17 August 2026 | Write-Up

EXCO prioritises Minister's IYM readiness and Audit outcomes

The Department of Employment and Labour's Executive Committee convened virtually on 17 August 2026 under the leadership of Acting Director-General, Mr Sam Morotoba. The meeting placed particular emphasis on preparations for the Minister's upcoming In-Year Monitoring meeting and the consideration of the 2025/26 audit outcomes across the Department and its entities.

Mr Morotoba noted that the Auditor-General of South Africa (AGSA) was expected to brief the Minister on the audit outcomes across the portfolio before annual reports were finalised and submitted to Parliament for tabling.

The Acting DG further highlighted that the Department was simultaneously supporting a number of parliamentary engagements. These included upcoming Portfolio Committee briefings on labour-related matters and the platform economy. He stressed the importance of ensuring that the Department remained coordinated and prepared across its executive, parliamentary and ministerial responsibilities.

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UIF reports on audit outcomes and Quarter 1 performance

The Unemployment Insurance Fund (UIF) reported that it had received a qualified audit outcome for the 2025/26 financial year, maintaining the same overall audit outcome recorded over the previous three financial years.

Presenting the audit outcomes to EXCO, the Fund highlighted challenges relating to performance information, Labour Activation Programmes, COVID-19 TERS expenditure, investments and revenue management.

On performance information, the Fund reported a qualification relating to one Business Operations indicator following a change to its technical definition towards the end of the financial year which had not been presented to Parliament.

Despite the challenges, the UIF reported improvements in expenditure management, strategic planning and performance management, and governance and oversight, while asset management remained without material findings. Progress was also reported on consequence management, although long-outstanding investigations remained an audit concern.

The Fund indicated that improving employer compliance and the submission of declarations remained critical, particularly within less formalised sectors such as the taxi industry, domestic employment and smaller businesses.
Turning to its Quarter 1 performance for the 2026/27 financial year, the UIF reported that it had achieved seven of its 12 planned targets, translating to an overall performance of 58%, with five targets not achieved.

Performance across the Fund's programmes stood at 67% for Administration, 75% for Business Operations and 40% for Labour Activation Programmes.

Under Business Operations, the deceased benefit target was missed by 2%. The Fund, however, reported an improvement on the indicator from 74% to 88% and indicated that it would continue monitoring performance with the intention of achieving the target in subsequent quarters.
Alongside the performance report, the Fund highlighted progress on initiatives aimed at modernising UIF services and reducing pressure on Labour Centres.

The development and testing of the automated Continuation of Benefits system was completed in March 2026, although the pilot remains on hold pending the finalisation of amendments to the regulations. The system is intended to reduce queues at Labour Centres by allowing beneficiaries to complete continuation-of-benefit processes without having to visit an office.

The UIF also reported progress with the rollout of its Mobile Client Service Officer system, with 50 mobile tablets deployed to 25 Labour Centres across all nine provinces during Quarter 1. A further 50 tablets are expected to be rolled out to another 25 Labour Centres by the end of Quarter 2, with the Fund targeting rollout to all Labour Centres by the end of the financial year.

Development of the UIF Online Employer System has also been completed, with the Fund awaiting quality-assurance infrastructure before testing and piloting can commence.
The Fund further reported progress in its collaboration with banks to enable real-time integration with banking platforms, with technical engagements underway with ABSA, FNB and Capitec.

Compensation Fund reports on audit outcome and July performance

The Compensation Fund (CF) reported that it remained on a disclaimer audit opinion for the 2025/26 financial year, while highlighting progress in reducing audit findings and addressing longstanding weaknesses within the Fund.

Presenting the audit outcomes to EXCO, the Fund reported 13 disclaimer paragraphs and 179 audit findings, down from 213, with 14 repeat findings dating back between five and eight years having been resolved during the financial year. The number of disclaimer paragraphs has also declined from 18 in 2022/23 to 13 in 2025/26.

