



AUDITOR-GENERAL  
SOUTH AFRICA

INTEGRATED  
ANNUAL REPORT  
**2023**  
**2024**

**Elevating  
our insights**  
to improve  
public sector  
accountability



**INTEGRATED  
ANNUAL REPORT**

**2023  
2024**

# CONTENTS

Preamble to the Constitution	02
Letter to the Speaker	03

01

## SECTION ONE

<b>AG AND DAG'S MESSAGES</b>	<b>05</b>
Auditor-general's message	06

02

## SECTION TWO

<b>OUR ORGANISATION</b>	<b>15</b>
<b>Who we are</b>	<b>16</b>
Mission and vision	16
Organisational values	16
Mandate and legal form	17
Accountability and reporting	17
Financial and legal independence	17
Functions, beneficiaries and products	17
International participation	18
External charters, principles and initiatives that we subscribe to or endorse	18
<b>How we are organised</b>	<b>19</b>
Structure of the AGSA	20
Strategic risks and risk assurance model	22
Our capitals	24
Value creation model	25
Key stakeholders (accountability ecosystem and culture shift coalition)	28
<b>How we are governed</b>	<b>32</b>
Corporate governance framework	32

03

## SECTION THREE

<b>THE STRATEGY</b>	<b>41</b>
<b>#cultureshift2030</b>	<b>42</b>
Strategic aspiration	42
Strategic goals	43
Operating context	45

# 04

## SECTION FOUR

<b>THE PERFORMANCE REPORT</b>	<b>47</b>
<b>Performance against #cultureshift2030 strategy</b>	<b>48</b>
Strategic goal 1: Shift public sector culture	48
Strategic goal 2: Insight	56
Strategic goal 3: Influence	61
Strategic goal 4: Enforcement	68
Strategic goal 5: Sustainably	74
Strategic goal 6: Efficiently	90

# 05

## SECTION FIVE

<b>GOVERNANCE REPORTS</b>	<b>95</b>
<b>AG's report on the evaluation of the AGSA's SoQM</b>	<b>96</b>
<b>Independent Assurance Practitioner's Limited Assurance Report to Parliament on Selected Key Sustainability Indicators</b>	<b>98</b>
<b>Audit committee report</b>	<b>101</b>
<b>Remuneration committee report</b>	<b>104</b>

# 06

## SECTION SIX

<b>FINANCIAL STATEMENTS</b>	<b>109</b>
<b>Deputy auditor-general's responsibilities and approval</b>	<b>110</b>
Independent auditor's report to Parliament	111
Statement of financial position	116
Statement of surplus or deficit and other comprehensive income	117
Statement of changes in equity	118
Statement of cash flows	119
Notes to the financial statements	120
Accounting policies	120

# 07

## SECTION SEVEN

<b>ANNEXURES</b>	<b>165</b>
<b>Abbreviations and acronyms</b>	<b>166</b>
<b>GRI content index</b>	<b>168</b>
<b>IR framework</b>	<b>170</b>
<b>Sustainable development goals</b>	<b>171</b>

# **PREAMBLE**

## TO THE CONSTITUTION

*We the people of South Africa*

*Recognise the injustices of our past;*

*Honour those who suffered for justice and freedom in our land;*

*Respect those who have worked to build and develop our country; and*

*Believe that South Africa belongs to all who live in it, united in our diversity.*

*We therefore, through our freely elected representatives, adopt this Constitution as the supreme law of the republic to:*

- Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights;*
- Lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law;*
- Improve the quality of life of all citizens and free the potential of each person; and*
- Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.*



# LETTER TO THE SPEAKER

Ms Thokozile Didiza  
Speaker of Parliament  
PO Box 15  
Cape Town  
8001

September 2024

Honourable Speaker

## Report to the National Assembly in terms of section 10(2)(b) of the Public Audit Act 25 of 2004

It is an honour to submit my integrated annual report, which includes a review of our performance against predetermined objectives and the audited financial statements for the financial year ended 31 March 2024, as required by our governing legislation – the Public Audit Act.

It gives me great pleasure to announce that the audit committee, established in terms of section 40 of the Public Audit Act, is satisfied with our audited financial statements and unmodified audit opinion.

I respectfully draw your attention to section 41(5) of the Public Audit Act, which requires that we submit our report within six months of the end of the financial year. I therefore request that this report be tabled in the National Assembly by 30 September 2024.

Yours sincerely

**Tsakani Maluleke**  
Auditor-General



# 01

# AG AND DAG'S MESSAGES

Auditor-general's message	06
Deputy auditor-general's reflections	09



# AUDITOR-GENERAL'S MESSAGE



*It is imperative for institutions such as ours to work with the rest of those in the accountability ecosystem to strengthen trust in public institutions*

**Tsakani Maluleke**

Auditor-General

2024 marked South Africa's 7th general election as a constitutional democracy. The fact that the elections took place peacefully and were declared free and fair is laudable; a privilege that many countries do not have and one that we cannot undervalue. While we celebrate the country's accomplishment as an indicator of a maturing democracy, it is particularly concerning that over 11 million registered voters did not vote, leading to the lowest voter turnout since the advent of our democracy declining from 89,3% in 1999 to an all-time low of 58,6% in 2024.

