line with our strategic direction, we have established four strategic outcome-oriented goals for the period 2022/2023–2026/2027. These goals are: providing quality and innovative software development and support, establishing a broader customer base, demonstrating effective resource stewardship, and maintaining and growing a Software Development Centre of Excellence. Each goal is supported by specific activities and performance indicators that align with our long-term objectives. More detail can be found in **Part B: Performance Report** of this report.

Throughout the past year, we have achieved some significant operational highlights. Our operational support to SARS has been effective, with numerous releases and extensive incident handling. We have successfully integrated the eFiling team into Interfront, deployed upgraded systems and technologies, and completed various projects that contribute to the improvement of our services and support to our customers.

“
OVER THE PAST YEAR, INTERFRONT HAS CONTINUED TO STRENGTHEN ITS POSITION AS A LEADING TECHNOLOGY PARTNER, PROVIDING INNOVATIVE SOLUTIONS TO OUR CUSTOMERS AND SUPPORTING THEIR OBJECTIVES.”

Our team has worked diligently to ensure the smooth functioning of the eFiling and MobiApp platforms, which are critical channels for SARS' engagements with individuals and companies. We have also completed various projects aimed at improving our services and support to SARS on the customs side and most recently embarked on the continued development and support of the e@syFile solution, thereby strengthening our relationship and contributing to SARS Vision 2024 and beyond. We have also consistently provided effective support for our solution as deployed in Luxembourg. ADA (Luxembourg's Customs and Excise Agency) is currently implementing a new system set to replace our own in the coming years. Consequently, we anticipate a decline in revenue from this particular source over the next few years. Additionally, we have successfully on-boarded several smaller customers.

While we celebrate our achievements, we also acknowledge the operational challenges we have faced. Resource management, technical support for different systems, budget limitations, change management, and service level agreement (SLA) reporting specifically aligning the new teams' reporting functionalities to our current SLA have been areas of concern. We are actively addressing these challenges by continuously implementing measures to improve resource allocation, enhance technical support processes, explore cost optimisation strategies, and enhance our change management practices. We are confident that these efforts will continue to lead to enhanced operational efficiency and service delivery.

Looking ahead, our strategic focus remains centred on delivering value to our customers and positioning Interfront as a trusted technology partner. We will continue to invest in technology upgrades, expanding our customs and tax application offerings, and exploring opportunities for collaboration and partnerships. We are also exploring the potential of cloud capability for our solutions, which will enable greater scalability, flexibility and cost optimisation.

I would like to express my gratitude to the dedicated and talented team at Interfront. Their expertise, commitment and hard work have been instrumental in our achievements and continued growth. I would also like to thank our Shareholder, SARS, for its unwavering support and collaboration. Together, we will navigate the challenges and opportunities that lie ahead, ensuring Interfront's success and contributing to SARS Vision 2024 and beyond.

I THANK EVERYBODY IN THE GREATER INTERFRONT TEAM FOR THEIR CONTINUED TRUST AND SUPPORT.



LEILANIE JANSE VAN RENSBURG
Acting Managing Director

31 July 2023

04

Statement of Responsibility and Confirmation of Accuracy

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa (AGSA).

The Annual Report is complete, accurate and free from any significant omissions. It has been prepared in accordance with the relevant guidelines issued by the National Treasury.

The Annual Financial Statements, as set out in **Part E: Financial Information**, have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to Interfront.

The Board, as the accounting authority, is responsible for the preparation of the Annual Financial Statements and for the judgements made and presented in this information.

The Board is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, human capital information and Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, this Annual Report fairly reflects the operations, performance information, human capital information and financial affairs of the state-owned company (SOC) for the financial year ended 31 March 2023.

Yours faithfully,



LEILANIE JANSE VAN RENSBURG
Acting Managing Director
31 July 2023



MUSTAQ ENUS-BREY
Chairperson of the Board
31 July 2023

05 Strategic Overview

Interfront is a state-owned company (SOC), wholly owned by the South African Revenue Service (SARS). Its strategic planning, budgeting, risk assessments and reporting are incorporated into those of SARS and form part of the public accounting processes of SARS.

Towards the end of the past financial year, SARS, as Interfront's Shareholder, had a unique opportunity to acquire the skills and capabilities of the team responsible for the development and support of the eFiling solution. This team was a critical business development partner and service provider to SARS, offering essential support, maintenance and enhancements to the front end of the SARS eFiling and MobiApp solutions. The SARS eFiling channel holds significant importance as a digital platform in SARS, being its primary medium for engagements with individuals and companies. With over a decade of experience, the team has obtained a deep understanding of SARS' digital systems.

Then the opportunity arose to bring the e@syFile team in-house as well. This team possesses the essential technical skills and institutional knowledge of the e@syFile suite and will be responsible for maintaining and further developing the platform, as well as training users.

Acquiring these personnel skills has offered dual strategic benefits for both SARS and Interfront:

- **Enhancing Interfront's capabilities:** The personnel acquisition has strengthened Interfront's skills and positioned it at the forefront of supporting SARS Vision 2024 and beyond. It has expanded Interfront's value offering, allowing the company to provide expertise beyond the customs landscape alone. The combined teams' skills have added long-term value to Interfront.
- **Securing essential skills for SARS:** By insourcing the personnel, now known as the eFiling and e@syFile teams, SARS ensured the retention of vital expertise. This strategic move guarantees SARS access to necessary skills, enabling it to maintain operational effectiveness and address evolving tax challenges.

Through two agreements in accordance with section 197 of the Labour Relations Act, No. 66 of 1995, the eFiling and e@syFile teams officially became part of the Interfront family on 1 April 2022 and 1 January 2023 respectively.

Recognising the potential for growth within its expanding team and the emerging opportunities, Interfront understood the importance of revisiting its Vision, Mission, Values and Strategic Objectives. In order to capitalise on these prospects effectively and ensure coherence with its expanded range of offerings, the company embarked on a strategic review process. To address immediate requirements, a temporary vision and mission were formulated for the 2022/2023 financial year, allowing sufficient time for a comprehensive strategic process that takes long-term opportunities and objectives into account.

INTERFRONT'S REVISED VISION AND MISSION 2022/2023



OUR VISION

2021/2022 VISION

THE BEST PARTNER IN
BORDER SOLUTIONS

NEW VISION 2022/2023

TO BE THE PRIMARY
TECHNOLOGY PARTNER TO
OUR CUSTOMERS



OUR MISSION

2021/2022 MISSION

WE DELIVER SMART
SOLUTIONS, CREATING
BETTER BORDERS

NEW MISSION 2022/2023

WE DELIVER AND MAINTAIN
SMART INNOVATIVE
SOLUTIONS TO SUPPORT
THE CUSTOMER'S VISION
AND OBJECTIVES

OUR VALUES

Interfront's Values remained unchanged, since the values of all teams were aligned in principle. Some definitions were updated.



STRATEGIC OUTCOME-ORIENTATED GOAL 1

2022/2023–2026/2027

Quality and Innovative Software Development and Support

The target is supported by four activities as performance indicators, namely:

- Develop and enhance Interfront Customs and Border Management Solution (iCBS) channels to support the SARS Customs Modernisation Programme.
- Develop and enhance the SARS eFiling and MobiApp platforms.
- Provide effective software support services to SARS on the customs and eFiling and MobiApp platforms.
- Provide effective software support services to Luxembourg (ADA).

STRATEGIC OUTCOME-ORIENTATED GOAL 2

2022/2023–2026/2027

Establish a Broader Customer Base

This newly added objective has, as its performance indicator, expanding the footprint and services of Interfront within SARS to assist in realising SARS Vision 2024 and possibly, in the long-term, exploring other opportunities outside of SARS, with SARS as a strategic reference.

STRATEGIC OUTCOME-ORIENTATED GOAL 3

2022/2023–2026/2027

Demonstrate Effective Resource Stewardship

This newly added objective has a performance indicator that was previously encompassed in Strategic Outcome-Orientated Goal 4 as part of establishing and supporting effective governance. The target includes achieving a clean audit opinion.

STRATEGIC OUTCOME-ORIENTATED GOAL 4

2022/2023–2026/2027

Maintaining and Growing a Software Development Centre of Excellence

This objective focuses mainly on Interfront's human capital targets, with the following performance indicators:

- The target of maintaining a staff complement of 110 was changed to maintaining a staff complement of 150 to accommodate the insourcing of the eFiling team.
- The staff turnover target of 14% or less remains unchanged, as well as the intake of graduates and/or bursars.

The Annual Performance Plan based on Interfront's Strategic Plan for the 2022/2023–2026/2027 financial years was approved by the Interfront Board on 17 March 2022. The Strategic Plan and Annual Performance Plan were subsequently updated to align with the new template for Strategic and Annual Performance Plans issued by the National Treasury. Although none of the overall targets were amended, two amendments were made to the reporting periods of three of the targets, namely:

- The development targets in both the customs and tax domains were changed from quarterly to annual targets, as SARS often alters the delivery dates due to changes in internal priorities.
- Retaining the staff complement at a minimum of 150 was changed from an annual target to a quarterly target with a net growth of two per quarter so as to track progress throughout the year against the annual target. The change was effective from Q2.

The changes as set out above were approved by the Interfront Board at its meeting held on 13 September 2022.

The break-even financial model decided between SARS and Interfront has been operational for the third financial year, and the Board and Interfront are committed to providing customers with a value-for-money, quality product delivered on time and to specifications.

ADA (Luxembourg's Customs and Excise Agency) renewed its support agreement with Interfront for a minimum period of three years commencing in January 2022, with the possibility of a reduced scope over the term, as it intends to replace the Interfront systems systematically.

A detailed report on Interfront's performance for the 2022/2023 financial year forms the substance of **Part B: Performance Report**.

06 Legislative and Other Mandates

Interfront, as a full subsidiary of SARS, is classified as a public entity, as defined in Schedule 3A of the Public Finance Management Act, No. 1 of 1999 (PFMA), and as a state-owned company (SOC), as defined by the Companies Act, No. 71 of 2008.

As a SOC, Interfront is regulated by the PFMA, the Companies Act and the National Treasury Regulations, among other requirements.

No major changes were made to policies or legislation that affected Interfront's operations. However, Interfront's mandate and operational environment were changed with the on-boarding of the eFiling and e@syFile teams.



07 Organisational Structure

Interfront Organogram: Board and Committees

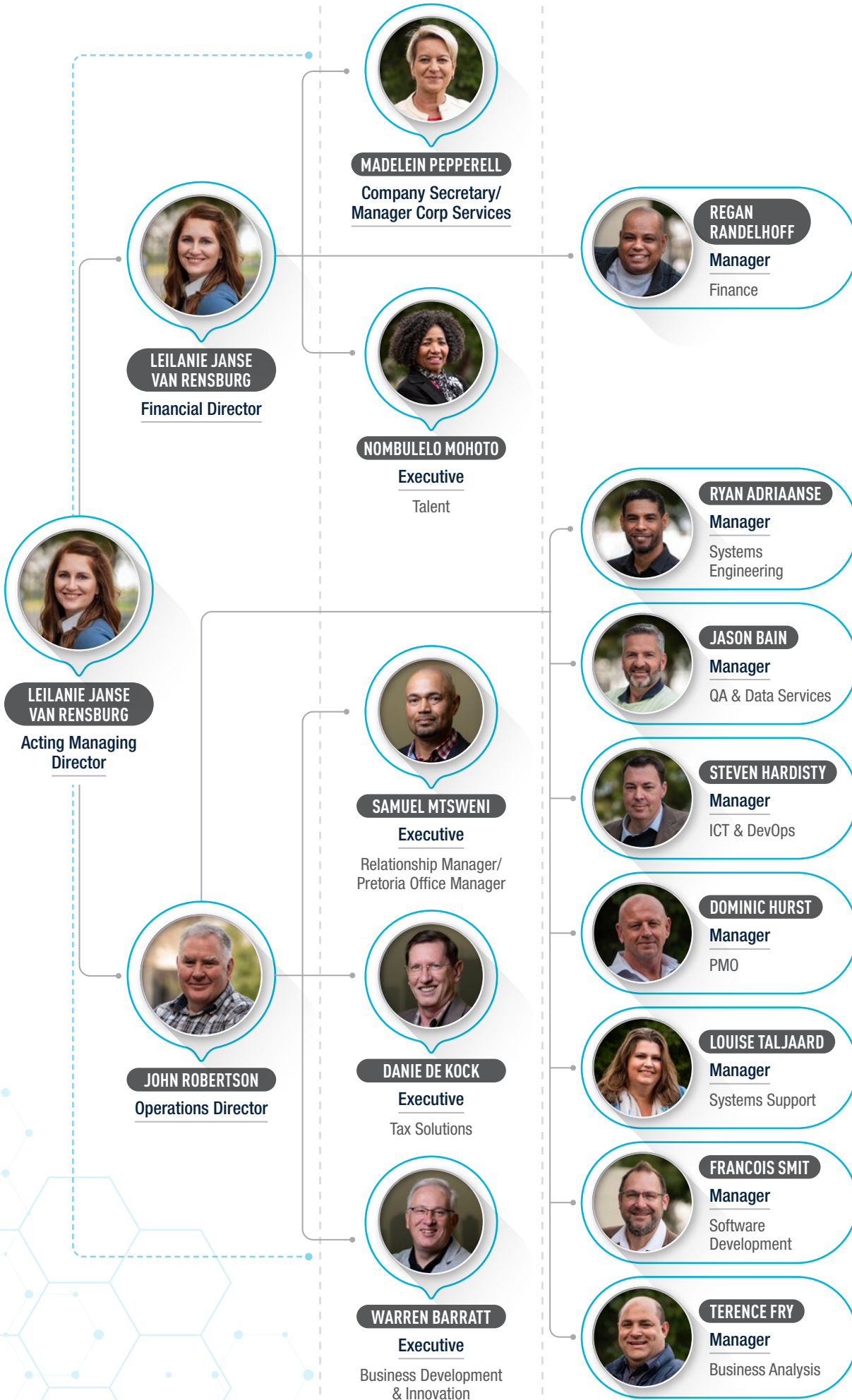


Interfront Organogram: Management Team

EXECUTIVE DIRECTORS

EXECUTIVE COMMITTEE

LINE MANAGEMENT



KEY RESOURCES

INTELLECTUAL CAPITAL – the intellectual property vested in employees.

FINANCIAL CAPITAL – the financing we use to attract and retain employees and support business sustainability.

HUMAN CAPITAL – our investment in our employees.

MANUFACTURED CAPITAL – IT infrastructure and software licences, equipment, furniture and facilities.

NATURAL CAPITAL – natural resources to sustain everyday life.

SOCIAL AND RELATIONSHIP CAPITAL – shared values, commitment and knowledge that form the basis of the reputation and trust that Interfront has developed.

COST STRUCTURE

QUALITY AND INNOVATIVE SOFTWARE DEVELOPMENT AND SUPPORT:

SARS Development: R83 635 108 (2021/2022: R54 023 489)

SARS Support: R49 236 202 (2021/2022: R26 977 591)

ADA: R13 875 594 (2021/2022 R13 294 167)

Other: R3 189 905

ESTABLISH A BROADER CUSTOMER BASE: R9 371 051

DEMONSTRATE EFFECTIVE RESOURCE STEWARDSHIP: R14 056 576

GROW AND MAINTAIN A SOFTWARE DEVELOPMENT CENTRE OF EXCELLENCE: R14 056 576 (2021/2022: R23 573 812)

REVENUE STREAMS

SARS DEVELOPMENT SERVICES CUSTOMS:
R51 911 254 (2021/2022: R62 107 770)

SARS DEVELOPMENT SERVICES EFILING: R40 463 709

SARS DEVELOPMENT SERVICES E@SYFILE: R3 450 177

SARS SUPPORT SERVICES: R56 412 505
(2021/2022: R31 014 621)

ADA SUPPORT SERVICES: R15 897 998 (2021/2022: R15 283 557)

OTHER: R3 654 842

SIGNIFICANT CUSTOMER SEGMENTS

Revenue Authorities
SARS and ADA.



KEY ACTIVITIES

- Develop customs and border management solutions.
- Develop and enhance SARS eFiling and MobiApp platforms.
- Provide effective software support services to SARS on the customs, eFiling and MobiApp platforms.
- Provide effective software support services to ADA.
- Establish a broader customer base.
- Demonstrate effective resource stewardship by establishing and supporting effective governance and thus achieving a clean audit opinion.
- Grow and maintain a Software Development Centre of Excellence by retaining the management team and staff, and by expanding/maintaining the staff complement to ensure that Interfront is optimally resourced.

VALUE PROPOSITION




- **CUSTOMISED DEVELOPMENT** – providing strong IT development capacity as the preferred supplier to SARS for the modernisation of its IT solutions.
- **SKILLS DEVELOPMENT** – growing Interfront as a Centre of Excellence in developing IT skills to contribute to empowerment within Interfront, SARS and the wider public sector.
- **MAINTENANCE AND SUPPORT** – providing ongoing maintenance and support to implemented systems.
- **COST REDUCTION** – modernising legacy software to reduce the risk and cost associated with maintaining outdated software.
- **SUPPORTING AND FACILITATING SARS MANDATE** – collecting all revenue due, ensuring optimal compliance with tax and customs legislation, and providing a customs service to optimise revenue, border protection and the facilitation of legitimate trade.

SIGNIFICANT CUSTOMER RELATIONS

- A Master Services Agreement (MSA) is in place, with SARS providing the legal framework for the conclusion of work orders under which the development services are provided.
- The Maintenance and Support Schedule is reviewed and agreed upon annually with SARS.
- A Services Agreement is in place with ADA for regulating the support and maintenance of the system in operation.

KEY PARTNERS

- **EXTERNAL AND CONTRACTED RESOURCES:** provide Interfront with development capacity at peak delivery times.
- **SUPPLIERS:** provide the requisite IT infrastructure and software licences, as well as equipment and facilities.

	 HUMAN CAPITAL	 MANUFACTURED CAPITAL	 INTELLECTUAL CAPITAL
OUR ENABLERS	<p>COMPRISES STAFF AND CONTRACTED RESOURCES. INTERFRONT DEPENDS ON THE WELL-BEING AND ENGAGEMENT OF EMPLOYEES TO GENERATE VALUE.</p>	<p>INVESTMENT IN THE PURCHASE, DEVELOPMENT AND MAINTENANCE OF PROPERTY, PLANT AND EQUIPMENT THAT ENABLE THE CAPACITY TO GENERATE LONG-TERM RETURNS.</p>	<p>THE SKILLS AND KNOWLEDGE OF WELL-TRAINED STAFF, WHICH CONTRIBUTE TO BUILDING A TRUSTWORTHY BRAND AND REPUTATION.</p>
OUR ACTIVITIES	<ul style="list-style-type: none"> • Bursary Programme. • Internship Programme. • A skilled and diverse executive leadership team, living the Interfront values. • Adopting policies and practices to enhance retention. • Competitive and market-related remuneration. • Skills Competency Framework. • Growing and supporting employment equity (EE) representation. • Fostering staff engagement. • Reducing staff turnover. 	<ul style="list-style-type: none"> • Leasehold improvements. • Replacing redundant computer equipment. • Procuring the latest antivirus software. • Upgrading the connectivity between the production and disaster recovery environments. • Continued investment in software licences. 	<ul style="list-style-type: none"> • Ongoing training and development of staff. • Re-training staff and developing skills from within Interfront to ensure the up skilling and relevance of skills. • Providing financial support to staff in the form of formal study assistance to pursue a degree or qualification aligned with their position in the company. • Encouraging staff to belong to professional bodies, and paying for their membership. • Contracting external development services at peak delivery times.
OUTCOMES	<ul style="list-style-type: none"> • Staff turnover decreased from 17.48% (2021/2022) to 14.12%. • Average staff numbers increased from 109.3 (2021/2022) to 155.9. • R177 050 paid in bursaries. • Training and development expenses on the Graduate Internship Programme R67 182. • Performance rewards paid: R5 302 926 • Personnel expenditure: R125 468 519 • Long-service recognition for staff employed by Interfront for five years or more. • 77% of Interfront employees are EE candidates. 	<ul style="list-style-type: none"> • Assessing cloud landscape options which could lead to reduced costs resulting from expensive hardware upgrades. • Latest antivirus software allows for better monitoring and control of security threats. • Upgrading connectivity leads to substantial improvements in backup and replication processes. 	<ul style="list-style-type: none"> • Investment in staff development and training: R431 176 (2021/2022: R381 160). • Professional membership fees: R22 477 (2021/2022: R21 107).
FUTURE AND ONGOING ACTIONS TO ENHANCE OUTCOMES	<ul style="list-style-type: none"> • With an Employee Engagement Survey completed, develop and implement a plan to address matters raised in the survey. • Review and update policies and processes to remain relevant. • Work at becoming an employer of choice as part of Interfront's retention strategy to reduce staff turnover in a highly competitive market. • Complete and implement the Skills Competency Framework for less critical skills. <p>Refer to Part D: Human Capital Management and Part E: Financial Information for further details.</p>	<ul style="list-style-type: none"> • Review usage of software to ensure relevance as well as prevent the over-supply of licences. • Upgrade laptops. • Procure hardware and software for the new team members. <p>Refer to the section on Information and Communications Technology (ICT) in Part B: Performance Information and Part E: Financial Information for more information.</p>	<ul style="list-style-type: none"> • Provide technical staff with more opportunities to attend to Research and Development. • Offer ongoing training and development of staff to ensure a high-performance culture and retention. <p>Refer to Part D: Human Capital Management for more information.</p>



FINANCIAL CAPITAL

INTERFRONT OPERATES ON A BREAK-EVEN MODEL. THIS SUPPORTS INTERFRONT'S MAIN OBJECTIVE OF BEING A STRATEGIC PARTNER TO SARS IN ITS IT SPHERE AND IS IN LINE WITH OUR MANDATE AS A SCHEDULE 3A PUBLIC ENTITY.

- Being a responsible steward of financial resources as a public entity and ensuring a return on the investment of financial resources.
- Spending with integrity.
- Ensuring effective and efficient internal controls.

- Decrease in the payment of external development services from R5 929 827 in 2021/2022 to R3 849 812.
- Additional income generated from the eFiling and e@syFile teams in both development and support services.