Management acknowledged that the continued disclaimer is largely driven by longstanding challenges relating to claims data, incomplete accounting records, data quality, valuation supporting information and historical documentation. The Fund explained that weaknesses in claims information have a wider impact on areas such as provisions, the capitalised value of pensions, actuarial calculations and performance reporting.
Historical data challenges have also contributed to the audit outcome, particularly where information from legacy systems is difficult to retrieve or interpret.

The Fund has identified a number of interventions to address the root causes, including rebuilding and improving claims data, strengthening monthly data-quality controls, improving supporting evidence across claims, finance, actuarial and ICT functions, strengthening revenue controls and introducing stricter turnaround times for investigations relating to fruitless and wasteful expenditure.

Turning to its July 2026 In-Year Monitoring performance, the Compensation Fund reported that it had achieved eight of its 11 planned targets, translating to an overall performance of 72.7%. This was down from 81.8% in June.
Performance varied across the Fund's programmes, with Administration recording 50%, COID Services 67%, while Medical Services and Orthotic and Rehabilitation achieved 100% of their planned targets.

Under COID Services, the Fund narrowly missed its target of paying 95% of approved benefits within 10 working days, achieving 93.37%. The variance was partly attributed to inaccurate banking information provided by beneficiaries, which resulted in some transactions failing account verification.

At the same time, the Fund reported positive performance in key service-delivery areas. A total of 93% of registered claims were adjudicated within 30 working days against a target of 90%, while 88% of medical invoices were finalised within 30 working days against a target of 87%.

The Compensation Fund further highlighted planned stakeholder engagements across provinces aimed at improving employer compliance, strengthening awareness of COID requirements and assisting workers and employers to better understand claims and medical benefit processes.

The Fund said implementation of its Audit Action Plan, together with continued monitoring of service-delivery performance and corrective measures, would remain a priority as it works to improve both operational performance and its future audit outcome.

SEE improves audit outcome from adverse to qualified opinion

Supported Employment Enterprises (SEE) reported a significant improvement in its 2025/26 audit outcome, moving from an adverse audit opinion recorded over the previous three financial years to a qualified opinion.

SEE indicated that five of the six qualification areas previously raised had been cleared, leaving one remaining qualification relating to receivables from exchange transactions.

The entity reported improvements across a number of areas that had previously contributed to its adverse audit opinion, including inventory, operating expenses, payables from exchange transactions and the cash flow statement.

SEE reported an audit improvement achievement of 83% against a target of 50%, reflecting progress in addressing previously identified audit matters.

Management, however, cautioned that the improved audit opinion should be regarded as part of an ongoing process to stabilise the entity's control environment. SEE said further work would focus on strengthening internal controls and addressing the underlying causes of previous findings, particularly around inventory valuations, production processes and the allocation of customer payments.

SEE said the remaining qualification would be incorporated into its Audit Action Plan as it works towards further improving its audit outcome.

IES exceeds key enforcement targets and raises concern over bogus inspectors

IES reported that the number of inspections conducted exceeded the planned target by 4%, while the issuing of notices to non-compliant employers within the prescribed 14-day period exceeded the target by 2.5%.

The branch also recorded strong performance in taking further action against employers who remained non-compliant after enforcement notices had expired, achieving 86% against a target of 70% for the referral of matters for further enforcement through the relevant legal and prosecutorial mechanisms.

The branch also indicated that no audit findings had been raised in relation to its performance information.

Inspector-General Aggy Moiloa also raised concern about the emergence of individuals and groups allegedly presenting themselves at workplaces as labour inspectors or law-enforcement authorities without the necessary authority to do so.

The Inspector-General said increased enforcement of labour legislation and related laws had also brought greater attention to workplace inspections, making it important for employers and workers to be able to distinguish bona fide Department of Employment and Labour inspectors from individuals who may be misrepresenting themselves.

The Department has already undertaken communication interventions to raise awareness among employers and provide guidance on how legitimate labour inspectors identify themselves when conducting workplace inspections.