The ongoing decline of citizen participation in this important pillar of our constitutional democracy alerts us to the hard work needed to steer our public administration towards fulfilling its mandate and living up to the democratic values and principles enshrined in section 195 of the Constitution. For that to happen our public sector – the auditees that the AGSA serves – needs to be more consistently and generally expressive of organisational cultures characterised by performance, accountability, transparency and integrity. Success in that respect, should affirm and begin to grow the trust that citizens have in our democracy leading to our constitutional democracy strengthening.



## Shifting public sector culture

When I envisaged our #cultureshift2030 strategy, my overall aim was to strengthen these democratic values and principles by shifting the public sector culture to a state where it is consistently characterised by performance, accountability, transparency and integrity, as experienced by the citizens of South Africa. At the heart of this ambition lies the important principle of trust.

Trust is the foundation upon which families, organisations and entire nations are built. It is living up to, and being willing and able to deliver on others' expectations, while believing that they will also deliver on our expectations of them. When trust is lost, so are the relationships and institutions that underpinned it, and peace, prosperity and stability are quick to follow.

A relationship built on trust between citizens and their government is critical to maintaining social cohesion, keeping the cost of living down and realising national aspirations. When citizens pay their taxes, they entrust those funds to government in the belief that government will use the funds productively towards delivering public services. When citizens choose to vote they trust that their



votes will be counted and that the process of elections will be fair. When parents send their children to school, they do so trusting that their children's lives will be better served with a quality education paid for by the funds entrusted to government. When trust in the institutions of government collapses, the fragile peace and order that holds society together is also disturbed, sometimes irreparably.

Trust is therefore the connective tissue that holds society together. Through a mutually reinforcing relationship between setting expectations and delivering on those expectations, trust is built, nurtured, grown and maintained. It strengthens the relationships and transactions that keep society stable and moving steadily but surely in the direction of its aspirations. The absence of trust is costly, individually and as a society. So it is imperative for institutions such as ours to work with the rest of those within the accountability ecosystem to continue strengthening trust in public institutions.

I am comfortable that my office's investment in understanding the demands of the culture shift journey, creating the tools necessary to give effect to this movement, and being clear on measuring the change, will empower our [accountability ecosystem](#) to make this change a reality. The essence of this investment sits in the #cultureshift2030 strategy's focus on insights, influence and enforcement.

## Insights

Elevating insights from my office's audit work to positively influence the work that government does to enhance the lived realities of South Africans, represent the traditional domain where public sector auditors normally excel. Our enabling legislation – the Public Audit Act – provides us with a solid foundation, an extensive audit mandate and a comprehensive scope for this work. I trust

that roleplayers in the accountability ecosystem that have engaged with our general reports in recent years will attest to the deepening insights that speak directly to the experiences of those around us and empower government to address the aspirations and needs of citizens in a focused, diligent and effective manner.

The emphasis in the past year has been to give further structure to our audit work by using multiyear planning, formally soliciting commitments to act on these insights and tracking success within the accountability ecosystem with implementable key audit recommendations. These developments position the office to continue deepening insights as a basis for informing the culture shift journey.

## Influence

While we continued to produce strong insights, these can only have the long-term impact of improving the lived realities of ordinary South Africans when our stakeholders begin acting on them. In 2023-24, our audit teams spent a significant amount of time working on influencing our key stakeholders to move towards action. This area still needs a lot of work. A key enabler for accomplishing this objective comes from the results of a recent external stakeholder perception survey that we conducted. Based on the survey outcomes, I am pleased that our stakeholders have a high familiarity and awareness of our role and responsibilities as the AGSA and believe that we execute our mandate effectively and professionally. More importantly, most of our auditees confirmed that when they implemented our recommendations, they were able to improve their day-to-day operational effectiveness and efficiency, translating into better business outcomes. We take these insights very seriously and use them to refine and enhance our abilities to effectively partner with the accountability ecosystem to build the South Africa we all want.



## Enforcement

Enforcement represents the latest addition in our arsenal to help restore accountability and strengthen public resource management. I am encouraged by how far we have come with these new powers to identify and act on material irregularities. Looking at the past few years, I am proud that, in many instances, our work has inspired very different, constructive behaviour among accounting officers and authorities, to either prevent losses or public harm, or to trigger the recovery of money lost.

At the same time, I remain conscious that having to issue a notification of a material irregularity (MI) unfortunately implies the failure of the normal, legislatively designed accountability mechanisms. I also recognise that failures among accounting officers and authorities to take action to address the MIs add to the seriousness of the problem. Though this remains a powerful tool to address accountability failures, and we will continue to deploy this mechanism, my sincerest wish for the South African public sector is to rather live up to the expected ideal of a public service, as expressed in section 195 of our Constitution.

## Lead by example

It is my firm belief that we cannot inspire positive change without showing that the ideal state of affairs is indeed possible. My office therefore remains committed to leading by example. This annual report is testament to this commitment, as we reflect on our success against our predetermined performance objectives and our financial results. I am very proud of our ongoing intent to demonstrate that the principles of performance, accountability, transparency and integrity can indeed underpin the daily running of the public sector.

An element of our envisaged organisational performance – the outcome of our engagement files reviews – has had less than stellar results. I am, however, confident that the overall system

of quality management remains strong and that this will assist the organisation to take remedial action in a focused and speedy manner. My detailed reflections are contained in [section 5](#), dealing with governance reports.