- Conduct an ongoing review of expenses.
- Maintain or increase the staff complement, as customer demand dictates.
- Amend the MSA to ensure value for money for the client and the sustainability of Interfront.
- Ensure that knowledge transfer from external contractors continues.
- Align the financial model and invoicing between the tax and customs teams.

Refer to **Part D: Human Capital Management** and **Part E: Financial Information** for more information



SOCIAL AND RELATIONSHIP CAPITAL

DEVELOPING AND MAINTAINING RELATIONSHIPS OF TRUST ARE THE FOUNDATION FOR VALUE CREATION.

- Applying the provisions of the Preferential Procurement Policy Framework (PPPF), which provides for the procurement of goods and services from groups disadvantaged by unfair discrimination.
- Donating redundant computer equipment to educational institutions.

- Procurement of goods and services: R16 146 505 (2021/2022: R13 134 273).

- Continue to apply the provisions of the PPPF.
- Introduce staff volunteering projects.

Refer to **Part D: Human Capital Management** and **Part E: Financial Information** for further details.



NATURAL CAPITAL

INTERFRONT HAS A LOW ENVIRONMENTAL IMPACT. INTERFRONT'S FACILITIES REFLECT A CULTURE OF SAFETY AND CONCERN FOR THE ENVIRONMENT.

- Maintaining and regularly servicing electrical equipment and air-conditioning units.
- Recycling redundant IT hardware through a certified third party, supported by documented proof.
- A hybrid working model: Allowing staff to continue to work from home, resulting in lower environmental pollution.
- Extending the useful life of equipment.
- Reducing paper usage.

- Ensuring that equipment is maintained and serviced at regular intervals to ensure optimal use and energy savings, which results in further savings by limiting breakdowns and the replacement of equipment.
- Using a single generator operated by the office park, supplemented by solar energy, rather than each business operating its own.
- Automating systems, resulting in a significant reduction in our paper usage.
- Extending the useful life of equipment, which results in cost savings, as well as reducing our environmental footprint.
- Procuring the services of a shredding company to shred and recycle documents as per Interfront's Retention of Records policy.

- Continue with the automation of processes to reduce paper usage further.
- Continue to review the useful life of equipment.
- Continue recycling paper and plastic.

Refer to **Part E: Financial Information** for more information.



PART B



PERFORMANCE REPORT

- 01 Report of the AGSA:
Predetermined Objectives
- 02 Overview
- 03 Operational Highlights
- 04 Operational Challenges
- 05 Operational Outlook
- 06 Information and Communication
Technology (ICT)
- 07 Situational Analysis
- 08 Performance Information
- 09 Performance Report
- 10 Linking Performance with Budgets

01

Report of the AGSA: Predetermined Objectives

The Auditor-General of South Africa (AGSA) performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the Report to Management, with material findings being reported under the Predetermined Objectives heading in the section of the AGSA's report dealing with other legal and regulatory requirements. The Report of the AGSA is included in **Part E: Financial Information**.

02

Overview

In the previous financial year, SARS approached Interfront with a proposal to incorporate into SARS the human resources of the teams responsible for the enhancement, development and support of the MobiApp and eFiling platforms. The success and strategic importance of these platforms made it necessary for SARS to safeguard their ongoing operation, maintenance, development and enhancement as strategic assets. While SARS retains ownership of the assets – such as, but not limited to, the source code, system documentation and intellectual property rights – there was a marked reliance on the human resources concerned for all development, maintenance and day-to-day support services, institutional knowledge, technical skills and development experience. The full migration included the transfer of the eFiling and MobiApp teams as a fully functional operating unit, and included the management team, analyst and software development resources.

Interfront also benefited from the incorporation of cross-functional skills, bringing additional multidisciplinary talent, and introducing additional synergies and cost savings.

Upon the expiration of the master services agreement (MSA) between SARS and its service provider for the provision of the e@syFile suite, the opportunity arose for Interfront to take on the maintenance and training services, as well as the software development services, for this solution. The key employees were transferred to Interfront on 1 January 2023 in terms of section 197 of the Labour Relations Act, No. 66 of 1995.





The inclusion of the eFiling team necessitated a review of Interfront's Strategic Plan for the 2022/2023 financial year, in order to accommodate these supplementary services. The overarching established priorities that have steered the formulation of the company's strategy and Annual Performance Plan will continue to emphasise the development and support of border-related software systems, to which will now be added the development and support of systems related to income tax. Additionally, Interfront has introduced a specific focus on expanding its footprint in the 2022/2023 financial year, with the aim of reducing its dependence on a single substantial customer in the long run.

Interfront embarked on a process of reviewing its longer-term strategy and organisational structure in order to align its medium- and long-term strategy with its current expansion and to position itself for further expansion in future. The establishment of the eFiling and e@syFile competencies within Interfront alongside its customs competency has expanded Interfront's mandate and laid the foundation for Interfront to serve SARS' future needs as an innovation hub.

Interfront prides itself on its commitment to being a good steward of the resources allocated to it, specifically considering the governmental sphere in which it operates.

Over the past decade, Interfront has diligently cultivated a robust foundation of comprehensive systems, controls and policies designed to manage risks effectively and minimise the potential for failure. By adopting a proactive approach to risk management, Interfront has successfully mitigated potential setbacks and ensured operational stability. Additionally, Interfront has embedded within its intellectual and human resources a highly resilient level of technical expertise. Central to Interfront's ongoing success is its unwavering commitment to investing in its people, recognising them as the organisation's most valuable asset. Nurturing and enhancing the skills, knowledge and capabilities of its workforce remains a top priority for Interfront. By fostering a culture of continuous learning and development, Interfront empowers its employees to adapt to changing circumstances, embrace innovation and tackle complex challenges head-on.

Through robust risk management practices and a steadfast dedication to the growth and well-being of its personnel, Interfront fortifies its position as a resilient and forward-thinking entity in the industry.



03 Operational Highlights

- Operational support provided to SARS functioned effectively during the period under review. Interfront delivered a total of 95 releases to SARS, out of which 37 releases were successfully deployed to the production environment.
- Production Support Services experienced a greater than 10% increase in incident handling. This is attributed to additional incidents logged due to the upgrade of the Declaration Processing System (DPS) and Registration, Licensing and Accreditation (RLA) cases, as well as incidents relating to production and project support. The team effectively managed a total of 1583 incidents and implemented 17 production changes.
- The integration of the eFiling and e@syFile teams within Interfront is continuing smoothly, with minimal impact on production or support activities.
- The upgraded DPS was successfully deployed into the SARS production environment. This deployment included the upgrading of the back-end service to the new technology stack and integration with Interfront Shared Services.
- The eFiling hardware and software environments were upgraded, which included the deployment of new hardware, as well as operating system (OS) and SQL Server software. Additionally, web server upgrades were applied to all taxpayer-focused web servers in the eFiling web server farm.
- Phase 2 of the Live Chat feature was deployed, enabling SARS agents to chat directly to taxpayers through a custom interface on eFiling.
- Elasticsearch technology deployed will serve as the cornerstone of data searching and extraction, providing near-real-time insights to the SARS National Operations Command Centre (NOCC).
- A Data Science capability was established to provide services aimed at enhancing SARS' overall operational efficiency.
- Several additional projects were completed, including Dual Inspections, RLA workflow changes, the Trader/Taxpayer Solution, Adobe Forms conversion, Corporate Income Tax, the Trust Filing season, the SA Traveller Management System, the Personal Income Tax Filing Season 2022, Tax Directives, Tier 1 Data Migration, Bank Detail Verification and OpenShift POC.





04 Operational Challenges

- Interfront is required to manage its resources across production support and multiple development and delivery streams.
- The technical support required for the various SARS environments due to the overlapping of different application versions and systems in these environments, as well as the dependency and complexity of these systems, continues to place additional pressure on operational resources.
- Budget limitations continue to pose challenges as resources compete for funds.
- Change management for the integration of the eFiling and e@syFile teams into Interfront delivery processes is ongoing.
- The eFiling team's Service Level Agreement (SLA) on the reporting and management of support tickets is a priority, and discussions with SARS are ongoing.

05 Operational Outlook

Below is a comprehensive outline of the key components anticipated for the immediate future within the operational landscape:

- The planned technology upgrades for the Declaration Processing System (DPS), the Tariff Management System (TMS) and the e@syFile application will continue.
- Various customs and tax application deliverables are planned for implementation in the course of the year.
- Interfront is pursuing the opportunity to participate in and further partner with SARS in supporting SARS Vision 2024, by supporting its operations and using new and emerging technological developments to improve services and trader experience through the enablement of digital platforms.
- ADA (Luxembourg's Customs and Excise Agency) has confirmed that it will be replacing the Interfront modules in production. The Import section of the Import, Export and Transit modules (IETA) has already been replaced and other modules will follow soon. Interfront anticipates ADA switching off most sections of the IETA system in the coming financial year, but support will continue on the remaining modules as required.
- A modernisation assessment, utilising OpenShift technology, will be conducted for the Interfront Customs and Border Management Solution (iCBS) suite of systems to assess cloud capability and readiness, and to create a potential modernisation roadmap.
- Interfront will assist SARS in obtaining an end-to-end view of the customs value chain in its NOCC, combining multiple and even loosely structured data to provide near-real-time insights.
- Over the next financial year, a significant focus will be on implementing the SARS Single Window environment, which aims to provide a unified view of activities, starting with customs.



PART

B

“

ICT ENSURED THAT
INTERFRONT'S
SYSTEMS, SOFTWARE
AND HARDWARE
ENVIRONMENTS CAN
EFFECTIVELY HANDLE
THE 42% INCREASE
IN STAFF.”

06

Information and Communication Technology (ICT)

ICT has played a crucial role in minimising disruptions while providing support to staff members who mainly continue to work remotely. Additionally, ICT has been instrumental in facilitating the transfer and establishment of systems to accommodate the new development environments of the recently acquired teams. Furthermore, they have ensured that Interfront's systems, software and hardware environments can effectively handle the 42% increase in staff.



IT SECURITY

Interfront procured the latest antivirus software, allowing better monitoring and control of security threats. The software was applied to all servers and laptops. Additionally, the deployment of endpoint security software to all endpoint devices provides a robust layer of protection against threats.



NETWORK AND SERVER INFRASTRUCTURE

The network and server infrastructure was improved significantly by the upgrading of connectivity between the production and disaster recovery environments. This upgrade has resulted in substantial improvements in backup and replication processes.

The server infrastructure was enhanced by the establishment of physical domain controllers in production, segregated from potential issues in the virtual environment. Interfront successfully upgraded all server software, further strengthening its overall infrastructure.



ICT GOVERNANCE, RISK AND COMPLIANCE

The Interfront Information Systems Management Committee (ISMC) facilitates IT governance. The committee met every quarter to address security matters and ensure compliance.

07 Situational Analysis



PART

B

Since its incorporation, Interfront has consistently delivered and supported custom border systems that are comparable to top-tier solutions in terms of quality while maintaining low cost. The recent acquisition of the eFiling and e@syFile teams, along with their associated intellectual property, has significantly contributed to and expanded Interfront's skill set and capabilities. This development has positioned Interfront at the forefront of supporting and enhancing SARS' realisation of its Vision 2024 and beyond.

By integrating the eFiling and e@syFile teams, Interfront has not only enhanced its overall value, but also ensured the long-term retention of essential skills. This strategic move eliminates the risks typically associated with relying on contracted resources and services. The insourcing of these valuable resources has safeguarded the stability of the eFiling, MobiApp and e@syFile solutions and services, ensuring seamless operational continuity while preserving a critical intellectual capability.

Service Delivery Environment

SARS is the overall project leader in the development and maintenance of the SARS systems in operation and is wholly responsible for determining the requirements for its software, which are agreed upon through the medium of Work Orders. In addition, Interfront now also provides SARS with first- and second-line support outside of its contractual scope as a value-added initiative. As reliance on this service has increased, Interfront has been collaborating with SARS on including these services as part of the support scope.

The protracted completion of the Business Requirement Specifications posed an obstacle to project planning and the timely delivery of projects. This was mitigated by incorporating pre-sales, value-added services and consulting efforts in the break-even rate.

The additional technical support required for the various SARS environments, the overlapping of different application versions and systems in these environments, and the dependency and complexity of these systems placed additional pressure on operational project deliverables. As a consequence, outcomes and impacts are generally addressed at a higher level through SARS, as is the case with ADA, regarding their contribution at a national level.

Many external factors have resulted in an increased demand for IT resources worldwide, whereas limitations on international work opportunities have decreased over the past two years as remote working has become the norm for companies across the globe. Interfront, as a highly skilled information technology company, has to compete for these limited, highly sought-after resources, which increases the difficulty of staff retention.

The overall pressure on the fiscus has an indirect impact on Interfront, since its main customer at present – its Shareholder, SARS – receives 100% of its funding from the government.

The performance measures decided on by Interfront are those under its control, which will, over time, result in the achievement of success for Interfront as a whole.

Organisational Environment

Since Interfront operates in a highly skilled environment and IT skills are in short supply, the target of staff retention and developing a skilled, diverse and engaged workforce remains a challenge. The 2022/2023 financial year saw an improvement in both staff retention and recruitment, with an annual staff turnover rate of 14.12%, against a target of 14%, as compared with 17.48% at the end of the 2021/2022 financial year. The target of maintaining the staff complement at 150 was achieved when Interfront ended the 2022/2023 financial year with 155 employees.

In the first five months of the 2022/2023 financial year, Interfront reported a staff turnover of 6.69%, compared with 9.76% for the same period in the previous financial year. However, the full year's turnover projected at the time was well above the target, at 16.06%. The staff complement was reported at 139 employees against an annual target of 150. The proactive measures implemented by management contributed significantly to the retention of valuable intellectual capital, also effectively attracting additional resources.

The Board approved a 5% annual increase and a 5% performance bonus pool at its September 2022 meeting. The increases and bonuses were allocated to employees based on their performance. Additionally, Interfront reintroduced its annual market positioning exercise in 2021, and the Board approved a positioning pool of 1% of Interfront's annual cost to company (CTC) at its meeting in November 2022.

For more information on initiatives undertaken by Interfront in its efforts to retain staff and its Employee Value Proposition, see **Part D: Human Capital Management**.

Key Policy Developments and Legislative Changes

No major changes were made to policies or legislation that affected Interfront's operations. However, Interfront's mandate and operational environment were changed at the beginning of the 2022/2023 financial year, with the on-boarding of the eFiling team responsible for the development, enhancement, modification and support of SARS eFiling and MobiApp solutions, as well as the e@syFile team on 1 January 2023.



08 Performance Information

Progress towards Achievement of Institutional Impacts and Outcomes

PROGRAMME 1 Quality and Innovative Software Development and Support



IMPACT STATEMENT

SARS Customs Modernisation Programme 2024 (CMP)	Interfront is a key development partner to SARS in implementing the CMP. The existing iCBS product in SARS will be expanded and modified to meet the objectives of the CMP. The target is agreed upon annually with SARS and set out in Interfront's Annual Performance Plan.
SARS eFiling and MobiApp	Interfront is a key development partner to SARS in implementing updates and enhancements as per legislative and business requirements. The existing eFiling and MobiApp platforms have been expanded and modified to meet the objectives of SARS and the National Treasury. The target is agreed upon annually with SARS and set out in Interfront's Annual Performance Plan.
SARS Support and Maintenance	Interfront software is a key component of the customs, eFiling and MobiApp platforms, and support for the software is crucial to the effective operation of these platforms. The support services are measured against a Service Level Agreement.
Provide Effective Software Support Services to ADA	ADA operates national customs systems on a 24/7 × 365 basis. Interfront's software is a key component in the systems. The support service level provided by Interfront is crucial to the effective operation of the customs system. The support services to be provided by Interfront are contained in a Memorandum of Agreement concluded between Interfront and ADA.

PROGRAMME 2 Establish a Broader Customer Base



IMPACT STATEMENT

Interfront seeks to be SARS' primary technology partner, placing Interfront at the forefront of supporting and enhancing the realisation of SARS Vision 2024. It also aims to explore other opportunities, using SARS as a strategic reference. Quarterly engagement reports are used to evaluate opportunities within SARS and other government departments.

PROGRAMME 3 Demonstrate Effective Resource Stewardship



IMPACT STATEMENT

In line with Interfront's and our Shareholder's commitment to maintain and promote good governance, this measure seeks to monitor Interfront's compliance with all statutory requirements. A clean audit opinion from the AGSA is required.

PROGRAMME 4 Grow and Maintain a Software Development Centre of Excellence



IMPACT STATEMENT

Retention of Management Team and Staff

The successful management and retention of Interfront's human capital is critical to the success of Interfront. In implementing its strategy, Interfront recognises that there are various risks associated with its business, key among which is the loss of staff. To meet this challenge, Interfront's annual staff turnover target is 14% or less.

Maintain and Develop a Skilled, Diverse and Engaged Workforce

To meet customers' demands and achieve the target set out in Interfront's Strategic Plan, Interfront needs to maintain its current resources and expand where necessary, which includes maintaining the staff complement at 150.

Grow a Centre of Excellence

Interfront is looking to recruit graduates/bursars who have successfully completed, or are in the process of completing, a course of study or training that will provide Interfront with the potential to develop and mould them into Interfront-specific employees. The number of bursars/graduates is determined in Interfront's Annual Performance Plan.





Programme Performance Information

PROGRAMME 1 Quality and Innovative Software Development and Support

SUB-PROGRAMME 1.1: Develop and Enhance iCBS Channels to Support SARS CMP

The 2024 CMP will be implemented in phases associated with software development projects in Interfront as per the agreed Work Orders. The agreed deliverables are completed in accordance with agreed timelines and budgets and delivered to SARS during every financial year as determined in Interfront's Annual Performance Plan. Priorities are determined by SARS and finalised only when the Work Orders are signed. This Strategic Outcome is dependent on the approved SARS CMP Business Plan.



THE TARGET HAS BEEN ACHIEVED ON FIVE OCCASIONS AND PARTLY ACHIEVED ONCE SINCE THE 2017/2018 FINANCIAL YEAR.

SUB-PROGRAMME 1.2: Develop and Enhance SARS eFiling and MobiApp Platforms

The eFiling and MobiApp platforms are continuously updated and enhanced in accordance with legislative and business requirements. The platform updates are associated with software development projects by Interfront. The agreed deliverables as per the Work Order are completed in accordance with agreed timelines and budgets and delivered to SARS during every financial year as determined in Interfront's Annual Performance Plan. Priorities are determined by SARS and finalised only when the Work Orders are signed.



THIS IS A NEW TARGET FROM THE 2022/2023 FINANCIAL YEAR.

SUB-PROGRAMME 1.3: Provide Effective Software Support Services to SARS on the Customs, eFiling and MobiApp Platforms

Service levels to SARS are measured against agreed contractual levels. The measure is determined by meeting the service levels for each month as contained in the Service Level Agreement (SLA). The results are communicated to SARS in a monthly SLA report.



THE ANNUAL PERFORMANCE PLAN TARGET IN RESPECT OF SARS CUSTOMS HAS BEEN ACHIEVED SINCE THE 2017/2018 FINANCIAL YEAR. SUPPORT SERVICES ON THE EFILING AND MOBIAPP PLATFORMS ARE A NEW TARGET AS FROM THE 2022/2023 FINANCIAL YEAR.

SUB-PROGRAMME 1.4: Provide Effective Support Services to ADA

A services agreement has been established with ADA detailing expected interactions and service levels.



THE ANNUAL PERFORMANCE PLAN TARGET HAS BEEN ACHIEVED ON FOUR OCCASIONS AND PARTLY ACHIEVED TWICE SINCE THE 2017/2018 FINANCIAL YEAR.



INTERFRONT PRIDES ITSELF
IN BEING AN ETHICAL
COMPANY AND, AS SUCH,
HAS SET ITSELF THE TARGET
OF A CLEAN AUDIT OPINION.

PROGRAMME 2 Establish a Broader Customer Base

Interfront will:

- expand its footprint and services within SARS to assist in realising SARS Vision 2024, while exploring other opportunities, using SARS as a strategic reference;
- position the Interfront brand as a key solutions provider in customs and board management, as well as taxation within SARS, solidifying the relationship with Interfront's customers; and
- tender for services in other government departments, using SARS as a strategic reference.



THIS IS A NEW TARGET FROM THE 2022/2023 FINANCIAL YEAR.

PROGRAMME 3 Demonstrate Effective Resource Stewardship

Interfront prides itself in being an ethical company and, as such, has set itself the target of a clean audit opinion since the 2019/2020 financial year. A clean audit opinion entails that in addition to an unqualified audit opinion on the Annual Financial Statements, no material findings are reported on performance objectives, compliance with legislation or internal control deficiencies.

The 2021/2022 financial year sees the 12th consecutive unqualified audit report on the Annual Financial Statements. Interfront has also achieved a clean audit opinion for six years consecutively and eleven in total.



PROGRAMME 4 Grow and Maintain a Software Development Centre of Excellence

PROGRAMME 4.1: Retention of Management Team and Staff

The number of resignations during a financial year should be equal to or lower than the target reflected in the Annual Performance Plan. Only permanent staff and long-term contractors are used in the retention calculation.



THE ANNUAL PERFORMANCE PLAN TARGET HAS BEEN ACHIEVED TWICE, NOT ACHIEVED TWICE, AND PARTLY ACHIEVED TWICE SINCE THE 2017/2018 FINANCIAL YEAR.

PROGRAMME 4.2: Maintain and Develop a Skilled, Diverse and Engaged Workforce

Due to the scope of project work and support and maintenance from our customers, the staff complement was earmarked to remain at the appropriate level. The net growth of staff equals the total number of staff at the beginning of the financial year, plus appointments and less resignations for the year under review.



THE ANNUAL PERFORMANCE PLAN TARGET HAS BEEN ACHIEVED TWICE, NOT ACHIEVED TWICE, AND PARTLY ACHIEVED TWICE SINCE THE 2017/2018 FINANCIAL YEAR.

PROGRAMME 5: Grow a Centre of Excellence

Bursars are students from designated groups and can be undergraduate or postgraduate students who comply with the criteria set out in Interfront's Bursary Policy, with the focus on scarce and – critical skills within the IT sector and Interfront. Graduates are persons who have successfully completed a course of study or training that allows Interfront to develop and mould them to become Interfront-specific employees who meet the criteria set out in Interfront's Graduate Recruitment and Development Programme.