IES has also engaged the Department’s Legal Services on additional measures that may be taken against individuals or organisations falsely presenting themselves as inspectors or authorised enforcement bodies. Further legal interventions, including appropriate court processes where warranted, are being considered. The matter was brought before EXCO to ensure that the Department develops a coordinated administrative, communication and legal response to protect workplaces from unauthorised inspections while safeguarding the credibility and integrity of the Department’s legitimate enforcement activities.

PES meets July targets while raising concerns over ICT system readiness

The Department's Public Employment Services (PES) branch reported that it had achieved all of its July performance targets relating to work-seeker registrations, employment opportunities registered, counselling services and opportunities filled. The branch indicated that performance across provinces remained positive and expressed confidence that the Quarter 2 targets could also be achieved.

PES, however, raised concerns regarding the readiness of the Department's new employment services system, following previous attempts to deploy the system which had resulted in service-delivery challenges and subsequent rollbacks.

On its strategic employment initiatives, PES reported progress with funding that will support further job fairs and integrated service-delivery activities. The branch also reported that the National Pathway Management Network had contributed approximately 113,000 employment opportunities towards the Department's 650,000 opportunity target.

PES further highlighted the Department's planned participation in the MyMzansi digitisation initiative, in partnership with the Digital Services Unit in the Presidency, as part of broader efforts to improve digital public services.
On financial performance, the branch reported expenditure of approximately 24% of its budget, noting that a significant portion of the allocation relates to transfers that would be processed as agreements with implementing partners were finalised.

Turning to the 2025/26 audit findings, PES reported that a finding relating to performance information arose following system challenges and a rollback during the previous reporting period. The rollback resulted in duplicate records appearing in the reporting environment despite the branch having identified and corrected the duplication internally.

PES indicated that it had engaged with the Auditor-General of South Africa on the treatment of the duplicated records. The branch said the experience reinforced the need to ensure that ICT systems supporting performance reporting are stable, adequately resourced and fully aligned before any future system migration or deployment.

The branch said strengthening the ICT environment would remain important to protecting the integrity of performance information while ensuring uninterrupted services to work seekers and employers.

Unbundling and reconfiguration process advances

EXCO received an update on the Department's unbundling and reconfiguration process, including progress on the business cases, stakeholder engagements and preparations for the transition.
The business cases have been reviewed, with engagements held across provinces, the UIF and Compensation Fund boards, organised labour and relevant governance structures. A risk register has also been finalised, while key messages have been developed to ensure consistent communication with employees.

A transitional plan covering legal, human resources, ICT, finance and change management workstreams is being finalised and will be presented to EXCO following further engagements.

The Department noted that legislative, ICT and funding-related matters remain key risks, with delays in the legislative process expected to affect the timeframe for the legal separation. The unbundling process will remain a standing EXCO agenda item to ensure continued oversight and coordination.

EXCO reinforces focus on performance, accountability and service delivery

The EXCO meeting reflected a mixed but forward-looking picture across the Department and its entities, with progress recorded in a number of operational areas alongside persistent governance, audit and system-related challenges requiring focused intervention.

While entities such as SEE demonstrated a notable improvement in audit performance, moving from an adverse to a qualified opinion, both the UIF and Compensation Fund continue to address longstanding audit matters. At branch level, IES, PES and LP&IR reported strong performance against several key targets, while corrective measures are being implemented in areas where targets were not achieved.

A recurring theme across the presentations was the importance of strengthening internal controls, data integrity, ICT systems, recruitment processes, procurement turnaround times and consequence management. Several branches also highlighted the need for improved coordination between operational, ICT, finance, legal and support functions to reduce service-delivery risks and improve institutional performance.

EXCO emphasised the importance of maintaining momentum on corrective action plans, strengthening accountability and ensuring that branches and entities are adequately prepared for the upcoming Minister's IYM, and parliamentary engagements.