The significance of leading by example has been recognised beyond our borders as the AGSA was appointed external auditor to entities such as the United Nations Educational, Scientific and Cultural Organisation (Unesco), the International Centre for Genetic Engineering and Biotechnology (ICGEB) and African Organisation of Public Accounts Committees (Afropac). My office will continue to proudly fly the South African flag in the international arena, displaying our capability as a supreme audit institution.

## Conclusion

With the appointment of South Africa's 7th administration, my office has an immediate focus on the induction of these accountability ecosystem members. Our aim is to familiarise the new administration with their legislative roles and the role of the AGSA, especially as it relates to their own responsibilities. It is also an opportune time to introduce the new members to our #cultureshift2030 strategy, and inspire them to contribute to its execution for the benefit of auditees, their constituents and the country as a whole.

As we face up to the challenge posed by our 2024-25 commitments, I thank my office's leadership and their teams for the work done over the past year to implement our strategic targets. My commitment is to work tirelessly to help my teams positively influence a shift in public sector culture to one that is characterised by performance, accountability, transparency and integrity.

**Tsakani Maluleke**  
Auditor-General



# DEPUTY AUDITOR-GENERAL'S REFLECTIONS



*It is crucial that we not only maintain our abilities, but also grow from strength to strength to deliver our mandate, serve the people of South Africa and retain public confidence.*

**Vonani Chauke**

Deputy Auditor-General

Our #cultureshift2030 strategy marked its second year of implementation in 2023-24. At the strategy's core is an aspiration to use our audit work and products to improve auditee performance and have a more direct impact on improving the lives of South Africans. In working to attain this strategic aspiration, we have been clear that we need to focus on making our internal operations as strong as possible to provide our teams with the necessary support they require to successfully execute their functions.

## Stable core, disruptive edge

2024 marks the 113th anniversary of the Auditor-General of South Africa (AGSA) as an institution, 30 years of those in the specific and noble service of strengthening our constitutional democracy. It remains crucial that we not only maintain our abilities, but also grow from strength to strength to deliver our mandate, serve the people of South Africa and retain public confidence.

While our integrated annual report provides us with an opportunity to pause, reflect and report on the preceding performance period, it is important that in doing so we also reflect on the long-term trajectory of the institution's sustainability and

viability. We also reflect on whether our actions in the performance period have served not only to meet our short-term, annual objectives, but also to position us for long-term strength and institutional integrity, resilience and sustainability, forever mindful that our pursuit of short-term gains does not come at the expense of long-term goals.

## Maintaining a stable core

Our work in 2023-24 was largely about continuing to repair and restore the capabilities adversely affected during the pandemic years, along with an alignment of our broader base of capabilities being fit to deliver on our #cultureshift2030 aspiration.

## Leadership capacity, capability and alignment

The scale, complexity and dynamism of our operating context requires a fully capacitated, capable, engaged and aligned leadership team to collectively steer the organisation towards its strategic goals. Over the course of the reporting period, we finally strengthened our operations with a full complement of executive leadership. We are now well placed to accelerate our strategic ambitions.

Having a leadership team is one thing, getting it to lead the organisation in a manner that aligns to our vision, reinforces our values, drives performance and, most importantly, develops and nurtures our people is the difference between strategic success and failure. Our leadership DNA was developed as the philosophy that defines desirable leadership skills, traits and characteristics, which we translated into a leadership 360 assessment tool. The aim was to guide leadership on best practices in the AGSA context and to use the outcomes to craft tailored leadership development programmes across our various leadership levels.

development. The combination of these and other factors were formidable challenges to the health and wellness of our staff. In response we pursued an AGSA culture characterised by trust, collaboration, wellbeing and work-life integration. We also successfully delivered on a range of initiatives including the AGSA culture index to define our desired organisational culture, assessed and tracked staff engagement and relative culture levels and proactively supported employee wellbeing.

We developed a framework for managing change within our operating context to enhance wellness and contribute to systematic and timely capability development, while conducting risk assessments and empowering staff with the necessary training and awareness to guide them on recognising, reporting and responding to various risk scenarios.



## Fit for purpose staff establishment and internal culture shift

### Future-fit staff establishment

To effectively apply our new strategy we assessed whether our staff establishment was fit-for-purpose relative to the strategic requirements of #cultureshift2030. While the pandemic delayed the process of finalising that assessment, we picked the process up again in the review period. We assessed every role from the most junior to the exco level and successfully facilitated the adjustment process to its conclusion. As difficult as restructuring processes are generally, we are proud that the painstaking and diligent approach we took meant that we had no retrenchments and were able to reassign all the affected people who did not opt for the voluntary separation package. With the restructuring process now finalised, we are at an optimal level to sustainably advance into our strategic future.

### Enabling culture

Of cardinal importance to us is having a stronger, more direct and consistent impact on the lived experience of both the wider public and the members of Team AGSA. The past two years have not been easy. Apart from the generally intense, deadline-driven and high pressure context that is natural to audit work, the client environment continued to be difficult, with our staff often contending with pushbacks, threats and intimidation.