THE ANNUAL PERFORMANCE PLAN TARGET HAS BEEN ACHIEVED CONSISTENTLY SINCE THE 2017/2018 FINANCIAL YEAR.



The Interfront Board approved the publication of Interfront performance results as set out below via round robin on 28 July 2023.

PROGRAMME 1 Quality and Innovative Software Development and Support

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2020/2021	AUDITED ACTUAL ACHIEVEMENT 2021/2022	PLANNED TARGET 2022/2023
The Customs Modernisation Programme (CMP) delivered in accordance with specified timelines determined by SARS, which stretch over a number of years. Meet the timelines set by SARS	Develop and enhance iCBS channels to support the SARS CMP: Project Releases to SARS as per SARS Business Plan	Signed Work Orders	ACHIEVED Quarterly RLA releases were delivered to SARS, carbon tax, Africa Free Trade Agreement	ACHIEVED RLA 2C Package 1	DPS Upgrade (W0114)
				RLA 2C Package 2	Refunds and Drawbacks (W0124) first upload
				RLA 2C Package 3	TMS Upgrade (W0117)
				RLA 2D (ECP737)	SARS Trader Taxpayer Rep Solution (W0120)
				Export on Scrap Metal (W0113)	TMS Upgrade commenced in Q1
				RCG Part Clearances (W0110)	Data Migration Tier 1 (W0180)
				DPS Upgrade Phase 1	Single Window (OGA) – first upload
				TMS Design (W0104)	TMS Upgrade (W0117)
				TMS Upgrade Implementation – Phase 1	
				Production ECPs Production ECPs (880 Race Condition; 897 Uniqueness of Transport Document Number [TDN and MTDN]; 898 Restriction on Ports; 899 ePenalty Late Declarations; 900 RLA – Add last updated time stamp; AFT Electronic Application; ePenalty for Exports; DB2 upgrade to v11.5)	
				Advance Import Payment (AIP)	
				Refunds and Drawbacks	
				Number Plate Recognition (NPR)	
				Elasticsearch	
				Function Point Measurement	
				Supply and Configuration of Software Deployment Tool	



PART B



ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATION
<p>DPS Upgrade (W0114): release 7.0.7 uploaded to SARS on 14 June 2022. DPS release 7.0.21.1 uploaded to SARS on 4 November 2022</p> <p>Refunds and Drawbacks (W0124): release 7.1.0 uploaded to SARS on 23 June 2022</p> <p>TMS Upgrade (W0117): presented the second demo to SARS for upgrade progress on 19 May 2022</p> <p>SARS Trader Taxpayer Rep Solutions (W0120): RLA release 6.7.0 uploaded to SARS on 24 August 2022</p> <p>TMS Upgrade (W0117): TMS release 7.1.4.3 uploaded to SARS on 31 August 2022</p> <p>Completed and in SARS production</p> <p>Single Window (OGA) RLA Release 6.10.0: uploaded to SARS for integration on 26 January 2023 DPS Release 7.2.0: uploaded to SARS for integration on 27 January 2023</p>	ACHIEVED	
	TMS is currently in a re-planning phase	TMS originally planned go-live date was 24 February 2023. TMS is removed from SARS QA and their production schedule
Additional work performed that is not specified on the Annual Performance Plan (APP):		
Adobe Forms (W0127) – phase 1	Code for 75 forms uploaded to SARS GIT on 6 May 2022	Additional work requested by SARS
Adobe Forms (W0127) – phase 2	Code for 30 forms uploaded to SARS GIT on 30 June 2022	Additional work requested by SARS
Adobe Forms printing POC – phase 3 (W0167)	Delivered to SARS on 2 December 2022	Additional work requested by SARS
Single Window (OGA) Single Window OGA FRS v14	Delivered to SARS on 6 December 2022	Additional work requested by SARS
Authorised Economic Operator (AEO)	AEO FRS was completed and ready for delivery to SARS on 12 December 2022. SARS did not take delivery of the FRS	Additional work requested by SARS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2020/2021	AUDITED ACTUAL ACHIEVEMENT 2021/2022	PLANNED TARGET 2022/2023
The development and enhancement of SARS eFiling and MobiApp platforms need to be delivered in accordance with specific timelines determined by SARS and stretching over a number of years. Meet the timelines set by SARS	Develop and enhance SARS eFiling and MobiApp platforms: Project Releases to SARS as per SARS Business Plan	Signed Work Orders	N/A new measure from the 2022/2023 financial year	N/A new measure from the 2022/2023 financial year	2022 Filing Season
					Trust Filing Season
					PAYE Upgrades
					Refunds and Drawbacks
					SARS Trader Taxpayer Rep Solution
					Corporate Tax (CIT)
					Tax Status
					Infrastructure Upgrade
					TCS
					2023 Filing Season



PART B

ACTUAL ACHIEVEMENT 2022/2023		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATION
Commenced in Q1: 2022 Filing Season Functionality deployed to production on 24 June 2022. July milestone – last milestone delivered to SARS on 29 July 2022. December Release: Delivered to SARS on 19 September 2022 for QA testing	ACHIEVED		
Trust Filing Season Functionality deployed to production on 24 June 2024			
PAYE Upgrades Delivered to SARS on 9 September 2022			
Refunds and Drawbacks Delivered to SARS on 31 August 2022 for QA testing			
SARS Trader Taxpayer Rep Solution Specification delivered to SARS and deployed to QA testing on 19 September 2022 for testing			
Corporate Tax (CIT) – IT14SD Delivered to SARS on 9 September 2022			
Tax Status (Enhancements) Delivered to SARS on 9 September 2022			
Hardware & Software Upgrade (W0171) Delivered to SARS on 21 November 2022 for QA testing			
Hardware & Software Upgrade (W0171) Delivered to SARS in production: Database components – 10 February 2023. Web components – week starting 13 February 2023. Application server components – 3 March 2023			
Tax status (Spec) Delivered for signoff in January 2023			
2023 Filing Season (Spec) Delivered for signoff in March 2023			
ADDITIONAL WORK PERFORMED THAT IS NOT SPECIFIED IN THE APP:			
Tax Directive Phase 4			
Third-Party Data View			
Debt Management Final Demand Letter			
PAYE Admin Penalties			
PIT Admin Penalties Move to ITS	Delivered to SARS on 9 September 2022		
Live Chat MVP	Delivered to SARS on 26 September 2022 for QA testing		
Live Chat 2 (MVP) (W0159)	Deployed to production on 18 November 2022		
SA Traveller Management System (W0183)	Deployed to production on 9 December 2022		
SARS Trader Taxpayer Rep Solution (W0141)			
PIT Filing Season 2022 (W0133-3)			
Tax Directives 2022 (W0151-1)			
Bank Detail Verification Change Request (W0169)			

PERFORMANCE INDICATOR: Provide Effective Software Support Services to SARS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022
Provide effective software support services to SARS on the customs platform	Annually meet SARS service levels as per the Support Agreement	Monthly Service Level Agreement (SLA) Reports	ACHIEVED SLA Reports show that service levels are met	ACHIEVED SLA Reports show that service levels are met
Provide effective software support services to SARS on the eFiling and MobiApp platforms	Annually meet SARS service levels as per the Support Agreement	Monthly SLA Reports	N/A New measure as from the 2022/2023 financial year	

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022
Provide effective software support services for ADA	Deliver fixes and enhancements releases: IETA (2 releases) ICS (2 releases). Deliver KELs solutions before EU required dates	Delivery Reports	ACHIEVED Delivery of fixes and enhancements releases: IETA (2 releases) ICS (2 releases)	ACHIEVED Delivery of fixes and enhancements releases: IETA (2 releases) ICS (2 releases). No KELs released by the EU during this period

The delivery of fixes and enhancement releases are contained in the Delivery reports listed below:

IETA v2.1.67 released to ADA on 02 June 2022

IETA v2.1.69 released to ADA on 16 August 2022

IETA v2.1.71 (Configuration additions) released to ADA on 28 November 2022

IETA 2.1.73 released to ADA on 30 March 2023

PROGRAMME 2 Establish a Broader Customer Base

OUTCOME	OUTPUT	OUTPUT INDICATOR
Expand the footprint and services of Interfront within SARS to assist in realising SARS Vision 2024. Explore other opportunities, using SARS as a strategic reference	Position the Interfront brand as a key solutions provider in customs and border management, as well as taxation within SARS, and solidify the relationship with our customer. Tender for services in other government departments, using SARS as a strategic reference	Quarterly Engagement Reports

PROGRAMME 3 Demonstrate Effective Resource Stewardship

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022
Establish and support effective governance	Achieve clean Audit Report	Report from the AGSA	ACHIEVED Unqualified and clean Audit Opinion for the 2019/2020 financial year	ACHIEVED Unqualified and clean Audit Opinion for the 2020/2021 financial year

Refer to **Part E: Financial Information**



PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL	REASON FOR DEVIATION
Meet service levels	SLA Reports showing that service levels have been met	ACHIEVED	N/A
Meet service levels	Not Achieved	NOT ACHIEVED	As part of the change management process, Interfront is aligning the process on how it measures support on customs with that of the eFiling team. Interfront finalised reports on all incidents that were logged on eFiling in order to calculate how long the resolve time was to establish a baseline for managing support

PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL	REASON FOR DEVIATION
Delivery of fixes and enhancement releases: ADA release per quarter Deliver KELs solutions before the EU required dates.	Delivery of fixes and enhancement releases: ADA release per quarter / Delivery Reports Deliver KELs solutions before the EU required dates.	ACHIEVED	N/A

AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL	REASON FOR DEVIATION
N/A New measure as from the 2022/2023 financial year	Quarterly Engagement Reports	Quarterly Engagement, as tracked in the Sales Pipeline	ACHIEVED	N/A	N/A

PLANNED TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATION
Clean Audit Report for the 2021/2022 financial year	Clean Audit Opinion for the 2021/2022 financial year	ACHIEVED	N/A

PROGRAMME 4 Grow and Maintain a Software Development Centre of Excellence

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021
Maintain and develop a skilled, diverse and engaged workforce	Expand/maintain the staff complement, successful appointment and on-boarding.	Successful appointment and on-boarding. Record of appointments and resignations as provided and verified by Interfront's Human Resources Department	PARTLY ACHIEVED 104

Refer to **Part D: Human Capital Management**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021
Retain management team and staff	Achieve desired percentage of staff turnover	Record of staff turnover as provided and verified by Interfront Human Resources Department	ACHIEVED 10.14%
Maintain and grow a Centre of Excellence	Successfully appoint graduates and/or bursars as agreed in the APP	Contracts concluded	ACHIEVED 5 graduates

Refer to **Part D: Human Capital Management**

10 Linking Performance with Budgets

	OBJECTIVE	SARS	LUXEMBOURG	OTHER
2020/2021	BUDGET EXPENDITURE	93 043 478	13 142 780	New income stream from the 2022/2023 financial year
	ACTUAL EXPENDITURE	89 440 754	15 922 752	
	OVER/UNDER- EXPENDITURE	(3 602 724)	2 779 972	
2021/2022	BUDGET EXPENDITURE	96 166 040	14 949 853	New income stream from the 2022/2023 financial year
	ACTUAL EXPENDITURE	93 122 391	15 283 557	
	OVER/UNDER- EXPENDITURE	(3 043 649)	333 704	
2022/2023	BUDGET EXPENDITURE	141 589 361	16 748 633	8 650 000
	ACTUAL EXPENDITURE	152 237 645	15 897 998	3 654 842
	OVER/UNDER- EXPENDITURE	10 648 284	(850 635)	(4 995 158)



PART B

AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATION
PARTLY ACHIEVED 102	Staff complement maintained 150	155 ACHIEVED	–	–

AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATION
ACHIEVED 17.48%	Less than 14%	14.12% NOT ACHIEVED	0.12%	–
ACHIEVED 5 graduates	5 graduates 2 bursars	8 graduates 3 bursars ACHIEVED	N/A	N/A



PART C



GOVERNANCE

- 01 Introduction
- 02 Portfolio Committees
- 03 Executive Authority
- 04 Interfront Board
- 05 Board Committees
- 06 Remuneration of Board Members
- 07 RiskManagement
- 08 InternalControl Unit
- 09 Ethics
- 10 Health, Safety and Environmental Issues
- 11 Company Secretary
- 12 Social Responsibility
- 13 Audit and Risk Committee Report
- 14 B-BBEE Compliance Performance Information

01 Introduction

Corporate governance embodies the processes and systems by which Interfront is directed, controlled and held to account. In addition to legislative requirements based on the Companies Act, Interfront applies corporate governance through the precepts of the Public Finance Management Act (PFMA), in tandem with the principles contained in the King IV Report on Corporate Governance (King IV Report).

Parliament, the Executive Authority and the Board of Interfront are responsible for corporate governance.

02 Portfolio Committees

Parliament exercises its role by evaluating the performance of public entities through the interrogation of their annual financial statements and other relevant documents that have to be tabled, as well as any other documents tabled from time to time.

The Standing Committee on Public Accounts (SCOPA) reviews the annual financial statements and the audit reports of the external auditor.

The Portfolio Committee exercises oversight over the service delivery performance of public entities. It does so by reviewing the non-financial information contained in the annual reports of public entities and is concerned with service delivery and enhancing economic growth.

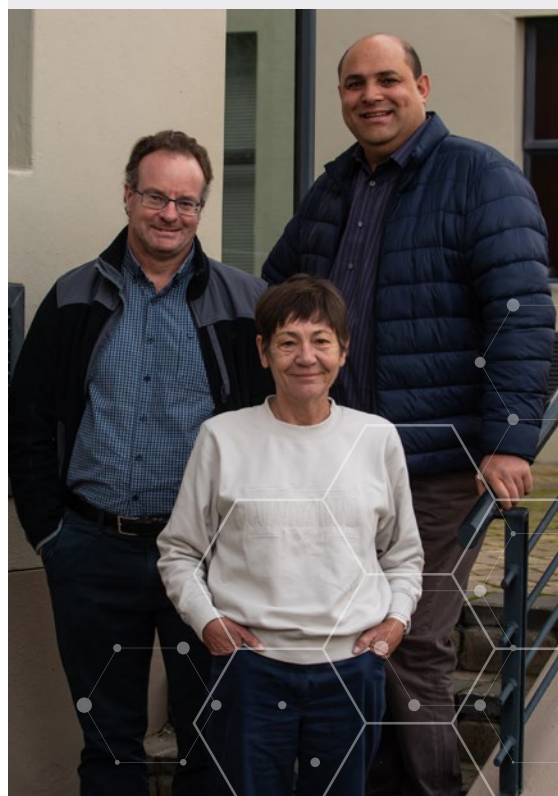
As a wholly owned subsidiary of SARS, Interfront's strategic planning, budgeting, risk and reporting are incorporated into those of SARS and form part of the public accountability processes of SARS.

03 Executive Authority

Oversight by the Executive Authority rests on the prescripts of the PFMA. The PFMA governs and gives authority to the Executive Authority for oversight powers.

The Executive Authority also has the power to appoint and dismiss the Board and must ensure that the appropriate mix of executive and non-executive directors are appointed and that directors have the necessary skills to guide Interfront.

The Minister of Finance appointed the Interfront Board at incorporation. Subsequent renewals and replacements of Board members have been approved by the Commissioner of SARS in the capacity of Shareholder, in terms of section 68(1) of the Companies Act and Interfront's Memorandum of Incorporation (MOI).



PART

C

04

Interfront Board

Introduction

The Board of Directors is Interfront's accounting authority. The Interfront Board constitutes a fundamental base for the application of corporate governance principles in Interfront. As a public entity, Interfront is headed and controlled by an effective and efficient Board, comprising the appropriate mix of executive and non-executive directors representing the necessary skills to guide Interfront strategically. The majority of the members are non-executive directors to ensure independence and objectivity in decision-making. The Interfront Board has absolute responsibility for the performance of Interfront and is fully accountable to Interfront for such performance. The Board also gives strategic direction to Interfront.

Role of the Board

The role of the Board includes, but is not limited to:

- Being responsible for the performance of Interfront.
- Retaining full and effective control over Interfront.
- Ensuring that Interfront complies with all applicable laws, regulations and policies.
- Formulating, approving, monitoring and reviewing Interfront's strategy, major plans of action and risk policy, as well as the annual budgets and the Annual Performance Plan.
- Ensuring that the performance objectives of the Shareholder are achieved.
- Managing potential conflicts of interest.
- Ensuring that financial records are maintained and that financial statements are prepared and free of material errors or omissions.
- Appraising the performance of the Chairperson.
- Maintaining the integrity, responsibility and accountability of Interfront.
- Collectively and individually cultivating and exhibiting the characteristics of integrity, competence, responsibility, accountability, fairness and transparency.

Terms of Reference

As recommended by the King IV Report, the Interfront Board adopted a Terms of Reference, which sets out its responsibility.

The Terms of Reference provide for, *inter alia*, approval by the Board for the strategic plan, monitoring performance, and monitoring policies and processes to ensure the integrity of Interfront's risk management and internal controls.

The Board is additionally responsible for setting the direction for good corporate citizenship, including compliance with laws, standards, policies and procedures in congruence with Interfront's purpose, strategy and conduct.

The Board Terms of Reference were reviewed, updated and approved together with the Board Work Plan for the 2022/2023 financial year at its meeting held on 9 June 2022.



Board Composition

During the greater part of the financial year under review the composition of the Board comprised seven directors, including an independent, non-executive Chairperson, an independent, non-executive member, three non-executive directors and two executive directors. The three non-executive directors who served on the Board were employees of the Shareholder and were considered nominee directors. However, in the discharge of their responsibilities and in determining the course of action that best served the company's interest, the directors were obligated to exercise *bona fide* independence and unfettered discretion. In other words, the affairs of Interfront had to be considered in an unbiased and objective manner by the directors. The duty to exercise independent judgement is particularly important for nominee directors.

The independent, non-executive Chairperson and the two executive directors have been the longest-serving members of the accounting authority and have completed eleven years in their respective positions at the time of reporting.

Principle 29 of the King IV Report provides that a non-executive member of the governing body may continue to serve, in an independent capacity, for longer than nine years if certain conditions are met. These are that after assessment by the governing body concluded every year from year nine, it is found that the member exercised objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence them unduly or cause bias in their decision-making. An assessment was conducted and it was found that Mr Mustaq Enus-Brey has no interest, position, association or relationship with Interfront or any of its associates or staff that is likely to influence him unduly or cause bias.

Currently, the Interfront Financial Director is also filling the role of Acting Managing Director. The Delegation of Authority was thus amended, allowing the Financial Director to retain her responsibilities and position as Financial Director while ensuring the effective segregation of duties.

The roles of the Chairperson and Managing Director are separate. The Board Chairperson is a member of the Remuneration, Social and Ethics Committee, but not a member of the SARS/Interfront Audit and Risk Committee.

Mr Erick Smith was appointed as a non-executive director by the Shareholder on 14 June 2022. Regrettably, Mr Van Graan, the independent, non-executive director, tendered his resignation in February 2023 and was replaced by a new independent non-executive director, Mr Gustav Vermaas, in June 2023.

In exercising its powers and setting direction, the Board, as the accounting authority, must ensure that company activities are conducted in a manner that minimises any divergence of interests between Interfront and its Shareholder and that Interfront is managed in the best interests of its Shareholder and other stakeholders.



MR GUSTAV VERMAAS

Interfront Board Members Serving During the 2022/2023 Financial Year



MUSTAQ AHMED ENUS-BREY

**NON-EXECUTIVE,
INDEPENDENT CHAIRPERSON**

Date Appointed:

18 October 2011

Date Resigned:

Active

Qualifications:

Chartered Accountant

Area of Expertise:

Finance,
Governance,
Management

Board Directorships:

See Annexure F

Other Committees:

Remuneration,
Social and
Ethics Committee

No. of Meetings Attended:

4/4



STEWART WILLIAM VAN GRAAN

**NON-EXECUTIVE,
INDEPENDENT DIRECTOR**

Date Appointed:

23 September 2021

Date Resigned:

24 February 2023

Qualifications:

BCom (Hons) in Systems and Technology,
Programme for Management Development

Area of Expertise:

Governance, Systems and Technology,
Management

Board Directorships:

Old Mutual Ltd
Allied Electronics Corporation Ltd (Altron)

Other Committees:

Chairperson: Remuneration, Social and
Ethics Committee

No. of Meetings Attended:

3/4



HERMAN SMITH

**NON-EXECUTIVE
DIRECTOR**

Date Appointed:

10 October 2019

Date Resigned:

Active

Qualifications:

Postgraduate Diploma in Management
Practice (PG Dip) NQF level 8

Area of Expertise:

Governance,
Management,
Programme Management,
Business Effectiveness, IT

Board Directorships:

N/A

Other Committees:

N/A

No. of Meetings Attended:

4/4



VONANI CALPHORNIA NTLHABYANE

NON-EXECUTIVE DIRECTOR

Date Appointed:

10 October 2019

Date Resigned:

Active

Qualifications:

BCom (Hons)

Area of Expertise:

Governance, Management, IT,
Supply Chain Management

Board Directorships:

N/A

Other Committees:

Remuneration, Social and Ethics
Committee

No. of Meetings Attended:

2/4



ERICK SMITH

NON-EXECUTIVE DIRECTOR

Date Appointed:

14 June 2022

Date Resigned:

Active

Qualifications:

BProc LLB

Area of Expertise:

Legal

Board Directorships:

N/A

Other Committees:

N/A

No. of Meetings Attended:

4/4

**YOLANDE VAN DER MERWE****NON-EXECUTIVE DIRECTOR****Date Appointed:**

28 September 2018

Date Resigned:

10 June 2022

Qualifications:

Chartered Accountant

Area of Expertise:Finance, Governance,
Management, Procurement**Board Directorships:**

N/A

Other Committees:Remuneration, Social and Ethics
Committee**No. of Meetings Attended:**

1/4

**BEYERS THERON****NON-EXECUTIVE
DIRECTOR****Date Appointed:**

28 September 2018

Date Resigned:

10 June 2022

Qualifications:

N/A

Area of Expertise:Finance, Governance,
Management**Board Directorships:**

N/A

Other Committees:

N/A

No. of Meetings Attended:

0/4

**LEILANIE LOUISE JANSE VAN RENSBURG****ACTING MANAGING DIRECTOR
AND FINANCIAL DIRECTOR****Date Appointed:**

1 October 2011

Date Resigned:

Active

Qualifications:

Chartered Accountant

Area of Expertise:Governance, Finance,
Management, Procurement**Board Directorships:**Child at Heart NGO
Harbour Island Master
Homeowners Association**Other Committees:**Permanent Invitee to:
Remuneration, Social and Ethics Committee;
SARS/Interfront Audit and Risk Committee**No. of Meetings Attended:**

4/4

**JOHN MCLAREN ROBERTSON****OPERATIONS
DIRECTOR****Date Appointed:**

1 September 2011

Date Resigned:

Active

Qualifications:Advanced Business Process Management
(Adv BPM)**Area of Expertise:**Governance,
Management, IT,
System Integration**Board Directorships:**

N/A

Other Committees:Permanent Invitee to: Remuneration,
Social and Ethics Committee;
SARS/Interfront Audit and Risk Committee**No. of Meetings Attended:**

4/4

05

Board Committees

The Terms of Reference for the Board committees are reviewed and approved by the Interfront Board, except for the joint SARS/Interfront Audit and Risk Committee. The latter's Terms of Reference are approved by the Shareholder. Where relevant, the Terms of Reference address the committee's purpose and responsibilities, number of meetings, composition, attendance at meetings by permanent invitees or ad-hoc members, voting rights and other related matters.

Audit and Risk Committee

None of the members of the Audit and Risk Committee are executive directors of Interfront, and therefore they are independent. The Audit and Risk Committee members have the necessary financial literacy, skills and experience to discharge their duties effectively and efficiently. The Internal Audit attends all committee meetings and the Auditor-General of South Africa (AGSA) is invited to all meetings, and they present their reports to the committee on completion of the audit.

Interfront's financial statements are reviewed by the Audit and Risk Committee. Thereafter, the statements are recommended for Board approval. The Interfront Risk Register and a report on progress regarding mitigating actions are likewise tabled at committee meetings.

The committee reports annually on the effectiveness of internal control and other matters as per its mandate, and its report can be found on page 56 of this Annual Report.

Remuneration, Social and Ethics Committee

The Terms of Reference for the Remuneration, Social and Ethics Committee require that no fewer than three members be appointed and that the committee should have at least two meetings in each financial year.

The revised Terms of Reference of the Remuneration, Social and Ethics Committee were approved by the Interfront Board at its meeting held on 7 November 2022.

Previously the Committee comprised: Ms Yolandé van der Merwe as Chairperson, and Ms Vonani Calphornia Ntlhabyane and Mr Mustaq Enus-Brey as members. The executive directors and the Executive: Talent are permanent invitees.

After the resignation of Ms Yolandé van der Merwe as non-executive director, Mr Stewart van Graan was appointed as the Chairperson of the Remuneration, Social and Ethics Committee in September 2022. Mr Van Graan's resignation as independent, non-executive director in



February 2023 has left the position of Chairperson of the Committee vacant. The Board will take ownership of the responsibilities of the committee and will reconstitute the Remuneration, Social and Ethics Committee when Mr Van Graan is replaced.

Interfront Executive Committee (EXCO)

During the period under assessment, the Interfront Executive Committee underwent an expansion to incorporate the highest-ranking individuals of the transferred team responsible for the eFiling and MobiApp solutions. This strategic addition aimed to ensure the inclusion of the indispensable expertise pertaining to these critical services, now under the stewardship of Interfront, within the executive team. Consequently, the executive team expanded to seven members by adding the roles of Executive: Tax Solutions and Executive: Business Development and Innovation. For the 2022/2023 financial year, the Interfront EXCO therefore comprises the Operations Director, the Financial/Acting Managing Director, the Executive: Talent, the Executive: Relationship Manager, the Company Secretary and Manager: Corporate Services, the Executive: Business Development and Innovation and the Executive: Tax Solutions.

The Terms of Reference for EXCO were reviewed and approved by the Interfront Board at its meeting on 9 June 2022.

The Terms of Reference provide that EXCO meet monthly and that it be responsible for the implementation of Interfront's strategy and Annual Performance Plan and for making key business decisions, as well as for day-to-day management.

EXCO draws up company-wide policies and procedures, reviews the financial viability of the entity, and deals with operational matters that require its attention.

EXCO Meeting Attendance

NAMES	TITLE	NUMBER OF MEETING ATTENDED
LEILANIE JANSE VAN RENSBURG	Financial/Acting Managing Director	12/12
JOHN ROBERTSON	Operations Director	12/12
SAMUEL MTSWENI	Executive: Relationship Manager	11/12
NOMBULELO MOHOTO	Executive: Talent	12/12
MADELEIN PEPPERELL	Company Secretary and Manager: Corporate Services	12/12
WARREN BARRATT	Executive: Business Development and Innovation	12/12
DANIE DE KOCK	Executive: Tax Solutions	12/12

06 Remuneration of Board Members

National Treasury regulates the remuneration level for Interfront's independent, non-executive Board and committee members and approval is granted by the Minister of Finance.

Mr Mustaq Enus-Brey, an independent, non-executive director, Chairperson of the Interfront Board, and member of the Remuneration, Social and Ethics Committee, is remunerated as Chairperson and as a member of a Board subcommittee.

NAME	MEMBER'S FEES	COMMITTEE FEES	TOTAL
MUSTAQ ENUS-BREY	17 498	1 010	18 508
STEWART VAN GRAAN (resigned February 2023)	11 796	752	12 584

The remuneration paid to the Executive Directors is set out in [Part E: Financial Information](#).

No fees or remuneration is payable by Interfront to the non-executive directors who are also employees of the Shareholder.

07 Risk Management

Interfront's Risk Management Policy was adopted in 2018 and will be reviewed to accommodate the addition of the Tax team and the associated business risks. Interfront has a Risk Management Forum comprising EXCO and senior members of the Interfront management team. The Committee meets regularly and before each new financial year to review the Risk Register for inclusion in the Annual Performance Plan.

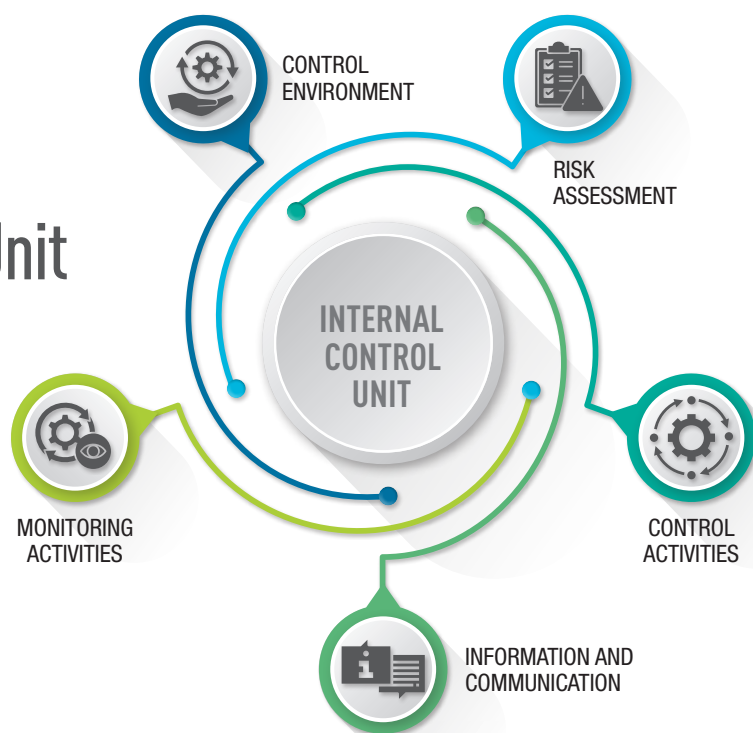
On 1 March 2023, Interfront's Executive Committee and senior members of staff attended an Enterprise Risk Management Training programme.

The Risk Register is presented to the Interfront Board at least twice every financial year and on occasions when a new, emerging risk has been identified. The Risk Register is also presented to the Interfront/SARS Audit and Risk Committee quarterly for the members' input and review.



08 Internal Control Unit

Interfront does not have a standalone internal control unit. However, Interfront subscribes to five interrelated components that are essential for managing the activities of internal control. Each of these is discussed in this section.



Five Interrelated Components of Internal Control

CONTROL ENVIRONMENT entails the practice of ethical values by employees, and employees' commitment to competence and their own development.

Interfront endeavours to maintain a robust control environment through the recruitment of competent and qualified personnel who are dedicated to upholding Interfront's ethical values. Our Code of Ethics serves as the guiding principle for our conduct, and our staff members are unwavering in their commitment to ethical behaviour, integrity and accountability. The leadership team has fostered a culture that emphasises the significance of adhering to policies and procedures, complying with regulations and effectively managing risks, as is evident in the twelfth consecutive unqualified audit report on the Annual Financial Statements that Interfront received in the previous financial year, with eleven years of clean audit opinions.

Moreover, our Personal Development Process offers both staff and management the prospect of embracing personal growth and pursuing continuous improvement and development.

RISK ASSESSMENT is the process whereby internal and external risks posed to Interfront are detected, evaluated and mitigated. This assists the management team in establishing and understanding which risks are likely to occur, as well as how the risks arising will be managed to ensure that Interfront achieves its strategic outcome-orientated goals.

Risks are assessed by the Interfront Risk Management Forum and are reviewed by EXCO and the SARS/Interfront Audit and Risk Committee, as well as the Interfront Board.

CONTROL ACTIVITIES are an essential part of providing a structured approach to ensuring operational integrity, managing risks, complying with regulations, protecting assets, maintaining financial accuracy, preventing fraud,

optimising efficiency and promoting business continuity. Policies and procedures are created to ensure that directives are known, understood and diligently adhered to. This includes, *inter alia*, approval authorisation, verification, reconciliation, performance appraisals, the security of assets and the segregation of duties.

Control activities are primarily managed through the Interfront Delegation of Authority and approved policies and procedures adopted and implemented in Interfront. Interfront's performance is reviewed every quarter against its annual targets, as set out in its Annual Performance Plan. The Financial Statements, Cash Flow Projection and Budgeted Expenditure vs. Actual Expenditure reports are submitted for review at every Board meeting. Policies and procedures have been developed and adopted to ensure sufficient controls to safeguard Interfront's assets and regulate their movement and control.

INFORMATION AND COMMUNICATION strengthen internal controls and are important for day-to-day functioning. Management and employees must have access to relevant, complete, reliable, correct and timely information to make informed decisions. It is important that communication flows both top-down and bottom-up.

EXCO meets with line managers monthly to discuss matters and concerns within their teams and company-wide risks, as well as matters that require management attention

MONITORING ACTIVITIES entail ensuring that internal controls are understood and adhered to.

The Delegation of Authority is continuously reviewed and updated to ensure and maintain the segregation of duties. Policies are reviewed and aligned according to changes in circumstances and Internal Audit reviews, and the AGSA conducts annual audits.



PART

C

Internal Audit

Interfront contracts the services of the SARS Internal Audit unit. The assurance services provided by Internal Audit entail an objective examination of evidence to provide an independent assessment of governance, risk management and the control environment at Interfront. Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of Interfront's system of internal control and the quality of performance in carrying out assigned responsibilities. The Internal Audit unit of SARS reviews Interfront's controls and provides an opinion on their adequacy and/or effectiveness.

Audit and Risk Committee

Interfront's financial statements, control environment and risk management processes are reviewed and monitored by the Audit and Risk Committee.

The Report of the SARS/Interfront Audit and Risk Committee can be found in section 13 below.

Audit and Risk Committee Members Serving During the 2022/2023 Financial Year

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
MS DORIS DONDUR	DESIGNATIONS: Chartered Accountant (SA) Chartered Director (SA) QUALIFICATIONS: BAcc (Stellenbosch University) BCompt (Hons) (Unisa) Global International Executive Development Programme (University of the Witwatersrand and London Business School) International Executive Development Programme (University of Reno) BAdmin (Hons) (Stellenbosch Business School) MBA (Stellenbosch Business School) Postgraduate Certificate in Labour Relations (Unisa) (Cum Laude)	External	2 August 2018	Active	5/6
MR THABISO RAMASIKE	DESIGNATION: CAIB (SA) – (Institute of Bankers of SA) QUALIFICATIONS: BCom (University of Johannesburg) Senior Executive Development Programme (GIBS) Global International Executive Development Programme (University of Toronto and York University, Canada)	External	14 July 2016	Active	6/6
MR BAREND PETERSEN	DESIGNATION: Chartered Accountant (SA) QUALIFICATIONS: BCompt (Hons) (Unisa)	External	20 September 2021	Active	5/6
MS CARMEN CARY-ANNE MPPELWANE	DESIGNATION: Chartered Accountant (SA) CFA Charter-Holder QUALIFICATIONS: Postgraduate Diploma in Accounting (University of Cape Town) Bachelor of Business Science (Finance Hons) (University of Cape Town)	External	24 February 2022	Active	6/6

09 Ethics

Compliance with Laws and Regulations

Ensuring adherence to relevant laws and regulations, including but not limited to the Companies Act, PFMA, Treasury Regulations, procurement guidelines and instructions, and King Reports, is of the utmost significance and subject to regular evaluation.

Fraud and Corruption

Interfront has a Fraud Prevention Policy in place, in conjunction with the Fraud Prevention Strategy. These provide for, *inter alia*, the detection and investigation of corruption, maladministration and fraud. An independent service provider was appointed to set up a dedicated email address and telephone number for any whistle-blowing activities relating to Interfront. The email address and telephone number are monitored by the service provider in order to assure whistle-blowers of the protection of anonymity. The service provider reports to Interfront monthly on information received, if any. To date, no incidents have been reported.

Conflicts of Interest

All Interfront employees are required to declare annually any private outside interest which may interfere with or have the potential to interfere with their ability to discharge their duties honestly and openly. The employees' declarations extend to the interests of their partners, spouses and dependent children and are reviewed to determine if a possible conflict exists. In such an instance, the conflict is reported to EXCO and the employee is engaged to explain the circumstances and to determine any corrective action.



PART

C

10

Health, Safety and Environmental Issues

Interfront's non-executive directors are required to submit a Declaration of Private Interest document at the time of their appointment and at least annually thereafter. Conflicts of interest, if any, are also declared at all Board meetings.

Codes of Conduct

The Interfront Code of Ethics and Conduct expresses the set of values and behaviours expected of Interfront employees to ensure that they conduct themselves appropriately and ethically. No incidents breaching the provisions of the Code were reported during the year under review.

A Supplier Code of Conduct was adopted, and all suppliers are required to sign and agree to that Code when they submit proposals to do business with Interfront. The code provides that the service provider should comply with applicable laws and regulations, including anti-bribery and corruption measures, human rights and labour standards, and health and safety regulations. In terms of the Supplier Code of Conduct, Interfront reserves the right to demand that corrective measures be taken should the service provider not comply. Alternatively, if the transgression is of such a nature that corrective action cannot remedy the situation, Interfront may terminate the contract or take other steps deemed necessary.

The Health and Safety Committee was established to ensure that Interfront complies with its moral and legal obligations to safeguard and protect its employees and visitors against injury, disease and risks to health and safety within Interfront.

Quarterly inspection reports are submitted to the Company Secretary/Manager: Corporate Services as the section 16(2) appointee in terms of the Occupational Health and Safety Act, No. 85 of 1993, as amended.

Redundant IT hardware is recycled through a certified third party, supported by documented proof.

The COVID-19 pandemic resulted in a rapid automation of systems and processes, which led to a significant reduction in Interfront's use of paper for documentation. A service provider has been appointed to assist with the collection, shredding and disposing of company documents as required.



11 Company Secretary

The role and responsibilities of the Company Secretary include, but are not limited to, the following:

- Making directors aware of all laws and regulations relevant to Interfront.
- Scheduling Board and committee meetings.
- Ensuring that the directors and management operate within an authority framework approved by the Board.
- Taking responsibility for the preparation of all or parts of the Annual Report and ensuring that statutory deadlines are met.
- Acting in good faith, avoiding any conflicts of interest, and ensuring that appropriate guidance is provided to the Board in all matters relating thereto.
- Ensuring compliance with all the statutory provisions of the Companies Act, *inter alia*, and lodging the Annual Return as prescribed.
- Ensuring compliance with the MOI.

Declaration by the Company Secretary

I, the undersigned, Madelein Pepperell, in my capacity as Company Secretary, certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of the company in terms of the Companies Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

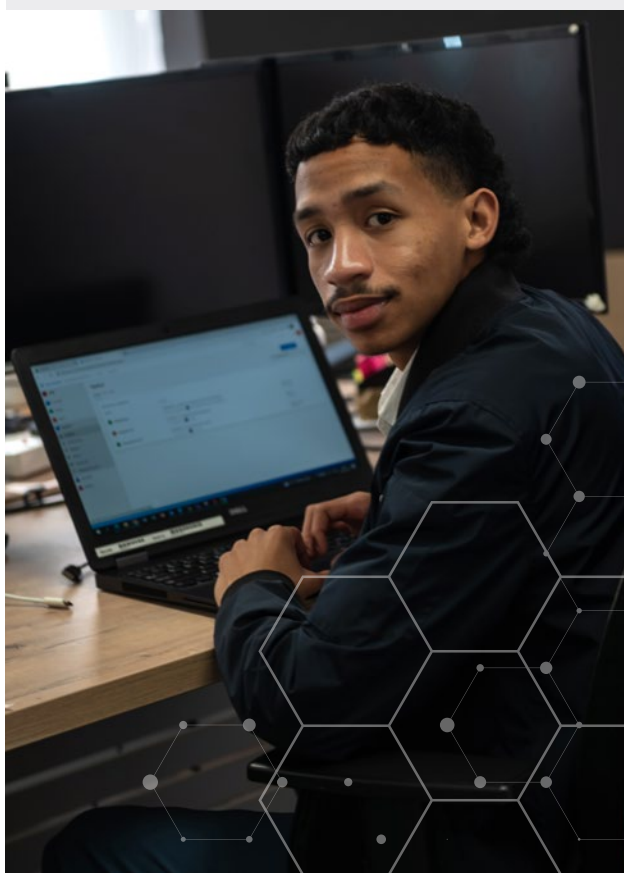


M. PEPPERELL
Company Secretary
31 July 2023

12 Social Responsibility

Interfront commenced its Bursary and Graduate Internship Programme during the 2013/2014 financial year. The purpose of the Bursary Programme is to promote diversity in Interfront and the wider IT sector. Bursaries are provided for both undergraduate and postgraduate students from designated groups. Interfront continued its support of its current bursars for the 2022/2023 financial year and an amount of R177 050 was spent towards this.

Interfront has an established Graduate Internship Programme to develop the youth of South Africa, as part of Interfront's social responsibility. The aim is to appoint young inexperienced IT graduates and provide training to retain them after their Graduate Internship Programme has been completed. Eight graduate interns joined the programme during the 2022/2023 financial year, and more detail can be found in **Part D: Human Capital Management**.



PART

C

The Audit and Risk Committee (the Committee) is established as an independent statutory committee in terms of section 51 (1) (a) of the Public Finance Management Act (PFMA), Treasury Regulation 27.1 as well as section 94 of the Companies Act, Act No 71 of 2008 (Companies Act). The Committee functions within an approved terms of reference and complies with the relevant legislation, regulations, and governance codes.

The Committee submits this report for the financial year as required by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of section 51 (1)(a)(ii) and 76(4)(d) of the PFMA as well as section 94 (7) (f) of the Companies Act.

Audit and Risk Committee Membership

The Committee consists of four Independent Members and is chaired by Ms Doris Dondur.

The Committee held six ordinary meetings for the financial year ended 31 March 2023 as required as per its approved Terms of Reference.

Audit and Risk Committee Responsibility

The Committee is satisfied that it has complied with its responsibilities as outlined in Section 51(1)(a)(ii) of the PFMA, Treasury Regulation 27.1.7 and section 94 (7) of the Companies Act. The Committee also reports that it has adopted and reviewed formal Terms of Reference as its Audit and Risk Committee Charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Controls

The PFMA requires the Accounting Authority to ensure that the organisation has and maintains effective, efficient, and transparent systems of financial, risk management and internal controls. The Committee reviews the effectiveness of internal controls and oversees risk management. The reviews on the effectiveness of the internal controls were conducted and covered financial, operational, compliance and risk assessment.

In line with the applicable legislation, Internal Audit provides the Committee and management with reasonable assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their effectiveness and efficiency and by developing recommendations for enhancement or improvement. The Committee has reviewed the Internal Audit findings which did not reveal any shortcomings in internal controls during the year under review.



Through the Committee's analysis of the audit reports and engagement with the management team, the Committee reports that the system of internal controls for the period under review were adequate and effective and the risks were found to be at an acceptable level.

In-Year Management and Monthly and Quarterly Reports

The public entity has reported monthly and quarterly, through its shareholder, SARS, to National Treasury, as required by the PFMA. The Committee has reviewed the quarterly management reports of the organisation, as part of the reports provided by the shareholder and is satisfied with the adequacy of information provided by the organisation and to its shareholder.

Risk Management

Management is responsible for the establishment and maintenance of an effective system of governance relating to, *inter alia*, risk management and the prevention and detection of fraud and internal controls. Internal Audit was guided by the prevailing section of governance systems which determines the risk profile provided by management in identifying critical audit areas and management's inputs in the formulation of its 3-year strategic and annual plans.

The entity has an Enterprise Risk Management committee that is composed of EXCO members and senior management to fulfil the risk management responsibilities. A risk register is updated quarterly to ensure that all the major risks including emerging risks facing the organisation are effectively managed. The Committee monitors the risk register and management's progress with regards to the implementation of the risk mitigating actions at its quarterly meetings.

The Effectiveness of Internal Audit

Internal Audit is responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal control environment across all the significant areas of the organisation and its operations.

“

MANAGEMENT IS RESPONSIBLE FOR THE ESTABLISHMENT AND MAINTENANCE OF AN EFFECTIVE SYSTEM OF GOVERNANCE RELATING TO, *INTER ALIA*, RISK MANAGEMENT AND THE PREVENTION AND DETECTION OF FRAUD AND INTERNAL CONTROLS.”