High inflation and correspondingly high interest rates brought cost of living pressures that aggravated the long-term effects of covid-19 on mental health, and skills acquisition and

### Recruitment, retention, training and development

A proud hallmark of the AGSA legacy has been our contribution to advancing the transformation and professionalisation of the audit sector in South Africa. Since the advent of our trainee auditor scheme, the AGSA has produced 2 017 chartered accountants (CAs) by supporting young people to fund their studies and providing them with training opportunities. We also maintain a rigorous training and capacity development programme for our broader organisation to keep skills and competencies sharp and current.

Our efforts distributed R5,8 million to 36 active bursars on the AGSA bursary scheme, contributed R15 006 247 to the Thuthuka bursary fund and yielded 174 candidates passing the Saica Assessment of Professional Competence (APC) exam during the review period. This bought the total number of newly qualified CAs to more than 700 over the past three years. Another focus has been to diversify the skills recruited into our young professionals programme, responding to a client context that increasingly demands a wider set of capabilities, including data analytics.

The ambition of our recruitment and talent development is to increase the concentration of top talent within our ranks to maintain the world-class standards of the institution. We are proud that in the review period we continued to retain our high-performing employees with a 5,2% staff



turnover, well below the industry benchmark of 10% – 12%.

## **Financial sustainability**

### **Improving financial performance through efficiencies**

Financial sustainability for the AGSA extends beyond simply being a matter of funding our operations and being able to continue to operate as a going concern, it is also key to maintaining our independence. While we increased our net surplus in the previous period, it was because of the strategic decision to tighten our belt in response to the challenging and uncertain economic conditions. Our focus in the review period was to maintain or elevate our cost optimisation efforts while making specific revenue enhancing and margin uplift interventions. We are once again proud that we achieved a significant improvement in our margins by leveraging our internal resources and improving productivity.

It is worth mentioning that while we have seen the gains in our revenue and net surplus over the course of the review period, our revenue only accounts for 0,217% of total government expenditure, which is in line with the global benchmark for governments' spending on their supreme audit institutions. This increasing trend, particularly in our net surplus, is important to allocating a material proportion of the surplus towards the significant, necessary, largely self-funded capex programmes related to our digital transformation and information and communication technology (ICT) capabilities.

### **Improving liquidity through enhanced collections**

A perennial escalation of debt over the past decade means that it becomes difficult to convert substantial proportions of our revenue and surplus into cash in the bank. This has largely been driven by fees owed by local government and state-owned and public entities, which collectively account for 74% of our debt book. Many of these debtors are in financial distress. Our inability to collect on these debts is a

significant risk to our financial sustainability, and ultimately our independence. Given that context, it is commendable that we have completed the review period with an improved cash balance of R1,154 billion, representing a cash margin of safety of 2,5 months, up from the previous year's 1,6 months.

## **Defending our institutional integrity and strengthening our ethical posture**

Our quality, credibility and the public confidence we enjoy gives us permission to operate. Maintaining a robust quality, risk and ethical management framework is therefore critical. During the year under review we successfully operationalised and evaluated the System of Quality Management (SoQM) in line with implementing ISQM in the previous year, which the auditor-general has evaluated as providing reasonable assurance that we achieved the objectives of ISQM 1 as at 30 November 2023. According to the ISQM, this evaluation is to be performed annually, with the next one planned for 28 November 2024.

Our continuous assessment recently done in June 2024, in line with our SoQM, indicates challenges in this area as we incurred regressions in our quality control. Our post-issuance quality review process yielded an engagement review quality rating of 69% compared to a target of 80%. Our ethics maturity assessment, undertaken in March 2024, saw us move from an AA-rating to an A-rating which, while not inherently bad, falls short of the high ethical standards that we have set for ourselves and endeavour to maintain. The importance of quality and ethics matters led our leadership team to begin the work of identifying the root causes for these regressions. In 2024-25 we will focus on implementing improvement actions.

On the other hand, we are pleased that our risk management controls have proven their effectiveness at detecting regression, sounding the alarm and activating expeditious response, led from the front by senior leadership.

## Reputational strength and stakeholder value

During the period under review, we introduced the AGSA public sentiment rating. To establish the baseline rating, we issued an independently managed stakeholder perception survey. The survey aimed to help us identify the areas in which our stakeholders believe we are doing well to leverage on these going forward, especially when it comes to our influence work) and the areas where they believe we can do better (so we ensure that our medium to long-term planning includes improvement plans for these areas). We were pleased and reassured of the value that we, as the country's supreme audit institution, provide based on the mostly positive responses that we received. The majority of respondents indicated that they experience the AGSA and its employees as:

- professional
- value-adding (through the audit insights and recommendations we provide)
- able to help them improve the performance of their organisations.

The areas where they believe we can improve included us providing a better understanding of our #cultureshift2030 strategy and, generally, more communication with them. To address these, our focus in 2024-25 will include the development and implementation of an organisation-wide stakeholder improvement plan, which will then be used as the basis for more targeted, business-unit led improvement plans as well. For us, focusing on addressing these areas of improvement is important, especially with auditees because we remain focused on them seeing and experiencing the AGSA as a strategic partner and matters such as good communication are a key part of such a business relationship.