The Committee is responsible for ensuring that the organisation's internal audit function is independent and has the necessary resources, skills, standing and authority within Interfront to enable it to discharge its responsibilities effectively. The Internal Auditors have unrestricted access to the Committee.

The Chief Audit Executive has a direct functional reporting line to the Chairperson of the Committee.

The Committee reviews and approves the Internal Audit Plan annually. Internal audit's activities are measured against the approved internal audit plan and the Head: Internal Audit tables progress reports in this regard to the Committee.

For the financial year ended 31 March 2023; the Internal Audit function derived at their overall opinion as per the table below which summarises the internal audit overall opinion based on the audit results of the various audit projects undertaken for the financial year under review:

NO	PROCESS	OPINION
1	Control Environment	Adequate

The Committee is satisfied that Internal Audit has appropriately discharged its functions and responsibilities in the year under review. Accordingly, the Committee has reviewed the Internal audit charter, approved the audit plan, and deliberated on the quarterly reports as submitted by Internal audit.

Evaluation of Financial Statements

The Committee reviewed the Annual Financial Statements prepared by the public entity and is satisfied that they comply with the applicable Accounting Standards and that the accounting policies used are appropriate. The Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates.
- Clarity and completeness of disclosure and whether disclosures made have been properly set in context.
- Changes in the Accounting Policies and Practices.
- Significant adjustments resulting from the Audit.
- Compliance with accounting standards and legal requirements.
- Explanation for the accounting treatment adopted.
- Material, unique transaction
- Reasons for year-on-year fluctuations.
- Asset valuations and revaluations.
- Re-assessment of the useful life of the assets.
- The review of Annual Financial Statements and the Annual Report for the 2022/2023 Financial Year was completed at the Committee's meeting held on 24 July 2023.



External Audit: Auditor-General of South Africa (AGSA)

The Committee noted the terms of the AGSA's engagement letter, audit strategy, and audit fees in respect of the 2022/2023 financial year. It is legislated that the Auditor General of South Africa is the appointed auditors of the entity and the Committee has noted that there were no non-audit services rendered by them during the year.

The Committee has also had in-committee meetings with the AGSA.

Conclusion

The Committee has reviewed the AGSA's management and audit reports for the financial year ended 31 March 2023 and concurs with their conclusions.

The Committee, therefore, accepts the audit opinion and conclusion expressed by the AGSA on the Annual Financial Statements, Annual Performance Report, and Annual Report.

Signed on behalf of the Audit and Risk Committee by:

MS DORIS DONDUR

Chairman of the Audit and Risk Committee

31 July 2023



14

B-BBEE Compliance Performance Information

Previously as a subsidiary of SARS, Interfront formed part of the SARS B-BBEE verification process and shared in the status of a Non-Complaint Contributor.

During the 2022/2023 financial year Interfront with the assistance of a service provider pursued its own B-BBEE verification and was rated as a level 8 Contributor to B-BBEE. Interfront is currently actively working with the service provider to improve its current contribution level.

CRITERIA	RESPONSE YES/NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?		Not Relevant
Developing and implementing a preferential procurement policy?	Yes	
Determining qualification criteria for the sale of state-owned enterprises?		Not Relevant
Developing criteria for entering into partnership with the private sector?		Not Relevant
Determining criteria for the awarding of incentives, grants and investment schemes in support of the Broad Based Black Economic Empowerment?		Not Relevant





HUMAN CAPITAL MANAGEMENT

PART

D

- 01 Overview
- 02 Human Capital Priorities for the Year
- 03 Workforce Planning
- 04 Performance Management Framework
- 05 Employee Wellness Programme
- 06 Policy Development
- 07 Achievements
- 08 Challenges
- 09 Future HR Plans/Goals
- 10 The Employee Value Proposition (EVP)
- 11 Reasons for Employee Losses
- 12 Transformation and Employment Equity Growth

01

Overview

One of the primary responsibilities of the Human Capital Department is to keep Interfront staffed appropriately at all times. In order to achieve its primary responsibility, it focuses on both retention and recruitment.

These primary responsibilities are reflected in Interfront's second strategic object: Maintaining a Software Development Centre of Excellence. This strategic objective is underpinned by two performance indicators:

- **Retain management team and staff (retention)**, with an annual staff turnover target of less than 14%. Interfront operates in a scarce-skills environment characterised by high demand for limited resources. As a result, Interfront has only met its turnover target twice since the 2018/2019 financial year, with the highest turnover in the past five years recorded in the previous financial year. As a result of several actions taken by the Board during the year under review to mitigate turnover, the staff turnover decreased from 17.65% in the previous financial year to 14.12% in the current financial year, marginally above the target.
- **Maintain and develop a skilled, diverse and engaged workforce (recruitment)**, with the annual target for the 2022/2023 financial year being to maintain the staff complement at a minimum of 150. In order to accommodate the growth in the company as a result of the insourcing of the eFiling team, the target was increased from 110 to 150 for the 2022/2023 financial year. The high demand for quality resources in the market also puts significant pressure on the recruitment environment, which has resulted in Interfront only meeting this target twice in the last five years.

In order to achieve these two objectives, several initiatives were undertaken and processes implemented during the financial year.

In addition to the initiatives that commenced during the 2021/2022 financial year, Interfront streamlined and expedited its processes by procuring software solutions that enhanced and accelerated the administrative side of the recruitment process.

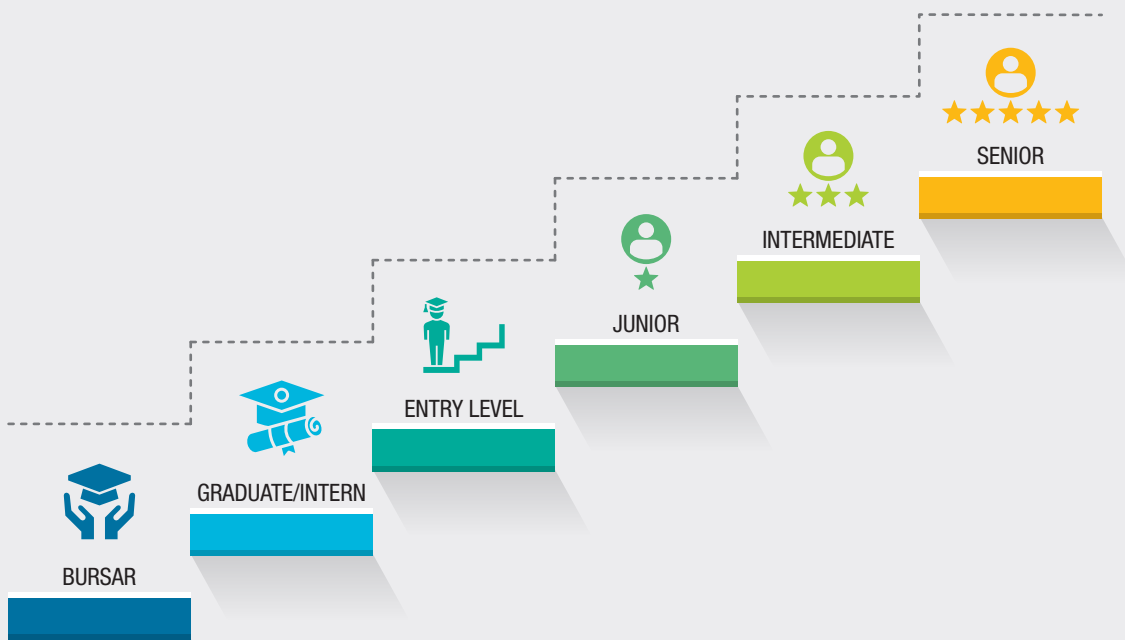
In line with its retention strategy, Interfront places significant importance on the Employee Value Proposition (EVP). This proposition incorporates a range of Interfront's offerings to its employees, extending well beyond mere financial compensation and encompassing the value Interfront places on their skills and contributions to the organisation. The most important building blocks of an EVP are dealt with in more detail in the sections below.



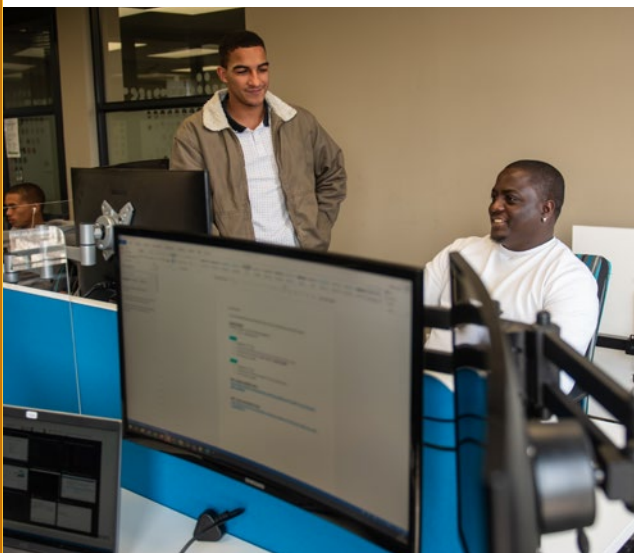
The successful appointment of graduates and/or bursars as interns is another performance indicator under Interfront's strategic objective of Maintaining a Software Development Centre of Excellence. This objective not only aligns with the company's goal of achieving staffing success, but also marks the second phase in the talent acquisition pipeline aimed at securing high-quality employees. The target changes annually depending on company objectives and budget availability.

Interfront's Bursary Scheme serves as the initial phase of our talent acquisition process and plays a vital role in developing the pipeline of candidates for our graduate internship programme. This programme is an effective means for Interfront to attract fresh talent to our organisation. In the second year of the programme, exceptional interns are granted promotions to entry-level positions. Those who successfully complete the two-year programme are then presented with the opportunity of permanent employment in junior roles. To further enhance our retention rates in this fiercely competitive market, Interfront is devising a fast-tracked pathway for candidates who exhibit remarkable potential and demonstrate the capability to perform at a higher level earlier than anticipated. This initiative aims to expedite growth and development while fostering employee engagement within our company.

GRADUATES/INTERNS EMPLOYEE LIFE CYCLE



The Human Capital performance results can be found in **Part B: Performance Report**.



02 Human Capital Priorities for the Year

- The section 197 transfers in terms of the Labour Relations Act, No. 66 of 1995, were concluded on 1 April 2022 for the eFiling team and on 1 January 2023 for the e@syFile team, resulting in a 42% growth in employee numbers. The transfer process comprised individual induction sessions with the employees, benefits comparison and change management processes covering performance management, culture and management changes, among other things. While there is currently a high level of alignment among the teams it is crucial to recognise that change is a continuous journey.
- An employee engagement survey was conducted during March and April 2022, with 84% of the original Interfront employees participating. It included a focus on the changes initiated as a result of the global pandemic, i.e. the hybrid working model that allowed employees to work largely from home, in an effort to gauge the impact that this may have had on staff engagement. The survey indicated a positive response from staff to the changes implemented. Since a large focus was placed on change management during the 2022/2023 fiscal year, actions to address areas identified for improvement have been postponed to the 2023/2024 fiscal year.
- In December 2022, our previously active employment equity plan reached its conclusion and a comprehensive report on our progress towards the set targets was duly submitted to the Department of Labour in compliance with legislative requirements. Interfront had performed well against the five-year plan.



03 Workforce Planning

The inclusion of the eFiling and e@syFile teams resulted in a substantial increase in Interfront's staff capacity, with a total of 55 team members on-boarded. Moreover, to enhance the Executive team's capabilities, Interfront strategically appointed the two founding members of the eFiling team so as to incorporate their invaluable expertise. This decision aimed to leverage their extensive knowledge and further strengthen our leadership core in the changing environment. The eFiling and e@syFile units were combined under the Operations Director and report to him on operational matters.

Moving ahead, a multitude of changes are anticipated to shape and direct the "new" Interfront. Firstly, there is a need to reassess the business strategy, followed by a determination of the goals, objectives and targets that align with the new strategy. The evaluation of operational requirements is crucial to ensure the availability of the resources, processes, technologies and infrastructure necessary to support the new strategy. Furthermore, it is imperative to re-examine the company structure in order to ensure its compatibility with all these elements. The new structure of the organisation will profoundly impact Interfront's future workforce planning. To accomplish the execution of the new strategy and streamline the company's structure, Interfront intends to engage the services of an expert.

The Interfront Executive Committee, in collaboration with the Interfront Board, has decided that it should aspire to being an employer of choice. To define what this entails for Interfront, a comprehensive journey will be embarked on under the guidance of an experienced facilitator specialising in this area. As part of the process, it is important to consider the legal framework in which Interfront operates and the associated limitations that come with it.

04 Performance Management Framework

Interfront's Performance Management Framework translates the Interfront strategy into action that steers organisational improvement in culture systems and processes. Once organisational objectives and targets have been set, they are translated and cascaded down to the relevant projects/functions and individual employees as set out diagrammatically below.

INTERFRONT STRATEGIC OBJECTIVES



INTERFRONT ANNUAL PERFORMANCE PLAN



EXECUTIVE DIRECTORS

- Activities
- Weighting added as per area of responsibility
- Contracting by the Interfront Board after approval of APP
- Final review by the Interfront Board between June and September



OPERATIONS EMPLOYEES

- Activities
- Work Orders & Deliverables
- Individual Performance Agreements

CORPORATE SERVICES EMPLOYEES

- Activities
- Individual Performance Agreements

- Contracting in April & May
- Mid-year review from October to December
- Consolidation and final review in June & July

The performance management cycle consists of four key phases, namely:



PLANNING AND CONTRACTING



MONITORING AND COACHING



REVIEWING/ APPRAISING



REWARDING

05 Employee Wellness Programme

Interfront offers its employees and their dependants an Employee Assistance Programme supplied by an independent service provider. The service provider furnishes assistance across a range of issues such as trauma, anxiety, stress/burnout, legal assistance and marital problems. Regular trend reports are submitted to the Executive: Talent and shared with Interfront's Executive Committee and the Interfront Board.

06 Policy Development

The change in Interfront's structure and its expansion require all Interfront HR Policies to be revisited and may necessitate the need for additional policies. The process already commenced during the 2022/2023 financial year and is ongoing.

Where practical, Interfront adopts the basic content of SARS policies, where applicable and relevant, to ensure alignment with Shareholder expectations and guidelines.



07 Achievements

- Increasing Interfront's employment equity representation.
- Long service awards: 37 employees qualified for these awards, which give recognition at five-yearly intervals. The table below indicates the number of individuals in each category. While Interfront has only been in business for 14 years, the Basic Conditions of Employment Act, No. 75 of 1997, recognises the previous years of service of transferring employees.

5 YEARS

10 YEARS

15 YEARS

20 YEARS

17

15

2

3

- Code of Ethics and Conduct Training: a new online and self-learning programme has been designed, and new employees are assessed after completing the programme to ensure that they have familiarised themselves with the content.
- Personal Development Plans: the Human Capital Department and line managers have reintroduced the development and creation of these plans for all employees to assist them with career planning.

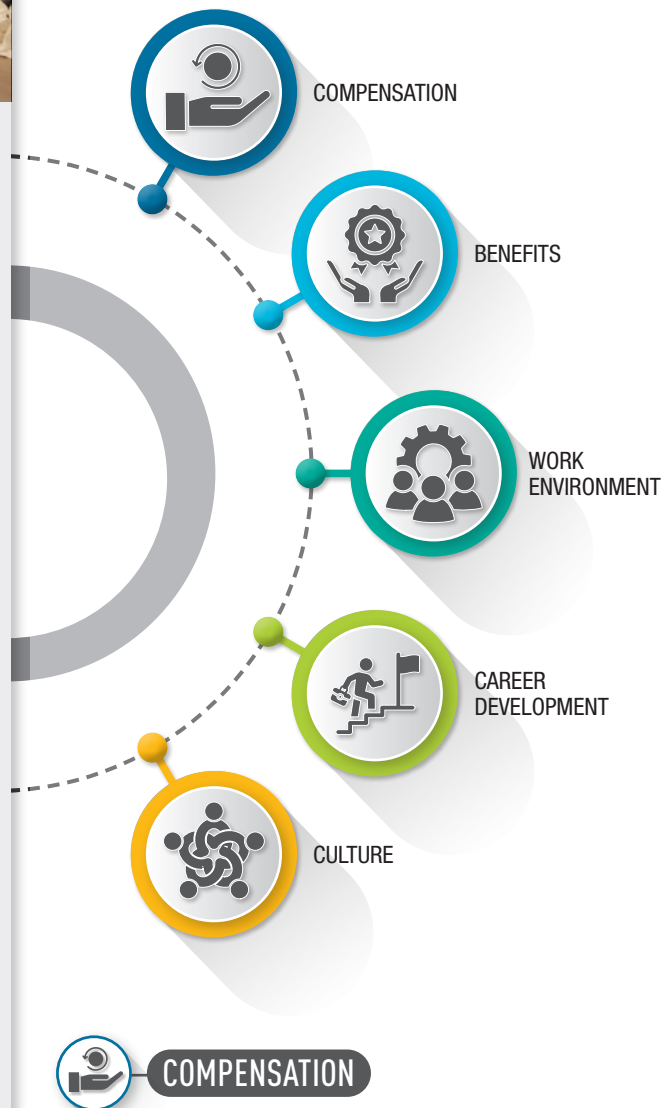
08 Challenges

- The fact that Interfront's employees are dispersed to three different provinces, as a consequence of the company's expansion. This necessitates continuous and concerted efforts to engage employees in a way that fosters their involvement and sense of belonging.
- Aligning expectations, salaries and benefits between the three business components, namely "old" Interfront employees and the eFiling and e@syFile teams.
- Change management with regard to processes and procedures, especially relating to compliance obligations to which the new teams were not previously accustomed, specifically the procurement of goods and services by a state-owned entity that has to comply with Treasury Regulations and directives on procurement.
- "Buy in" to Interfront's organisational culture, which is embodied in and maintained by its people. This requires continuous engagement to gauge people's views on how Interfront is performing.
- The retention of employees and recruiting to keep Interfront optimally resourced to deliver on its mandate and achieve its strategic goals.



10 The Employee Value Proposition (EVP)

The most important building blocks of an EVP are:



Interfront is committed to the pursuit of a remuneration framework that effectively attracts and retains exceptionally skilled employees. The aim of the overarching philosophy is to ensure equitable recognition and reward for employees based on their individual contributions to both the operational and financial performance of the company. This philosophy aligns with Interfront's strategic and business objectives, ensuring a harmonious correlation between employee compensation and the company's overall goals.

09 Future HR Plans/Goals

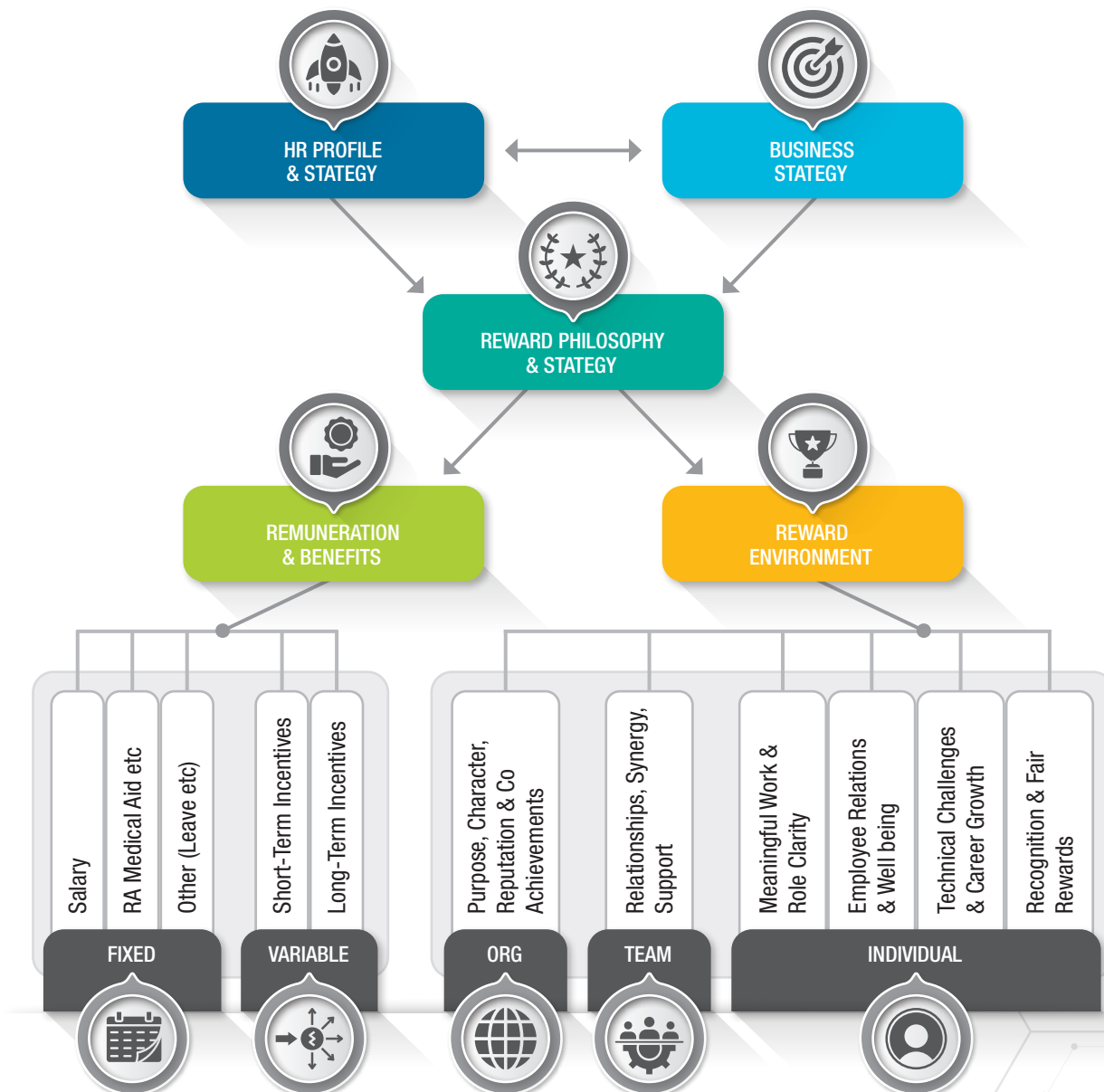
- Driving Interfront's strategic goal to become an employer of choice.
- Continuing to work towards the retention of employees and further streamlining the recruitment process to keep Interfront optimally resourced.
- Recruiting an organisational development specialist to drive and assist the development and implementation of strategies, facilitate ongoing change management, support leadership development goals, etc.
- Addressing matters identified by employees in the Employment Engagement Survey with the assistance of the organisational development specialist.
- Continuously reviewing and identifying Human Capital policies and processes.



In addition, Interfront adheres to the principle of actively considering national, regional and other prevailing remuneration trends as part of its strategic approach to position the company's remuneration philosophy.

- In September 2022 the approval of annual salary increases and performance bonuses had a favourable impact on employee retention and turnover in the organisation. The distribution of salary increases and bonuses was determined on an individual basis in accordance with Interfront's Performance Management Framework.
- In accordance with the remuneration framework and philosophy, the Board additionally sanctioned a positioning pool at its meeting in November 2022, constituting 1% of the annual CTC. While not limited to this scope, the primary objective in distributing the aforementioned allocation was to elevate the compensation of employees positioned below the 25th percentile to align with the 25th percentile threshold.
- The Employment Engagement Survey revealed that most Interfront employees perceived their compensation to be fair.

Interfront's Remuneration and Rewards philosophy is set out diagrammatically below:



Personnel Cost by Salary Band 2022/2023

OCCUPATIONAL LEVEL	PERSONNEL EXPENDITURE (R)	% OF TOTAL PERSONNEL COST (R)	NO. OF EMPLOYEES (AVERAGE PER YEAR)	AVERAGE PERSONNEL COST PER EMPLOYEE
Top management	5 465 028	6.35%	2	2 732 514
Senior management	18 378 602	18.18%	12.42	1 480 156
Professional qualified	62 046 596	44.60%	60.58	1 024 153
Skilled technical	36 482 998	27.14%	70.33	518 716
Semi-skilled	2 679 520	3.21%	7.58	353 343
Unskilled	415 775	0.52%	3	138 592
Total	125 468 519	100%	155.92	804 715

Performance Rewards 2022/2023 Financial Year

OCCUPATIONAL LEVEL	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE	% OF TOTAL PERSONNEL COST
Top management	458 207	125 468 519	0.37%
Senior management	1 179 999		0.94%
Professional qualified	2 573 270		2.05%
Skilled technical	1 021 937		0.81%
Semi-skilled	61 422		0.05%
Unskilled	8 092		0.01%
Total	5 302 926		4.23%

Personnel Cost by Objective for 2022/2023 Financial Year

PROGRAMME, ACTIVITY AND OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE	PERSONNEL EXPENDITURE AS % OF TOTAL EXPENDITURE	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Quality and Innovative Software Development and Support	149 936 809	100 374 815	66.9%	124.74	804 715
Establish a Broader Customer Base	9 371 051	6 273 426	66.9%	7.80	804 715
Demonstrate Effective Resource Stewardship	14 056 576	9 410 139	66.9%	11.69	804 715
Grow and Maintain a Software Development Centre of Excellence	14 056 576	9 410 439	66.9%	11.69	804 715



BENEFITS

One of the pivotal components of Interfront's Employee Value Proposition is its comprehensive range of benefits, exceeding the minimum requirements set out in the Basic Conditions of Employment Act, No. 75 of 1997. For example, employees with a tenure of less than ten years of continuous service are granted an annual leave entitlement of 24 working days, while those with more than ten years of continuous service are entitled to 29 working days of annual leave. Additionally, our Leave Policy provides for 36 working days of sick leave per three-year cycle.

Interfront offers its permanent staff a comprehensive CTC benefit package, incorporating medical aid and retirement saving options. Moreover, Interfront provides life cover for its employees via its group life policy. During the 2022/2023 financial year, Interfront further augmented its employee benefits programme by introducing trauma and severe illness benefits as well as funeral cover, alongside the existing group life offering, ensuring enhanced protection and support for all Interfront personnel.

After the COVID-19 pandemic, Interfront adopted a hybrid working model, allowing employees the option of working remotely while also maintaining designated office attendance on certain days. The Employment Engagement Survey indicated that Interfront employees highly value the new model and the flexibility it offers. Employees reported that it had a positive impact on their well-being and productivity. Management diligently oversees productivity by assessing employees' output, thereby safeguarding the company's objectives and goals against any adverse effects arising from the implementation of the new hybrid model. The model does present an aspect of risk regarding staff engagement that necessitates proactive mitigation and ongoing monitoring going forward.



WORK ENVIRONMENT

All Interfront employees were granted an opportunity under the guidance of their managers to update their Job Descriptions to be aligned with their current roles and responsibilities in Interfront.

The new hybrid working model also affords employees increased flexibility concerning their working hours and physical location, thereby mitigating burnout and fostering heightened productivity through the elimination of travel-related time constraints.

The Employee Engagement Survey revealed that most employees have a good understanding of the purpose behind their work, thereby encouraging their sense of being engaged in meaningful work. This constitutes an important element of employee motivation and satisfaction. The survey also demonstrated that employees experience a sense of respect and fairness within the work environment.



PART

D



INTERFRONT'S GRADUATE INTERNSHIP AND BURSARY SCHEME PROGRAMMES PLAY A CRUCIAL ROLE IN NURTURING THE COMPANY'S TALENT POOL AND MAINTAINING A ROBUST EMPLOYEE PIPELINE."



CAREER DEVELOPMENT

As part of the training and retention strategies, Interfront continues to offer study assistance to employees who are studying towards certificates, degrees and diplomas in line with Interfront's objectives. In addition, Interfront also provides company training by outside service providers as and when a need is identified in the organisation. The process is underpinned and supported by each employee's personal development plan.

Interfront's graduate internship and bursary scheme programmes play a crucial role in nurturing the company's talent pool and maintaining a robust employee pipeline. Three bursaries were offered in the year under review, and in February 2023 the graduate internship programme for the 2022/2023 financial year commenced with eight graduate interns.

Junior positions are sourced from successful entry-level graduate interns. Three of the four entry-level graduate interns were appointed as junior developers, while the fourth is still completing his entry-level term, having commenced his duties after the others.

Interfront pays professional membership fees for its employees to ensure continuous development and allow them to stay abreast of changes in the professional sphere.

The Employee Engagement Survey indicated that employees recognise that Interfront provides high-value learning opportunities.

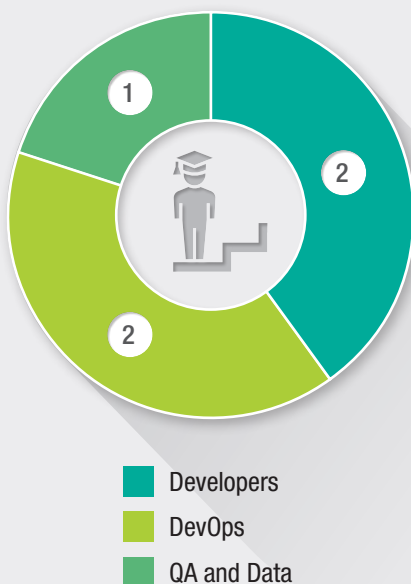
During the 2022/2023 financial year, 24 employees were recognised for their growth and were promoted as part of Interfront's retention strategy.

Interfront applies two types of promotions:

- **Formal promotions:** A formal promotion is a specific event or action by an organisation to elevate an employee to a higher position or role within the company's hierarchy. Promotions are typically based on factors such as seniority, performance, skills and potential. Formal promotions are advertised, at least internally, to ensure fairness. This type of promotion may entail some management duties. An instance of such a promotion is advancement from senior developer to a team lead position.

Five graduate interns were appointed to entry-level positions as follows:

Entry Level Interns by Discipline





- **In-line promotion:** This occurs where an employee has gained experience and grown in his/her existing capacity and achievements to the extent of having reached a higher level of responsibility, technical capability and maturity. An in-line promotion will depend on the employee's competency level and will be in line with the company's skills development framework. These promotions can be accurately described as in-line career progression, in which individuals demonstrate heightened levels of contribution and assume more challenging responsibilities. An instance of such advancement is the transition from junior developer to intermediate developer.

Below are two tables indicating in-line promotions and formal promotions performed:

NO. OF IN-LINE PROMOTIONS	FROM WHICH POSITION	TO WHICH POSITION
5	Graduate intern	Entry
6	Entry level	Junior level
7	Junior	Mid-level
4	Mid-level	Senior

NO. OF FORMAL PROMOTIONS	FROM WHICH POSITION	TO WHICH POSITION
1	Senior	Team lead
1	Senior	Assistant manager
1	Senior	Manager

Training Expenditure for the 2022/2023 Financial Year

BUSINESS UNIT	PERSONNEL EXPENDITURE (R)	TRAINING EXPENDITURE (R)	TRAINING EXPENDITURE AS % OF PERSONNEL COSTS	NO. OF EMPLOYEES AT YEAR END	AVERAGE TRAINING COST PER EMPLOYEE (R)
Employee training	–	431 176	0.34%	93	4 636
Bursaries	–	177 050	0.14%	3	59 017
Graduate interns	–	67 182	0.05%	10	6 718
Professional membership	–	22 477	0.02%	4	5 619
Employee formal study assistance	–	308 301	0.25%	4	77 075
Total	125 468 519	1 006 186	0.80%	114	8 826



CULTURE

An organisation's culture encompasses the shared values, beliefs, behaviours and practices that guide the actions and interactions of its employees. It is the collective personality of a company and shapes its working environment.

Creating a personal culture unique to Interfront is critical to the overall success of the company, since employees are more likely to feel a sense of belonging and alignment if the company culture is positive and supportive.

Diversity and inclusion are also important components of a healthy company culture that respects and appreciates the differences and perspectives of every employee. To this effect, Interfront emphasises continuous learning and development and provides opportunities for growth and career advancement. Additionally, a positive company culture often promotes work-life balance and employee well-being, recognising the importance of both. It has become evident that the introduction of the new hybrid working model has undeniably exerted a beneficial influence on Interfront's overall company culture. A strong and positive company culture fosters a sense of belonging and alignment among employees, creating a supportive and motivating work environment. The recent Employee Engagement Survey indicated that the level of trust among employees that work together regularly is high, which shows a healthy strength in relationships.

While Interfront has made significant efforts in recent years to cultivate a positive company culture, there remains room for further enhancement. Recognising the pivotal role of company culture in influencing the overall work environment and the enduring prosperity of an organisation, Interfront has embarked on a new objective: to establish itself as a sought-after employer in both the immediate and the long-term future.

Finding an equilibrium between the constraints inherent in being a public entity and the advantages offered by the private sector will prove a formidable task. Interfront will need to find a culture that represents the best of both worlds.

Employment and Vacancies

Interfront commenced the 2022/2023 financial year with 102 employees and ended it with 155 employees, excluding Interfront's graduates and bursars. Interfront successfully recruited 21 employees while attempting to fill 25 vacancies. A total of 499 applications were received for vacant positions, excluding the 300 applications received for the graduate internship programme.



EMPLOYEE LEVEL	NO. OF EMPLOYEES 2021/2022	Approved Posts 2022/2023	NO. OF EMPLOYEES 2022/2023	VACANCIES 2022/2023	% OF VACANCIES
Top Management	2	3	2	1	33.33%
Senior Management	11	13	13	0	0
Professional Qualified	40	79	66	13	16.46%
Skilled	41	97	70	27	27.84%
Semi-Skilled	3	3	1	2	66.66%
Unskilled	3	3	3	0	0
Total	100	198	155	43	21.72%

Employment Statistics from 1 April 2022 to 31 March 2023

	1 APRIL 2022
No. of permanent/long-term contract employees	100
No. of short-term contract employees	0
Total No. of Employees	100
No. of appointments via the S197 transfer – Shandon	41
No. of appointments via the S197 transfer – Ionize	14
No. of appointments	21
EE% of appointments	80%
EE% of staff complement	77%
No. of resignations	18
No. of retirees	0
No. of terminated employees	3
Total Employees at End of March 2023	155

Employment Changes

EMPLOYEE LEVEL	EMPLOYEES AT BEGINNING OF PERIOD	APPOINTMENTS	RESIGNATIONS	MOVEMENT TO LEVEL	MOVEMENT FROM LEVEL (LOSS)	EMPLOYEES AT END OF PERIOD
Top Management	2	0	0	0	0	2
Senior Management	11	2	1	1	0	13
Professional Qualified	40	27	4	4	1	66
Skilled	41	47	16	2	4	70
Semi-Skilled	3	0	0	0	2	1
Unskilled	3	0	0	0	0	3
Total	100	76	21	7	7	155



11 Reasons for Employee Losses

Interfront received 18 resignations equating to an employee turnover of 14.12% for the 2022/2023 financial year – a decrease from the previous financial year's turnover of 17.48%.

Three employees were taken through a disciplinary process and all three were dismissed.

REASON	NUMBER	% OF TOTAL EMPLOYEES LEAVING
Death	0	0
Resignation	18	85.71
Dismissal	3	14.29
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	21	

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	0
Written warning	1
Final written warning	0
Dismissal	3

12 Transformation and Employment Equity Growth



PART

D

Employment equity candidates constitute 77% of Interfront's 155 employees. The Employment Equity Consultative Forum was extended with the inclusion of some members of the eFiling team. The Employment Equity Consultative Forum developed a new three-year plan for the 2023/2024 to 2025/2026 financial years.

The plan will be used in the interim while Interfront awaits the anticipated changes to the Employment Equity Act. The revised Act will have a big impact on how companies deal with EE initiatives and targets since it will not allow companies to set their own targets; instead, targets will be set per sector by the Minister. Interfront has proactively started with training to ensure that Interfront is ready once the new legislation takes effect.



MALE

LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	1	2	0	0	1	1
Senior Management	1	2	3	3	0	0	6	5
Professional Qualified	13	15	6	7	3	3	19	17
Skilled	15	20	11	14	2	1	11	9
Semi-Skilled	4	4	6	3	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	33	41	27	29	5	4	37	32



FEMALE

LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	1	1
Senior Management	1	2	0	1	0	0	2	2
Professional Qualified	6	7	5	5	0	1	9	10
Skilled	18	11	10	10	2	2	4	2
Semi-Skilled	7	3	3	2	0	0	0	0
Unskilled	3	3	0	0	0	0	0	0
Total	35	27	18	18	2	3	16	15



DISABLED EMPLOYEES

LEVELS	MALE		FEMALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	1
Skilled	0	0	2	1
Semi-Skilled	0	0	0	0
Unskilled	0	0	0	0
Total	0	0	2	2

PART

E



FINANCIAL INFORMATION

- 01 Board's Responsibility and approval of the Annual Financial Statements
- 02 Report by the Board of Directors
- 03 Financial Report
- 04 Report of the Auditor-General to Parliament on the International Frontier Technologies SOC Ltd
- 05 Annual Financial Statements

01

Board's Responsibility and approval of the Annual Financial Statements

The PFMA requires the Board to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Board to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flow for the period then ended.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements and are given unrestricted access to all financial records and related data.

The Annual Financial Statements were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and the adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity, and all employees are required to maintain the highest ethical standards in ensuring that the entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across Interfront. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviours are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.



The Board has reviewed the entity's budgeted forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, is satisfied that the entity has, or has access to, adequate resources to continue in operational existence for the foreseeable future. The Annual Financial Statements are prepared on the basis that the entity is a going concern.

Although the Board is primarily responsible for the financial affairs of the entity, it is supported by the entity's external auditors. The external auditors are responsible for independently reviewing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on page 89.

The Annual Financial Statements set out on pages 97 to 128, were approved by the Board on 28 July 2023 and were signed on its behalf by

LEILANIE JANSE VAN RENSBURG
Acting Managing Director
31 July 2023

MUSTAQ ENUS-BREY
Chairperson of the Board
31 July 2023

“

TO ENABLE THE
BOARD TO MEET THESE
RESPONSIBILITIES,
THE BOARD SETS
STANDARDS FOR
INTERNAL CONTROL
AIMED AT REDUCING
THE RISK OF ERROR
OR DEFICIT IN A COST-
EFFECTIVE MANNER.”



02

Report by the Board of Directors

The Board submits its report for the year ended 31 March 2023.

Incorporation

The entity was incorporated on 20 April 2009 and obtained its certificate to commence business on the same day.

Review of Activities

The entity is primarily engaged as a leading provider of software development and support services, specialising in delivering tailored solutions for revenue agencies worldwide.

The operating results and state of affairs of the entity are fully set out in the attached Annual Financial Statements and reported on in the Financial Report presented on page 86 of this Annual Report. The net deficit of the entity was R9 793 627 (2022: Deficit R6 383 966) and is in line with the adopted cash break-even finance model.

Going Concern

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

As of 31 March 2023, the entity had an accumulated surplus of R50 934 725, while the total assets exceeded its liabilities by the same.

Financial Statements

The preparation and fair presentation of Interfront's Annual Financial Statements is the responsibility of the Board of Directors.

In the opinion of the Board, the Annual Financial Statements fairly present the financial position of Interfront as of 31 March 2023 and the results of its operations and cash flow information for the year then ended.



Subsequent Events

The Board is not aware of any matter or circumstance arising since the end of the financial year that has materially impacted the state of affairs as at year-end.

Accounting Policies

The Annual Financial Statements are prepared in accordance with the effective standards of GRAP, as issued by the Accounting Standards Board and prescribed by the framework developed by the National Treasury. More detail on the accounting policies can be found on page 101 of the Annual Financial Statements.

Share Capital

There were no changes in the authorised or issued share capital of the entity during the year under review. Interfront was capitalised by way of an interest-free Shareholder's loan. The loan has been fully repaid.

Distributions to Owners

No dividends were declared or paid during the year under review.

Board

Details of the Board members can be found under **Part C: Governance**

Secretary

The Company Secretary for the term was Ms Madelein Pepperell.

Corporate Governance

General

The Board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board supports the highest standards of corporate governance and the ongoing development of best practices.

Interfront complies with the statutory duties and responsibilities set out in the Companies Act and the PFMA. The entity confirms and acknowledges its responsibility for compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South Africa, 2016. The salient features of the entity's adoption of the Code can be found in **Part C: Governance** of this report.

Board of Directors

The Board:

- Retains full control over the entity, its plans and its strategy.
- Acknowledges its responsibilities as to strategy; compliance with internal policies, external laws and regulations; effective risk management and performance measurement; transparency; and effective communication, both internally and externally by the entity.
- Is of a unitary structure and comprised during the year:
 - two non-executive independent directors, of whom one serves as the Chairperson (Mr Van Graan resigned on 24 February 2023 and was replaced in June 2023)
 - non-executive directors employed by the Shareholder
 - executive directors.

Chairperson and Managing Director

The Chairperson is a non-executive and independent director (as defined by the Code). The roles of the Chairperson and the Managing Director are separate, with responsibilities being divided between them in such a manner that neither individual has unfettered powers of discretion.

Following the retirement of the Managing Director, the Financial Director assumed the position of Acting Managing Director, a decision fully endorsed by the shareholder and formally approved by the Board. In her capacity as Acting Managing Director, she continues to fulfil her responsibilities as Financial Director. To ensure a seamless and effective performance in both roles, the company made necessary adjustments to the Delegation of Authority, enabling the clear segregation of duties.

The Board, with the unwavering support of the Shareholder, is actively engaged in the search for a new Managing Director and the process is expected to be concluded within the current financial year.

Remuneration

The remuneration of the Acting Managing Director/Financial Director and the Director of Operations, who are the only two executive directors of the entity, was determined by the controlling entity upon appointment, and the Board will determine the increase in their remuneration, within limits.

Executive Meetings

Non-executive directors have access to all members of management of the entity. Details of the Board members and their meeting attendance are disclosed in **Part C: Governance** of this report.



Audit and Risk Committee

The SARS Audit and Risk committee acts as the Audit and Risk Committee for Interfront, as allowed for by the Companies Act and the National Treasury Regulations. The chairperson of the Audit and Risk Committee was Ms D Dondur. Details of the committee meetings and the report of the Audit and Risk Committee can be found in **Part C: Governance** of this report.

Internal Audit

As permitted by the PFMA, the entity has outsourced its internal audit function to the Internal Audit unit of SARS.

Controlling Entity

Interfront's controlling entity is SARS, established by the South African Revenue Service Act of 1997.

Auditors

In line with the requirements of the Public Audit Act, No. 25 of 2004 and section 84(3)(b) of the Companies Act, the AGSA will continue in office for the next financial period.

Annual Financial Statements

The financial statements set out on pages 97 to 128, which have been prepared on the going-concern basis, were approved by the Board on 28 July 2023.



03

Financial
Report

Five Year Financial Overview

STATEMENT OF FINANCIAL PERFORMANCE					
Description	2019	2020	2021	2022	2023
Rendering of Services	153 986 982	112 536 279	105 363 506	108 405 948	171 790 485
Interest and Other	4 738 427	4 241 825	1 450 850	1 427 710	3 041 629
Expenditure	(125 762 589)	(119 136 291)	(118 166 081)	(117 869 059)	(187 421 011)
EBT	32 962 820	(2 358 187)	(11 351 725)	(8 035 401)	(12 588 897)
EAT	23 125 682	(2 361 021)	(8 769 728)	(6 383 966)	(9 793 627)

STATEMENT OF FINANCIAL POSITION					
Description	2019	2020	2021	2022	2023
Total Assets	132 208 544	106 960 416	86 202 838	80 298 775	81 061 430
Total Liabilities	(21 269 327)	(18 482 521)	(19 090 519)	(19 570 421)	(30 126 704)
Total Net Assets	110 838 917	88 477 895	67 112 319	60 728 354	50 934 726
Equity – Shareholder's Loan	(32 595 853)	(12 595 853)	–	–	–
Accumulated Surplus	(78 243 064)	(75 882 042)	(67 112 319)	(60 728 353)	(50 934 725)

This annual report focuses extensively on the company's engagement in two section 197 transfers during the reviewed period. A substantial proportion of the notable year-on-year differences can be attributed to the company's expansion stemming from these transactions. The transfers have proven to be instrumental in the company's growth over the last 12 months. With these transactions, the company has effectively capitalised on the opportunity for expansion, increasing market penetration, and diversification. As a result, the company has experienced remarkable growth in various areas of its operations, leading to the pronounced year-on-year variances observed.