## Shaping the future

In addition to restoring and aligning our core capabilities, our focus over the past two-years has been on developing the capabilities and taking the steps that will propel us into the future. While these may seem like ambitious and somewhat futuristic, audacious undertakings in the present, we see them as down-payments on the future, without which this institution will not preserve its ability to sustainably fulfil its mandate over the next

50 years. The review period saw us taking the first implementation steps, readying us to accelerate those initiatives in the following year. In parallel, we activated the governance frameworks necessary to ensure disciplined delivery, sound capex management and optimal benefit realisation from these initiatives. Our key initiatives in that regard have included:

## Digital transformation

A key imperative underpinning our #cultureshift2030 strategy is to digitally transform the organisation in a way that delivers marked benefits including improved efficiencies, cost savings and functional gains. Already, we are feeling the adverse impacts of manual processes and non-intuitive processes on our quality ratings and as our operating environment continues to undergo this scale of change while assuming the dynamism that it has, shifting our digital capabilities towards the cutting edge has become a necessity, rather an indulgence.

## Audit software programme

Over the course of the review period, the digital transformation journey gained traction with a number of key projects – of note is the audit software project (ASP), our effort to re-platform our strategic business operations to meet the dynamic demands of the modern audit landscape. The procurement of future fit audit software to replace the current software is a game changer not only for AGSA but for the audit profession in South Africa. Given the size of capex investment that this project demands, we are proud that in the review period we finalised the procurement process of a suitable partner with significant cost savings compared to the initial budget. Once finalised, this programme will have delivered an integrated platform comprising a TeamMate replacement; a central auditee database, audit budget management, audit project management and resource planning; a unified platform for all audit software; collaboration with auditees; and management of stakeholder engagements.

## Enterprise resource planner

In 2023-24, we also approved the enterprise resource planning (ERP) business case and journey



map, as we recognised the need for an integrated system to efficiently manage human capital, financial, and procurement functions. However, as we became increasingly focused on implementing the ASP (with the significant and dedicated human and financial resource that this required), the leadership had to reconsider the practicality of fully implementing both projects simultaneously. The business reality of limited time, people and financial resources sometimes requires trade-offs, and we eventually decided to limit the scope of the ERP. In 2023-24, we focused on approving the ERP business case and journey map. The focus for 2024-25 will be data clean-up and automating the processes that are currently creating the greatest inefficiencies. The major aspects of the ERP plan will then commence in the 2025-26 financial year.

## In memoriam

In the review period we were saddened by the passing of the following members of Team AGSA. We celebrate the memory of their service to the institution and our country more broadly, even as we continue to express our sincere condolences to their families and loved ones:

- Xola Mkwane
- Mpho Khanye
- Zamukwanda Ngubane
- Luthando Masiza
- Thato Springbok

## Outlook for the year ahead

In 2023-24, we established an enterprise-wide programme management office (EPMO). From 2024-25 onwards, this EPMO will be the cornerstone of all our strategic projects, including all the digital transformation projects begun this year. Our aim is to use the EPMO to enhance project management capabilities in the organisation and ensure a focus on efficient and effective projects, just as we have done in other areas of the business.

In addition to maintaining and building on the financial management practices that resulted in the strong performance we saw in 2023-24, in 2024-25 we plan to focus on continued engagements with the National Treasury on reviewing criteria for municipalities that are in financial distress and securing funding for these municipalities' audit fees.

Also included in our priorities going forward is our revamp of the young professionals' programme, including the CA(SA) component. Our work with young professionals not only helps bring to life the AGSA's goals on transformation and professionalisation, including of the public service, but is also a critical component of our internal capacitation. One of our key success indicators for the programme is our trainee programme pass rates, something we aim to increase over the next few years, in line with our organisational value of excelling in all that we do.

## Conclusion

All things considered, 2023-24 was a year in which Team AGSA delivered the kind of performance that sets us up for accelerated impact in the coming years. While we have had to contend with increased complexity and risk, we have also resolved to invest in the capabilities that will position this institution for high-performance, resilience and sustainability in the future, in spite of the heightened complexity. Underpinning this hard-won performance that we can best summarise in this document using facts and figures, are the individual names of the passionate, dedicated, competent and courageous people that make up Team AGSA. I am particularly grateful to each one of the culture shifters for their unwavering commitment to our pivotal mandate of strengthening constitutional democracy. As we look towards the next reporting period our priorities will be to:

- urgently reverse strategic declines and mitigate vulnerabilities, with a particular focus on our quality and ethics
- get the administration into steady-state execution of the #cultureshift2030 strategy
- ramp-up the initiatives that position us for sustainability, viability and impact into the long-term.

We stand ready, willing and able to continue to serve with diligence.