It is worth noting that the company's successful execution of these transfers reflects its astute decision-making, meticulous planning and efficient implementation strategies. Through careful consideration of the assets involved, including intellectual property, customer relationships and tangible assets, the company has effectively unlocked additional value and positioned itself for sustained growth going forward.

Statement of Financial Performance

Rendering of services increased by 58.47% compared to the previous year, largely attributed to the additional income generated by the two new teams. Additionally, interest income rose by 48.5% due to significant increases in interest rates throughout the year.

Employee costs saw a notable increase of 67.4% due to the addition of the eFiling and e@syFile teams. Administrative expenditure, excluding the abnormal once-off recruitment fee, grew by 26.4%, primarily driven by additional IT expenses associated with the newly acquired staff. There was an above-inflation increase of 8.27% in average salary, though a direct comparison with the previous year is not viable due to the inclusion of the two transferred teams (2023: R67 090; 2022: R61 966). The average staff count increased by 42.7% (2023: 155.9; 2022: 109.3). To address the lack of internal development skills and the scarcity of such skills in the market, Interfront continued to engage external developers, albeit at a reduced cost of 35.1% in the year under review. Auditors' remuneration saw a significant increase of 120.8%, primarily because the previous year's figure did not include the fee for internal audit, due to the timing of the audit activities.

Notwithstanding, the volatility of the rand, Interfront recorded a marginal forex profit during the year. Currently, the limited risk associated with foreign revenue does not warrant hedging against future exchange rate fluctuations.

“

THROUGH CAREFUL
CONSIDERATION OF
THE ASSETS INVOLVED,
INCLUDING INTELLECTUAL
PROPERTY, CUSTOMER
RELATIONSHIPS AND
TANGIBLE ASSETS,
THE COMPANY HAS
EFFECTIVELY UNLOCKED
ADDITIONAL VALUE AND
POSITIONED ITSELF FOR
SUSTAINED GROWTH
GOING FORWARD.”

Statement of Financial Position

Current assets experienced a slight increase of 3.7%. Notably, receivables from exchange transactions underwent a significant surge of 170%. This rise can be attributed to the inclusion of the eFiling and e@syFile teams, which resulted in substantial growth in customer account balances. Additionally, prepayments have seen a substantial increase due to the higher licence fees associated with accommodating an expanded workforce and supporting systems.

Non-current assets registered a decrease of 8.3%. This decline was primarily driven by the amortisation of intangible assets. However, it was partially offset by an increase in Property, Plant, and Equipment, which was necessitated by the growth in staff numbers.

Current liabilities witnessed a notable increase of 57.9%. This upswing was primarily due to higher staff-related provisions, aligned with the overall increase in average staff numbers. Furthermore, payables from exchange transactions rose by 19.7%, driven chiefly by increased staff-related accruals and other accruals related to the company's expansion.

Non-current liabilities of the company decreased by 36.4%. This decrease was attributable to the reversal of the non-current portion of the operating lease liability.

The company's financial results, aligned with the break-even financial model, reflect an accounting deficit after tax of R9 793 627 (2022: R 6 383 966). Consequently, there was a decrease in net assets of 16.1%, amounting to R50.9 million (compared to R60.721 million in the previous year). This decline can be attributed to factors such as the one-time recruitment fee incurred during the transfer of the eFiling team.

In conclusion, Interfront, as a responsible participant in the public sphere, remains committed to sound financial management. The company is committed to implementing cost-saving initiatives outlined by the National Treasury.





04

Report of the Auditor-General to Parliament on the International Frontier Technologies SOC Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the International Frontier Technologies SOC Ltd set out on pages 97 to 128, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the International Frontier Technologies SOC Ltd as at 31 March 2023 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).

Basis for opinion

3. 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.
4. I am independent of the 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The 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 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the 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 entity or to cease operations, or has no realistic alternative but to do so.

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

8. 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.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report

10. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following material performance indicators related to quality software development and support presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Develop and enhance iCBS channels to support SARS customs modernisation programme (CMP)
 - Develop and enhance SARS eFiling and MobiApp platforms
 - Provide effective software support services to SARS on the customs, eFiling and MobiApp platforms
 - Provide effective software support services to ADA (Luxembourg).
12. I evaluated the reported performance information for the selected material performance indicators 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 the users with useful and reliable information and insights on the entity's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets 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 were 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
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
14. I performed the procedures for the purpose of reporting material findings only.
15. I did not raise any material findings on the reported performance information for the selected material performance indicators.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

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

Report on compliance with legislation

18. 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 entity's compliance with legislation.
19. 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.
20. 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 entity, clear to allow for 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.
21. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

22. 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. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
24. 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 material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. 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

26. 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.
27. I did not identify any significant deficiencies in internal control.

Auditor-General

PRETORIA

31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure to the auditor's report

The annexure includes:

- 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 material performance indicators and on the 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 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 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 an 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
Construction Industry Development Board Act 38 of 2000 (CIBD)	Section 18(1)
Construction Industry Development Board Act: Regulations	Regulation 17 Regulation 25(1) Regulation 25(5) Regulation 25(7A)
Prevention & Combating of Corrupt Activities Act 12 of 2004	Section 34(1) Section 29
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c'); 66(5)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Section 1(i) Section 2(1)(a) and (b) Section 2(1)(f)
Preferential Procurement Regulations of 2017 (PPR)	PPR 2017 Par.4.1 PPR 2017 Par.4.2 PPR 2017 Par.5.1 PPR 2017 Par.5.3 PPR 2017 Par.5.6 PPR 2017 Par.5.7 PPR 2017 Par.6.1 PPR 2017 Par.6.2 PPR 2017 Par.6.3 PPR 2017 Par.6.5 PPR 2017 Par.6.6 PPR 2017 Par.6.8 PPR 2017 Par.7.1 PPR 2017 Par.7.2 PPR 2017 Par.7.3 PPR 2017 Par.7.5 PPR 2017 Par.7.6 PPR 2017 Par.7.8 PPR 2017 Par.8.2 PPR 2017 Par.8.5 PPR 2017 Par.9.1 PPR 2017 Par.9.2 PPR 2017 Par.10.1 PPR 2017 Par.10.2 PPR 2017 Par.11.1 PPR 2017 Par.11.1 PPR 2017 Par.11.2 PPR 2017 Par.12.1 PPR 2017 Par.12.2



LEGISLATION	SECTIONS OR REGULATIONS
Preferential Procurement Regulations of 2022 (PPR)	PPR 2022 Par. 4.1 PPR 2022 Par. 4.2 PPR 2022 Par. 4.3 PPR 2022 Par. 4.4 PPR 2022 Par. 5.1 PPR 2022 Par. 5.2 PPR 2022 Par. 5.3 PPR 2022 Par. 5.4
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	TR 8.2.1 TR 8.2.2 TR 16A 3.1 TR 16A 3.2 (fairness) TR 16A 3.2(a) TR 16A 6.1 TR 16A6.2(a) & (b) TR 16A6.2(e) TR 16A 6.3(a) TR 16A 6.3(a)(i) TR 16A 6.3(b) TR 16A 6.3(c) TR 16A 6.3(d) TR 16A 6.3(e) TR 16A 6.4 TR 16A 6.5 TR 16A 6.6 TR 16A8.2 (1) and (2) TR 16A 8.3 TR 16A 8.3(d) TR 16A 8.4 TR 16A 9 TR 16A 9.1 TR 16A9.1 (c) TR 16A 9.1(d) TR 16A 9.1(e) TR 16A 9.2 TR 16A 9.2(a)(ii) TR 16A 9.2(a)(iii) TR 16A9.1(b)(ii) TR 16A9.1(e) TR 16A9.1(f) TR 33.1.1 TR 33.1.3 TR 30.1.1 TR 30.1.3(a) TR 30.1.3(b) TR 30.1.3(d) TR 30.2.1 TR 31.2.1 TR 31.3.3 TR 31.1.2(c)
Companies Act 71 of 2008 Companies Act Regulations	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c') Section 112(2)(a); Section 129(7)
National Treasury Instruction Note 1 of 2015–16	Paragraphs 3.1; 4.1; 4.2

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999 SCM Instruction Note 03 2021/22	Paragraph 4.1 Paragraph 4.2 (b) Paragraph 4.3 Paragraph 4.4 Paragraph 4.4(a) Paragraph 4.4(c) and (d) Paragraph 4.6 Paragraph 5.4 Paragraph 7.2 Paragraph 7.6
Public Finance Management Act 1 of 1999 Instruction Note 11 2020/21	Paragraph 3.1 Paragraph 3.4(a) Paragraph 3.4(b) Paragraph 3.9 Paragraph 6.1 Paragraph 6.2 Paragraph 6.7
Public Finance Management Act 1 of 1999 Instruction note 2 of 2021/22	Paragraph 3.2.1 Paragraph 3.2.2 Paragraph 3.2.4(a) Paragraph 3.2.4(b) Paragraph 3.3.1 Paragraph 3.2.2 Paragraph 4.1
National Treasury Instruction Note 4 of 2015–16	Paragraph 3.4
Second amendment of National Treasury Instruction Note 05 of 2020/21	Paragraph 4.8 and 4.9 Paragraph 5.1 and 5.3
Erratum National Treasury Instruction Note 5 of 2020/21	Paragraph 1 Paragraph 2
Practice Note 7 of 2009-10	Paragraph 4.1.2
National Treasury Instruction Note 1 of 2021/22	Paragraph 4.1
Public Finance Management Act 1 of 1999 Instruction Note 09 of 2022/2023	Paragraph 3.1 Paragraph 3.3 (b) Paragraph 3.3 (c) Paragraph 3.3 (e) Paragraph 3.6
National Treasury Instruction Note 03 of 2019/20	Paragraph 5.5.1(vi) Paragraph 5.5.1(x)
National Treasury Instruction Note 04 of 2022/23	Second amendment of NT Instruction 05 of 2020/21 Paragraph 4.8 Second amendment of NT Instruction 05 of 2020/21 Paragraph 4.9 Second amendment of NT Instruction 05 of 2020/21 Paragraph 5.1 Second amendment of NT Instruction 05 of 2020/21 Paragraph 5.3
Practice Note 5 of 2009/10	Paragraph 3.3
Public Finance Management Act 1 of 1999 Instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2 and 4.3.3
Competition Act 89 of 1998	Section 4(1)(b)(ii)
National Treasury Instruction Note 4A of 2016/17	Paragraph 6
Practice Note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)



05 Annual Financial Statements

INDEX

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Statement of Financial Position	98
Statement of Financial Performance	99
Statement of Changes in Net Assets	99
Cash Flow Statement	100
Summary of Significant Accounting Policies	101–114
Notes to the Financial Statements	115–128

LEILANIE JANSE VAN RENSBURG
Acting Managing Director and
Financial Director

MUSTAQ ENUS-BREY
Chairperson of the Board

Somerset West
31 July 2023

Statement of Financial Position

AS AT 31 MARCH 2023

Assets

Figures in rand	Note(s)	2023	2022
Assets			
Current assets			
Income tax receivable	4	739 279	–
Receivables from exchange transactions	5	11 294 635	4 188 003
Cash and cash equivalents	6	52 158 925	57 724 100
		64 192 839	61 912 103
Non-current assets			
Property, plant and equipment	7	9 600 173	6 756 276
Intangible assets	8	3 711 298	11 548 817
Deferred tax	9	3 557 120	81 579
		16 868 591	18 386 672
Total assets		81 061 430	80 298 775

Liabilities

Figures in rand	Note(s)	2023	2022
Liabilities			
Current Liabilities			
Current tax payable		–	1 115
Operating lease liability	10	302 805	67 018
Payables from exchange transactions	11	16 663 770	13 915 826
VAT payable	12	1 533 230	942 198
Provisions	13	11 098 295	3 812 855
		29 598 100	18 739 012
Non-current liabilities			
Operating lease liability	10	528 604	831 409
Total liabilities		30 126 704	19 570 421
Net assets		50 934 726	60 728 354
Share capital/contributed capital	14	1	1
Accumulated surplus		50 934 725	60 728 353
Total net assets		50 934 726	60 728 354

Statement of Financial Performance

AS AT 31 MARCH 2023

Figures in rand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Rendering of services	15	171 790 485	108 405 948
Profit/(loss) from exchange transactions and other sundry income	15	390 030	(374 529)
Interest received – investment	15	2 651 599	1 786 154
Gain on disposal of assets and liabilities		–	16 085
Total revenue from exchange transactions		174 832 114	109 833 658
Expenditure			
Employee costs		(151 259 684)	(90 340 312)
External development services		(3 849 812)	(5 929 827)
Depreciation and amortisation		(10 392 421)	(9 139 066)
Loss on disposal of assets and liabilities		(3 461)	–
Administrative expenses		(20 504 059)	(11 817 614)
Auditor's remuneration	16	(1 411 574)	(642 240)
Total expenditure		(187 421 011)	(117 869 059)
Deficit before taxation		(12 588 897)	(8 035 401)
Taxation	17	(2 795 270)	(1 651 435)
Deficit for the year		(9 793 627)	(6 383 966)

Statement of Changes in Net Assets

AS AT 31 MARCH 2023

Figures in rand	Share capital/ contributed capital	Accumulated surplus/deficit	Total net assets
Balance at 01 April 2021	1	67 112 319	67 112 320
Changes in net assets			
Deficit for the year	–	(6 383 966)	(6 383 966)
Total changes	–	(6 383 966)	(6 383 966)
Balance at 01 April 2022	1	60 728 352	60 728 353
Changes in net assets			
Deficit for the year	–	(9 793 627)	(9 793 627)
Total changes	–	(9 793 627)	(9 793 627)
Balance at 31 March 2023	1	50 934 725	50 934 726

Note(s) 14



PART

E

Cash Flow Statement

AS AT 31 MARCH 2023

Figures in rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Rendering of services		164 683 854	108 692 480
Interest income		2 651 599	1 786 154
Prepaid amounts		(3 088 200)	3 043 649
Gain/(loss) on exchange rate differences		390 030	(374 529)
		164 637 283	113 147 754
Payments			
Employee costs		(155 109 496)	(96 270 139)
Suppliers		(16 146 505)	(13 134 273)
Taxes on surpluses	4	(1 420 665)	(208 805)
Movement in provisions		7 285 440	133 122
Movement in VAT		591 032	122 806
		(164 800 194)	(109 357 289)
Net cash flows from operating activities	20	(162 911)	3 790 465
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(5 114 786)	(1 854 172)
Proceeds from sale of property, plant and equipment	7	–	30 435
Purchase of other intangible assets	8	(287 475)	–
Net cash flows from investing activities		(5 402 261)	(1 823 737)
Net increase/(decrease) in cash and cash equivalents		(5 565 172)	1 966 728
Cash and cash equivalents at the beginning of the year		57 724 100	55 757 374
Cash and cash equivalents at the end of the year	6	52 158 928	57 724 102



Summary of Significant Accounting Policies

1 Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include the following:

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

Determination of the recoverable amounts of cash-generating units and individual assets has been based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumption may change, which may then impact our estimations and require a material adjustment to the carrying value of assets.

Summary of Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value-in-use of intangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including projected future revenue forecasts and economic factors such as inflation, exchange rates and interest rates.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in Note 13 Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives and residual value of assets

As described in the accounting policy below, the company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.



Summary of Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

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

Intangible assets

The entity assesses at each reporting period whether there is any indication that the cash-generating intangible assets may be impaired. This assessment requires management to make assumptions, and it is reasonably possible that these assumptions may change, which may then impact our estimations and may then require material adjustment to the carrying value of the intangible asset.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Summary of Significant Accounting Policies

1.3 Property, plant and equipment (*continued*)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	5–16 years
IT equipment	Straight-line	3–13 years
Leasehold improvements	Straight-line	Over the life of the asset or lease period, whichever is shorter
Security equipment	Straight-line	13 years
Office equipment leased	Straight-line	Over the term of the lease

At each reporting date the entity assesses whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).



Summary of Significant Accounting Policies

1.4 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 are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is initially recognised at cost and subsequently carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets with finite useful lives, on a straight-line basis, over their estimated useful lives to their residual values as follows:

Item	Depreciation method	Average useful life
Intellectual property rights	Straight-line	10 years
IT software	Straight-line	3–5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from their use or disposal.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Summary of Significant Accounting Policies

1.5 Financial instruments (*continued*)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options), but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.



Summary of Significant Accounting Policies

1.5 Financial instruments (*continued*)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Classification

The entity has the following types of financial assets (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

The entity has the following types of financial liabilities (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Summary of Significant Accounting Policies

1.6 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable), and less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations or similar means.

Recognition

The entity recognises statutory receivables when the definition of an asset is met, and when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably:

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable); and
- amounts derecognised.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived.



Summary of Significant Accounting Policies

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a statutory receivable.

Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Summary of Significant Accounting Policies

1.8 Leases (*continued*)

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is expensed in each period.

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Impairment of cash-generating assets

Identification

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

1.10 Impairment of non-cash-generating assets

Identification

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.



Summary of Significant Accounting Policies

1.11 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. Ordinary shares as well as the loan received from the shareholder are classified as equity.

1.12 Employee benefits

Short-term employee benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance-related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

Post-employment benefits

Post-employment benefits: Defined contribution plans

Payments to a defined contribution retirement benefit plan are charged as an expense as they fall due. The entity has no legal or constructive obligation to pay future benefits, which responsibility is vested with the contributing retirement benefit schemes.

Summary of Significant Accounting Policies

1.13 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

All provisions of the entity are short-term in nature and the effect of discounting is immaterial.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

1.14 Revenue from exchange transactions

Revenue from exchange transactions comprises the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. 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 entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.



Summary of Significant Accounting Policies

1.14 Revenue from exchange transactions (*continued*)

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.15 Interest received

Investment income is recognised on a time-proportion basis using the effective interest method.

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date foreign currency monetary items are translated using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items from initial recognition are recognised in surplus or deficit in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in rands by applying to the foreign currency amount the exchange rate between the rand and the foreign currency at the date of the cash flow.

Summary of Significant Accounting Policies

1.17 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships, on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and if terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.



Notes to the Financial Statements

2 Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year. The entity has not adopted any new policies in the current financial year.

3 New standards and interpretations

3.1 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 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact

Figures in Rand

	2023	2022
Balance at the beginning of the year	(1 115)	366 590
Current tax for the year recognised in surplus or deficit	(680 271)	(576 510)
Balance at the end of the year	(739 279)	1 115
	(1 420 665)	(208 805)

5 Receivables from exchange transactions

Trade debtors	5 135 091	1 199 060
Prepayments and other sundry receivables	6 144 185	2 973 584
Deposits	15 359	15 359
	11 294 635	4 188 003

Fair value of trade and other receivables

Receivables from exchange transactions	11 294 635	4 188 003
--	------------	-----------

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. There were no amounts past due at 31 March 2023 or 31 March 2022.

Notes to the Financial Statements

6 Cash and cash equivalents

Cash and cash equivalents consist of:

Figures in Rand	2023	2022
Cash on hand	1 569	3 180
Bank balances	42 614 211	48 781 125
Short-term deposits	9 543 145	8 939 795
	52 158 925	57 724 100

7 Property, plant and equipment

	2023			2022		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold improvements	6 043 032	(4 884 637)	1 158 395	6 021 451	(4 781 037)	1 240 414
Furniture and fixtures	1 853 879	(1 107 210)	746 669	1 851 645	(942 099)	909 546
Office equipment – leased	–	–	–	109 788	(109 788)	–
IT equipment	23 242 421	(15 549 207)	7 693 214	18 278 916	(13 674 577)	4 604 339
Security equipment	20 108	(18 213)	1 895	20 108	(18 131)	1 977
Total	31 159 440	(21 559 267)	9 600 173	26 281 908	(19 525 632)	6 756 276

Reconciliation of property, plant and equipment – March 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	1 240 414	79 829	–	(161 848)	1 158 395
Furniture and fixtures	909 546	2 234	–	(165 111)	746 669
IT equipment	4 604 339	5 032 723	(3 461)	(1 940 387)	7 693 214
Security equipment	1 977	–	–	(82)	1 895
	6 756 276	5 114 786	(3 461)	(2 267 428)	9 600 173

Reconciliation of property, plant and equipment – March 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	1 293 742	–	–	(53 326)	1 240 416
Furniture and fixtures	803 274	140 588	(3 063)	(31 253)	909 546
IT equipment	3 696 270	1 713 584	(1 110)	(804 405)	4 604 339
Generators	10 177	–	(10 177)	–	–
Security equipment	1 005	–	–	972	1 977
	5 804 468	1 854 172	(14 350)	(888 012)	6 756 278

Change in the estimated useful life of certain assets has affected the depreciation for the year. Refer to note 27 for more detail.



PART

E

Notes to the Financial Statements

7 Property, plant and equipment *(continued)*

Figures in Rand	2023	2022
Other information		
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in the Statement of Financial Performance		
Repairs and maintenance	462 106	376 272

Impairment

As per GRAP 26, management assessed whether there was any indication that the tangible assets were impaired. None was identified.

8 Intangible assets

	2023			2022		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intellectual property and other rights	73 582 623	(70 793 605)	2 789 018	73 582 623	(63 435 342)	10 147 281
IT software	8 679 891	(7 757 611)	922 280	8 392 416	(6 990 880)	1 401 536
Total	82 262 514	(78 551 216)	3 711 298	81 975 039	(70 426 222)	11 548 817

Reconciliation of intangible assets – March 2023

	Opening balance	Additions	Amortisation	Total
Intellectual property and other rights	10 147 281	–	(7 358 263)	2 789 018
IT software	1 401 536	287 475	(766 731)	922 280
	11 548 817	287 475	(8 124 994)	3 711 298

Reconciliation of intangible assets – March 2022

	Opening balance	Additions	Amortisation	Total
Intellectual property and other rights	17 505 543	–	(7 358 262)	10 147 281
IT software	2 294 328	–	(892 792)	1 401 536
	19 799 871	–	(8 251 054)	11 548 817

Impairment

As per GRAP 26, management assessed whether there was any indication that the intangible assets were impaired. None was identified.