**Vonani Chauke**  
Deputy Auditor-General





# 02

# OUR ORGANISATION

<b>Who we are</b>	<b>16</b>
Mission and vision	16
Organisational values	16
Mandate and legal form	17
Accountability and reporting	17
Financial and legal independence	17
Functions, beneficiaries and products	17
International participation	18
External charters, principles and initiatives that we subscribe to or endorse	18
<b>How we are organised</b>	<b>19</b>
Structure of the AGSA	20
Strategic risks and risk assurance model	22
Our capitals	24
Value creation model	25
Key stakeholders (accountability ecosystem and culture shift coalition)	28
<b>How we are governed</b>	<b>32</b>
Corporate governance framework	32

# WHO WE ARE

## Mission, vision and organisational values



### OUR VISION

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



### OUR VALUES



We care for each other



We build trust



We do the right thing



We excel in all we do



### OUR MISSION

We have a constitutional mandate and, as the supreme audit institution of South Africa, exist to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence



## Mandate and legal form

The AGSA is South Africa's supreme audit institution. Our mandate stems from chapter 9 of the Constitution of the Republic of South Africa, 1996. We are an organ of state as defined by sub-section 239(b)(i) of the Constitution, have full legal capacity and act as a juristic person. This makes us one of the institutions created to support constitutional democracy. Our independence is entrenched, subject only to the Constitution and the law. The Constitution also requires us to be impartial, and to exercise our powers and perform our functions without fear, favour or prejudice. These functions are described in section 188 of the Constitution and chapters 2 and 3 of the Public Audit Act 25 of 2004 (PAA).

## Accountability and reporting

We account to the National Assembly by tabling our annual report, strategic plan and budget, financial statements and the audit report on those financial statements. This requirement is governed by subsection 10(2)(b) of the PAA.

## Financial and legal independence

The organisation has its legal and financial independence underpinned by legislation and its funding model. The legislative independence allows us to take decisions without the country's executive influence. While we consult with the National Assembly's Standing Committee on the Auditor-General (Scoag) and the National Treasury on our budgets, the auditor-general approves the organisational budget and we have the independence to determine the basis for calculation of audit fees.

### FUNDING MODEL PRINCIPLES

#### Self-funding

#### Tariffs linked to staff remuneration

#### Mark-up

generates a surplus for operational needs (which include both working capital requirements and capital investments)

#### No tariff cap

## Sources of revenue

- Audit fees
  - These remain the primary source of our revenue
  - The audit fees are discussed with and by auditees' executive management and audit committees based on the audit effort
- We collect debt of distressed 1% auditees directly from the National Revenue Fund (NRF), in line with section 23 of the PAA.
- Parliamentary appropriations (allocated funding) under exceptional circumstances such as when we implemented our new powers

## Functions, beneficiaries and products

By law, we audit and report on how the government spends the South African taxpayers' money. We undertake two main types of audits: financial audits and discretionary audits (such as performance audits, special audits and investigations).

Our financial audits are mandatory annual audits, during which we audit and report on the financial statements, performance reporting, compliance with key legislation, internal control deficiencies and material irregularities (MIs) of national and provincial government departments, public entities, municipalities and municipal entities (our auditees).

We issue audit reports of the outcomes of our audits and emphasise MIs where we find them. Auditees then include our audit reports in their respective annual reports, which they table to their relevant oversight structures (National Assembly, provincial legislatures or municipal councils).

In addition to these audit reports, we publish general reports in which we analyse the audit outcomes at national, provincial and municipal level, and special reports that analyse our findings from real-time or other standalone discretionary audits.

All our reports are meant to help Parliament and legislatures hold the executive to account for the way they manage public funds.

## International participation

The AGSA is an active member of the Internal Organization of Supreme Audit Institutions (*Intosai*). We lead the capacity-building committee (*CBC*), which is Intosai's advocate and custodian for capacity development. We also participate in several of Intosai's working groups, which aim to exchange ideas, knowledge and experience among its members, and find common solutions to identified challenges.

We contribute to developing supreme audit institutions in Africa through strategic development cooperation at a continental level (Afrosai), including our participation on the Afrosai Governing Board and its two capacity development committees.

We further host the secretariat of the African Organisation of English-speaking Supreme Audit Institutions (*Afrosai-e*), a regional chapter of Intosai. By providing the secretariat with funding, resources and access to technical specialists, we

contribute to tailored capacity development for all 26 Afrosai-e members. We also have the privilege of serving on the Afrosai-e Governing Board.

We have also intensified our international participation through an increasing number of international audits.

In 2023-24, our newly acquired international audits included those of the United Nations Educational, Scientific and Cultural Organization (Unesco), the International Centre for Genetic Engineering and Biotechnology (ICGEB) and the African Organization of Public Accounts Committees (Afropac).

## External charters, principles and initiatives we subscribe to or endorse

We subscribe to the following standards and principles:

### Accounting and auditing

In addition to the normal standards we use for external auditing, we also subscribe to the following:

- The Internal Standards on Auditing (*ISAs*)
- The International Standards of Supreme Audit Institutions (*ISSAI*)
- International Standard on Quality Management (*ISQM*) 1 and 2
- The International Financial Reporting Standards (IFRS)

### Ethics

- The International Ethics Standards Board for Accountants (IESBA) *Code of ethics for professional accountants*
- The *Intosai Code of ethics*

### Corporate reporting

- IFRS Foundation's *Integrated Reporting framework*
- Global reporting initiative (GRI) *Standards*
- Most of the *King IV Code of Corporate Governance*

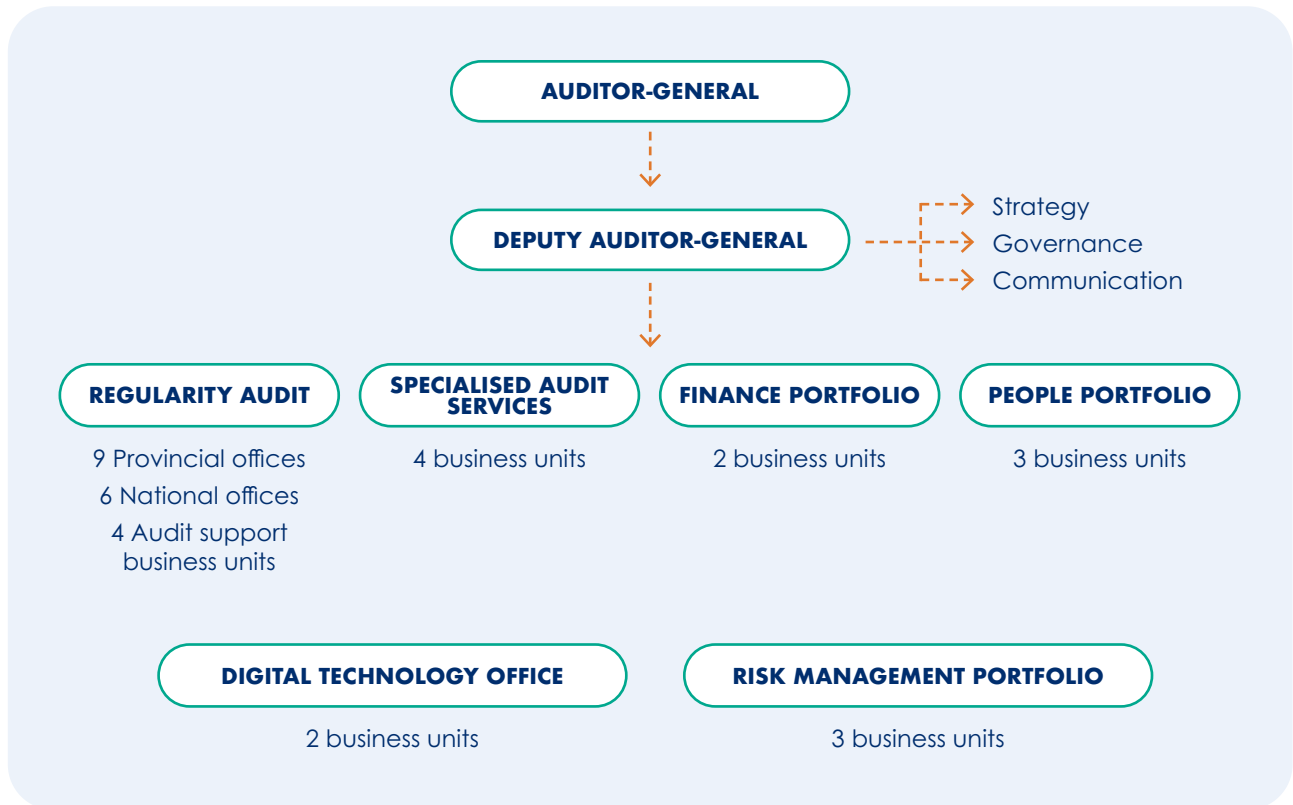
# HOW WE ARE ORGANISED

The AGSA is based in South Africa and delivers services that benefit the people of our country. Services include enabling good governance and accountability in the public sector, creating professional public auditors, developing best practice in public auditing and running a supreme audit institution. By implication, the work we do benefits the global community as well.

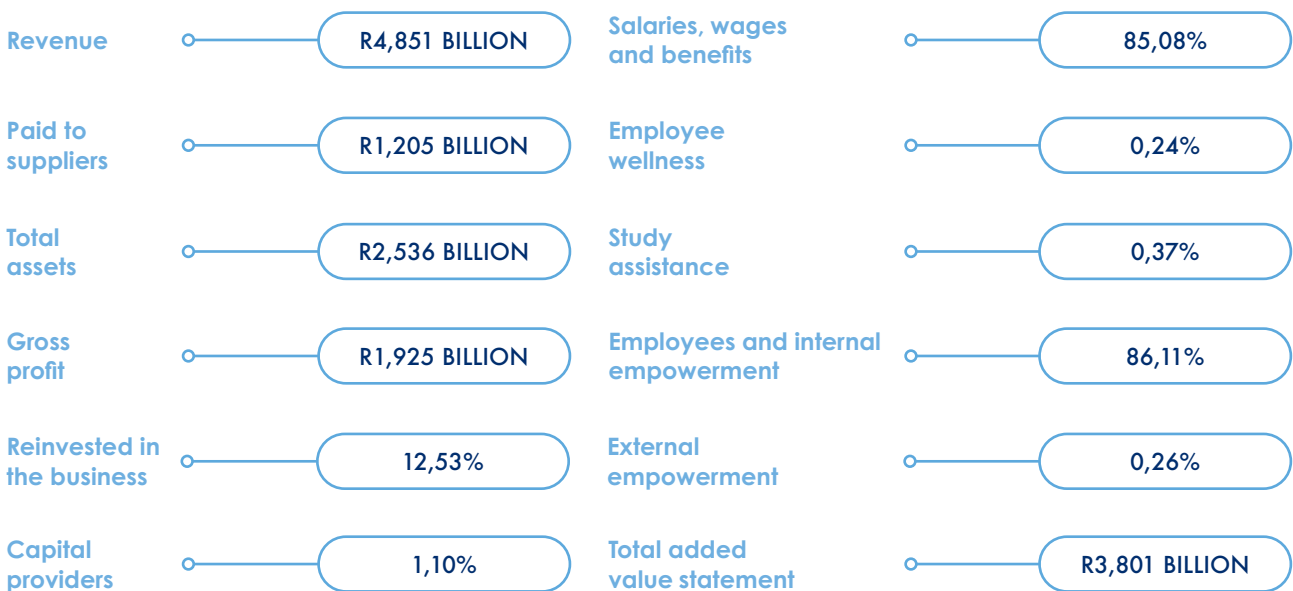
Although our head office is in Pretoria, we have a regional office in each of the nine provinces, which makes us accessible to our clients and our services efficient and effective. We also conduct several international audits.