Notes to the Financial Statements

Figures in Rand

2023

2022

9 Deferred tax

Deferred tax liability

Deferred tax	3 557 120	81 579
--------------	-----------	--------

Reconciliation of deferred tax asset/(liability)

At the beginning of the year	81 579	(2 146 366)
Temporary difference on prepayments	(12 933)	24 714
Temporary difference on tangible fixed assets	223 097	(136 628)
Movement in provision and accruals	1 893 593	838 497
Reversing temporary difference on finance lease	–	–
Originating temporary difference on operating lease	(18 095)	34 827
Reversing temporary difference on intellectual property	1 389 879	1 389 879
Reduction in the opening balance due to rate change	–	76 656
	3 557 120	81 579

10 Operating lease asset (liability)

Non-current liabilities	(528 604)	(831 409)
Current liabilities	(302 805)	(67 018)
	(831 409)	(898 427)

Operating leases represent rentals payable by the entity for its office premises.

The office leases were for an initial period of 5 years with an annual rental escalation of 7%, and an expiry date of 31 August 2024. During the prior year an addendum was signed to extend the initial period of the lease over the St Andrews offices by a further 2 years with more favourable rental escalations. The office leases contain an option to extend the leases after the initial period by a further 5 years.

11 Payables from exchange transactions

Trade payables	1 290 492	1 192 499
Accrued leave pay	6 009 283	3 193 216
PAYE payable	3 052 917	1 860 891
Other accruals	2 017 877	287 819
Revenue billed in advance	4 293 201	7 381 401
	16 663 770	13 915 826

Payables are carried at invoice amounts, which approximates fair value due to their short-term nature.

Revenue billed in advance relates to services to be provided to our customers for which we have already received payment.



Notes to the Financial Statements

Figures in Rand

2023

2022

12 VAT payable

VAT payable	1 533 230	942 198
-------------	-----------	---------

13 Provisions

Reconciliation of provisions – March 2023

	Opening Balance	Additions	Utilised during the year	Adjustments during the year	Total
Performance bonus	3 812 855	11 098 295	(5 302 926)	1 490 071	11 098 295

Reconciliation of provisions – March 2022

	Opening Balance	Additions	Utilised during the year	Adjustments during the year	Total
Performance bonus	3 679 735	3 812 855	(3 577 298)	(102 437)	3 812 855

Performance bonuses represent the estimated obligation for the current year.

14 Share capital

Authorised

1 000 ordinary shares of R1 each	1 000	1 000
----------------------------------	-------	-------

Reconciliation of number of shares issued:

Reported as at 01 April 2022	1	1
------------------------------	---	---

999 unissued ordinary shares are under the control of the Board in terms of the Memorandum of Incorporation.

Issued

Ordinary	1	1
----------	---	---

Share capital is fully paid and has no restrictions.

Notes to the Financial Statements

Figures in Rand

2023

2022

15 Revenue from exchange transactions

Rendering of services: SARS	152 237 645	93 122 391
Rendering of services: Luxembourg	15 897 998	15 283 557
Rendering of services: Other	3 654 842	–
Profit/(loss) from exchange transactions	390 030	(374 529)
Interest received	2 651 599	1 786 154
	174 832 114	109 817 573

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	171 790 485	108 405 948
Profit/(loss) from exchange transactions	390 030	(374 529)
Interest received	2 651 599	1 786 154
	174 832 114	109 817 573

16 Auditors' remuneration

External audit: fees	643 762	598 041
Internal audit: fees	661 770	42 579
Subsistence and travel: internal audit	30 895	–
Subsistence and travel: external audit	75 148	1 620
	1 411 575	642 240

17 Taxation

Major components of the tax (income)/expense

Current

Local income tax – current period	676 277	574 110
Local income tax – recognised in current tax for prior periods	3 994	2 400
	680 271	576 510

Deferred

Deferred tax movement current year	(3 475 541)	(2 227 945)
	(2 795 270)	(1 651 435)

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense		
Accounting deficit	(12 588 897)	(8 035 401)
Tax at the applicable tax rate of 27% (2022: 28%)	(3 399 002)	(2 249 912)



Notes to the Financial Statements

Figures in Rand	2023	2022
-----------------	------	------

17 Taxation (continued)

Tax effect of adjustments on taxable income

Originating temporary difference	3 475 541	2 151 289
Non-deductible difference	599 738	571 875
Prior year under-/overprovision	3 994	2 400
Reduction in deferred tax due to rate change	—	100 858
	680 271	576 510

18 Employee benefit obligations

Defined contribution plan

It is the policy of the entity to provide retirement benefits to all its employees. Entitlement to retirement benefits is governed by the rules of the Allan Gray Retirement Annuity Fund, which is a defined contribution retirement annuity fund. The entity has no legal or constructive obligation to pay for future benefits. The responsibility vests with the Allan Gray Retirement Annuity Fund.

The entity is under no obligation to cover any unfunded benefits.

The total economic entity contribution to such schemes	8 333 385	6 138 371
--	-----------	-----------

19 Operating deficit

Operating deficit for the year is stated after accounting for the following:

Gain or (loss) on disposal of assets	(3 461)	16 085
Amortisation on intangible assets	8 124 993	8 251 054
Depreciation on property, plant and equipment	2 267 428	888 012

Notes to the Financial Statements

Figures in Rand

2023

2022

20 Cash (used in) generated from operations

Deficit	(9 793 627)	(6 383 966)
Adjustments for:		
Depreciation and amortisation	10 392 421	9 139 066
Gain (loss) on sale of assets and liabilities	3 461	(16 085)
Movements in operating lease assets and accruals	(67 018)	128 988
Movements in provisions	7 285 440	133 120
Movement in tax receivable and payable	(740 394)	367 705
Annual charge for deferred tax	(3 475 541)	(2 227 945)
Changes in working capital:		
Receivables from exchange transactions	(7 106 632)	286 532
Payables from exchange transactions	2 747 947	2 240 244
VAT	591 032	122 806
	(162 911)	3 790 465

21 Commitments

Authorised operational expenditure

Already contracted for but not provided for

• IT goods and services	2 860 785	1 767 417
• Other services	112 487	34 280
• HR Services	6 060	11 046
	2 979 332	1 812 743

Total operational commitments

Already contracted for but not provided for	2 979 332	1 812 743
---	-----------	-----------

This committed expenditure relates to IT and office services and will be financed by: retained surpluses, existing cash resources, funds internally generated, and so forth.

Operating leases – as lessee (expense)

Minimum lease payments due

• within one year	4 570 748	4 299 593
• in the second to the fifth year inclusive	5 390 434	9 961 183
	9 961 182	14 260 776

Operating lease payments represent rentals payable by the entity for certain of its office properties. Refer to Note 10 for more detail.



Notes to the Financial Statements

22 Related parties

Relationships	
Controlling entity	South African Revenue Service
Companies in which members of management have significant influence	Tshole Business Solutions (Pty) Ltd (24.5% effective interest) Tatis International (Pty) Ltd (in liquidation) (17.88% effective interest)
Member of the Board of Directors	M.A. Enus-Brey: Chairman of the Board Independent Non-Executive Director L.L. Janse van Rensburg: Financial Director (and Acting Managing Director) J.M. Robertson: Operations Director *Y. van der Merwe: Non-Executive Director (resigned effective 10 June 2022) *B. Theron: Non-Executive Director (resigned effective 10 June 2022) *H. Smith: Non-Executive Director *V.C. Nthabyane: Non-Executive Director S.W. van Graan: Non-Executive Director (resigned effective 24 February 2023) *E. Smith: Non-Executive Director (appointed effective 14 June 2022)
Members of key management	M. Peperrell: Company Secretary/Manager: Corporate Services N. Mohoto: Executive Talent S. Mtsweni: Executive: Relationship Manager D. De Kock: Executive: Tax Solutions W. Barratt: Executive: Business Development & Innovation

*These Non-Executive Directors are employed by the shareholder

Figures in Rand	2023	2022
Related party balances		
Receivables from exchange transactions		
Trade receivables: SARS	5 744 113	–
The trade receivables with the shareholder represents amounts receivable for services rendered at arm's length transactions.		
Payables from exchange transactions with related parties		
Trade payables: SARS	692 665	42 579
Revenue billed in advance (SARS)	2 760 979	7 381 401
The trade payable represents amounts owing to SARS for internal audit services performed at arm's length.		
Rendering of services to related parties		
South African Revenue Service	152 237 645	93 122 391
Related party transactions		
Interfront entered into agreements for the transfer of employees. The controlling entity was a party to the agreement. Refer to Note 28 for more detail.		

Notes to the Financial Statements

22 Related parties (*continued*)

Remuneration of management

Management class: Executive management

2023	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Other benefits received	Total
Name					
M. Pepperell	1 297 067	93 524	250	21 275	1 412 116
N. Mohoto	1 128 315	—	1 260	18 520	1 148 095
S. Mtsweni	1 215 771	61 135	12 399	19 948	1 309 253
W. Barratt	1 678 537	120 116	3 214	28 244	1 830 111
D. De Kock	2 022 273	146 711	3 325	33 998	2 206 307
	7 341 963	421 486	20 448	121 985	7 905 882

2022	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Other benefits received	Total
Name					
M. Pepperell	1 197 345	78 355	255	14 000	1 289 955
N. Mohoto	1 081 951	51 909	6 000	12 651	1 152 511
S. Mtsweni	1 152 575	62 736	14 398	13 476	1 243 185
	3 431 871	193 000	20 653	40 127	3 685 651

23 Directors' emoluments

Executive

2023	Basic salary	Annual bonus	Subsistence and travel	Company contributions	Total
J.M. Robertson	3 226 264	270 501	18 913	52 698	3 568 376
L.L. Janse van Rensburg	2 238 764	187 705	14 169	36 612	2 477 250
	5 465 028	458 206	33 082	89 310	6 045 626

2022	Basic salary	Annual bonus	Subsistence and travel	Company contributions	Total
J.M. Robertson	3 058 120	246 038	14 400	35 757	3 354 315
L.L. Janse van Rensburg	2 122 085	155 210	12 334	24 812	2 314 441
	5 180 205	401 248	26 734	60 569	5 668 756



Notes to the Financial Statements

23 Directors' emoluments (*continued*)

Non-executive

2023	Member's fees	Committee fees	Total
M.A. Enus-Brey	17 498	1 010	18 508
S.W. van Graan	11 796	752	12 548
	29 294	1 762	31 056

2022	Members' fees	Committee fees	Total
M.A. Enus-Brey	21 909	6 018	27 927
S.W. van Graan	8 019	2 916	10 935
	29 928	8 934	38 862

No fees or remuneration are payable to the non-executive directors who are also employees of the shareholder.

24 Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by the Board. The Board provides written policies for overall risk management, as well as a review covering specific areas.

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.

The table below analyses the entity's financial and other liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2023	Less than a year	Between one and two years	Between two and five years	Over five years
Payables from exchange transactions	16 663 770	—	—	—
Operating lease contractual amounts	4 570 748	2 930 969	2 459 465	—

At 31 March 2022	Less than a year	Between one and two years	Between two and five years	Over five years
Payables from exchange transactions	13 915 826	—	—	—
Operating lease contractual amounts	4 299 593	4 570 748	5 390 434	—

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and receivables from exchange transactions. The entity only deposits cash with major banks with a high-quality credit standing.

Notes to the Financial Statements

24 Risk management (*continued*)

Figures in Rand

2023

2022

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Cash and cash equivalents	52 158 925	57 724 100
Receivables from exchange transactions	11 294 635	4 188 003

Market risk

Interest rate risk

The entity's interest rate risk arises from amounts held in short-term cash balances. The entity's income and operating cash flows are substantially independent of changes in market interest rates in relation to these balances.

Cash flow interest rate risk

Financial Instruments and Other	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Receivables from exchange transactions	11.25%	11 294 635	—	—	—	—
Cash in current banking institutions	11.25%	52 158 925	—	—	—	—
Payables from exchange transactions	11.25%	16 663 770	—	—	—	—
Operating lease obligation	11.25%	4 570 748	2 930 969	2 459 465	—	—

Foreign exchange risk

The entity provides services to one international customer and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The entity does not currently hedge foreign exchange fluctuations.

Foreign currency exposure at statement of financial position date

Current assets

Receivables from exchange transactions (amount in EURO)	—	74 167
---	---	--------

Exchange rates used for conversion of foreign items were:

EURO	16.17
------	-------



Notes to the Financial Statements

Figures in Rand

2023

2022

25 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. A major portion of revenue is currently attributable to a single customer, the Shareholder. This is expected to continue in the near future.

26 Reconciliation between budget and statement of financial performance

SARS as principal of its wholly owned subsidiary, incorporates Interfront in its parliamentary and ultimate statutory accountability processes. Interfront is included inter alia in the SARS strategic plan, budget, and monthly and annual reporting, as well as the consolidated annual financial statements. Interfront functions primarily as a service provider supporting customs modernisation. Within these overall objectives, Interfront is governed by its Board under the close scrutiny of SARS. Interfront is thus excluded from the detailed reporting requirements based on paragraph 3 GRAP 24.

Net deficit per the statement of financial performance

(9 793 627)

(6 383 966)

27 Change in estimate

Property, plant and equipment

Management assesses the useful life of property, plant and equipment and intangible assets annually. The estimated useful lives of the asset classes below were revised with the following impact on depreciation charges:

2023	Prior estimate	Current estimate	Change in estimate	Depreciation	Change in net book value
Leasehold improvements	12 years	13 years	(336 705)	498 554	86 376
Furniture & fittings	5 to 15 years	5 to 16 years	(17 606)	182 717	19 242
Security equipment	12 years	13 years	(1 545)	1 627	1 896
IT equipment	3 to 12 years	3 to 13 years	(1 199 916)	3 140 303	978 280
			(1 555 772)	3 823 201	1 085 794

2022	Prior estimate	Current estimate	Change in estimate	Depreciation	Change in net book value
Leasehold improvements	10 years	12 years	(472 203)	525 531	94 787
Furniture & fittings	5 to 10 years	5 to 15 years	(149 111)	180 363	123 170
Security equipment	10 years	12 years	(2 752)	1 780	1 978
IT equipment	3 to 10 years	3 to 12 years	(1 735 870)	2 540 275	1 088 324
IT software	3 to 5 years	3 to 12 years	(690)	893 483	555
			(2 360 626)	4 141 432	1 308 814

Notes to the Financial Statements

28 Other matters

1. The pending arbitration between the liquidators of Tatis International Proprietary Limited (in liquidation) and International Frontier Technologies SOC Limited ("Interfront") and all disputes between the parties in relation to the Sale Agreement and/or the Marketing Agreement entered into between them were settled on the basis that Tatis International (1) withdrew any and all allegations in respect of Interfront's alleged breach of the Sale Agreement and/or Marketing Agreement, (2) withdrew any claim for any alleged damages, and (3) unconditionally and irrevocably waived and abandoned any rights to any royalties and/or licence fees as may be or become payable by Interfront in terms of the Interim Agreement and/or the Marketing Agreement and/or the Sale Agreement, on the basis that each party pays its own legal costs pursuant to the disputes and pending arbitration. The terms of the settlement were recorded in a written Settlement Agreement executed between the parties on or about 29 August 2022.
2. During the year under review, Interfront entered into the following agreements under section 197 of the Labour Relations Act No. 66 of 1995.
 - 41 employees transferred from Shandon Business Solutions (Pty) Ltd to Interfront effective 1 April 2022. A finders fee of R5.6 million was paid by Interfront.
 - 14 employees transferred from Ionize Technology (Pty) Ltd to Interfront effective 1 January 2023.

The above agreements enable SARS, through its subsidiary Interfront, to ensure the continued development and support of taxation applications, by reducing the risk of reliance on external service providers.



ANNEXURE

ANNEXURE A: Board Directorship
Mustaq Ahmed Enus-Brey

ANNEXURE B: Procurement/Finance Information

List of Abbreviations and Acronyms

ANNEXURE A

Board Directorship Mustaq Ahmed Enus-Brey

NAME OF COMPANY	OFFICE HELD	DATE OF APPOINTMENT
Newshelf 1416 (Pty) Ltd	Director	28 Nov 2017
Friedshelf 1534 (Pty) Ltd	Director	06 April 2014
Friedshelf 1535 (Pty) Ltd	Director	06 April 2014
Oceana SPV (Pty) Ltd	Director	2006
Septen Investments	Director	
H Investments No 219 (Pty) Ltd	Director	2001
House of Monatic (Pty) Ltd	Non-Exec Director	24 Aug 1998
AON Re Africa (Pty) Ltd	Non Exec Director	2006
* Equites Property Fund Limited	Non Exec Director	2016
FPG Investments (Pty) Ltd	Non Exec Director	2016
FPG Property Fund	Non Exec Director	01 March 2018
* Oceana Fishing Group Limited	Non Exec Chairman	01 Nov 1995
International Frontier Technologies SOC Ltd	Non Exec Director	18 Oct 2011
African Monarch 710 Inv Holdings (Pty) Ltd	Director	23 April 2003
Breyfin 1 Proprietary Ltd	Director	2017
Breyfin 2 Proprietary Ltd	Director	2017
Jasmyn Beleggings	Director	2017
Jasmynweg Beleggings 2	Director	2017
Jasmynweg Beleggings 3 Proprietary Ltd	Director	2017
Jasmynweg Beleggings 4 Proprietary Ltd	Director	2017
H Investments No 157 (Pty) Ltd	Director	1998
H Investments No 237 (Pty) Ltd	Director	1998
Brainfin Financial Services (Pty) Ltd	Director	22 July 2012
Blik Investments (Pty) Ltd	Director	25 Sept 2000
Breyfin (Pty) Ltd	Sole Director	02 Mar 1998

* JSE Listed Company

NAME OF COMPANY	OFFICE HELD	DATE OF APPOINTMENT
Kalab Investments (Pty) Ltd	Director	28 Mar 1996
My Domain	Non Exec Director	2016
My Domain Rentals (Pty) Ltd	Non Exec Director	2016
Cape Monarch Investments	Director	23 June 2015
Masibambane Consultants	Director	26 May 1997
Pro-One Investments (Pty) Ltd	Director	25 Nov 1997
Roselane Investments (Pty) Ltd	Director	2005
51 Wales Street (Pty) Ltd	Director	18 Jan 1994

ANNEXURE B

Procurement/Finance Information

Unauthorised Expenditure Register



Total Amount of unauthorised expenditure								R0		
Report number and date	Incident description	Date incurred	Date identified	Amount of unauthorised expenditure	Status (under assessment, determination, investigation)	Amount of losses	Amount of losses recovered	Unauthorised expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence management	Steps taken to prevent unauthorised expenditure
Not applicable										

Irregular Expenditure Register

Total Amount of Irregular Expenditure												R0
Total irregular expenditure condoned												–
Total irregular expenditure removed												–
Total losses recovered												–
Total losses written off												–
Report number and date	Date incurred	Date identified	Date reported to the accounting authority	Amount of Irregular Expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	Irregular expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence management	Irregular expenditure condoned by the accounting authority	Irregular expenditure removed by the accounting authority	Steps taken to prevent irregular expenditure
No irregular expenditure reported												

Fruitless and Wasteful Expenditure Register

Total Amount of fruitless and wasteful expenditure								R0	
Total losses recovered								–	
Total losses written off								--	
Report number and date	Date incurred	Date identified	Date reported to the accounting authority	Amount of fruitless and wasteful expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	Fruitless and wasteful expenditure due to criminal conduct	Steps taken to prevent fruitless and wasteful expenditure
No fruitless and wasteful expenditure reported									

Information of the Payment of Supplier's Invoices

Description	Number of Invoices	Value (Incl. Vat)
Valid invoices received	853	R53,117,942.56
Invoices paid within 30 days or agreed period	846	R47,474,283.90
Invoices paid after 30 days or agreed period	7	R5,643,658.66
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

Procurement by other means

Project Description	Name of Supplier	Type of procurement by other means	Contract Number	Value of Contract
Resource services for the SARS eFiling solution	Business Xponent Solutions (Pty) Ltd	Limited bidding	INT DEV 01–2022/23	R1 453 140
Resource services for the SARS Mobile application	iSolve Business Solutions (Pty) Ltd	Limited bidding	INT DEV 01–2022/23	R4 603 680

Contract Variations and Expansions

Project Description	Name of Supplier	Contract Modification Type (expansion or variation)	Contract Number	Original Contract Value	Value of previous Contract expansion or variation (if applicable)	Value of Current Contract expansion or variation
Internet connectivity	Adept Internet (Pty) Ltd	Expansion	PRF-2021_22-308	R348 024	R14 030	R44 367

List of Abbreviations and Acronyms

ADA	Luxembourg Customs and Excise Agency
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AIP	Advance Import Payment
APP	Annual Performance Plan
CMP	Customs Modernisation Programme
Companies Act	Companies Act, No. 71 of 2008
CTC	Cost-to-Company
DPS	Declaration Processing System
EXCO	Interfront Executive Committee
GRAP	Generally Recognised Accounting Practice
iCBS	Interfront Customs and Border Management Solution
ICT	Information and Communication Technology
IETA	Import, Export and Transit Modules
ISMC	Interfront System Management Committee
ITS	SARS Income Tax System
MOI	Memorandum of Incorporation
MSA	Master Services Agreement
MVP	Minimum Viable Product
NOCC	SARS National Operations Command Centre
NPR	Number Plate Recognition
OS	Operating System
PFMA	Public Finance Management Act, No. 1 of 1999
PIT	Personal Income Tax
PPPF	Preferential Procurement Policy Framework
QA	Quality Assurance
RLA	Registration, Licensing and Accreditation
SARS	South African Revenue Service
SCOPA	Standing Committee on Public Accounts
SLA	Service Level Agreement
SOC	State-Owned-Company
TMS	Tariff Management System



Gleneagles Building
Somerset Links Office Park
De Beers Avenue, Somerset West



Postnet Suite #10, Private Bag X15
Somerset West, 7129, South Africa



T: +27 (0) 21 840 3400



F: +27 (0) 21 840 3401



www.interfront.co.za

interfront