## Structure of the AGSA



## 2023-24 Value-added statement



## Audit contracts awarded

As part of our business model, we outsource some of our audit work to supplement our own capacity. We refer to these firms that audit on our behalf as 'contract work creditors' (CWC). Our choice of outsourced partners reflects our capacity-building work with small to medium audit firms and the principles of transformation to develop, grow

and advance black chartered accountants (CAs(SA)). We appoint these firms using a transparent selection process that considers their size, location, expertise and quality of audit work. Outsourced work includes pre-issuance reviews, regularity audits, information systems audits and experts to assist with our regulatory and performance audits.

### TOTAL SPEND ON CORE AUDIT WORK BY PRIVATE AUDIT FIRMS

**R649**  
MILLION



Allocations to  
black-owned  
firms

Allocations to  
black women-  
owned firms

### TOTAL NUMBER OF FIRMS

**100**  
AUDIT FIRMS

### FIRM SIZES<sup>1</sup>

**9**      **18**      **73**  
large firms      medium firms      small firms

<sup>1</sup> Large firm – turnover of more than R50 million  
Medium firm – turnover between R10 million – R50 million  
Small firm – turnover between R0 million – R10 million



## Enterprise and supplier development

Our enterprise and supplier development (ESD) programme aims to accelerate the growth and sustainability of small to medium, black-owned enterprises in the accounting and auditing industry. Internally, the programme has experienced significant growth, expanding from four beneficiaries in 2014 to 23 across all nine provinces by 2024 – with all beneficiaries advancing to become suppliers. Financial assistance, prioritised payments and quality audit work have contributed to the success of the programme. In addition to the increase in beneficiaries, the programme has also facilitated job creation and thus contribute to alleviating unemployment.

Over R300 million in CWC work was allocated to ESD firms during the 2020-25 tender cycle, supporting income growth and providing training opportunities. Additionally, four of the ESD firms we collaborate with have partnered with major audit industry players, underscoring the strength and benefit of our support.

As the current tender cycle concludes and as part of our 2024-25 focus, we are reassessing our end-to-end ESD strategy to identify more impactful ways of supporting black-owned firms. The allocation strategy has been effective over the years and has achieved its initial objectives but, internally, we have recognised the need for a refreshed approach that aligns with our #cultureshift2030 strategy.

## Outsourced audit work

	2020-21	2021-22	2022-23	2023-24
Outsourcing baseline (including audit-related ad hoc work)	R139 972 921	R246 317 931	R240 713 129	R166 314 272
Total amount allocated to outsourced audit-related work	R870 158 481	R982 344 307	R887 194 402	R683 505 685
Percentage of outsourced audit work allocation to ESD firms	16%	25%	27%	24%

## Strategic risks and risk assurance model

Our risk management processes are an integral tool for enabling organisational objectives and sustainably delivering our strategy. Our strategic risk profile represents the top risks we faced during the financial year, managed at an executive level and overseen by the independent audit committee. These are the risks that could fundamentally hinder us from achieving our strategic objectives, hence they receive priority attention at the highest level. We identified and managed seven strategic risks during 2023-24.

The mitigations for the various risk indicators were implemented and rigorously monitored throughout

the year. We are satisfied with the efforts to mitigate and the action that owners took to address exposure. Given that strategic objectives extend beyond the performance period, some mitigations will continue over the longer term and residual mitigations are rolled over into the next performance period.

While we assess risks continuously throughout the year, we formally evaluate risks annually by considering all environmental factors that could have an impact on us achieving the strategic goals that drive our #cultureshift2030 strategy.



## Strategic risks and mitigations

RISK DESCRIPTION	RISK OWNER	2022-23	2023-24	ANNUAL MOVEMENT	KEY MITIGATION
1. Failure to remain relevant (high impact outcomes) in order to cause impact to our stakeholders with regards to our product, insights or messages as well as our proaction	HoA-N & HoA-P	Medium	Medium	↔	Implement & institutionalise the Accountability Ecosystem framework and establish the stakeholder sentiment baseline rating to improve stakeholders' sentiment about our contribution to the accountability ecosystem in the public sector
2. Inability to achieve strategic and organisational objectives as a result of our inadequate attraction, redirection and employee experience strategies	CPO	Medium	High	↑	Develop & implement an effective resourcing management model, enforce healthy and enabling organisational culture, and establish and maintain a target operating model
3. Negative impact on the credibility of the AGSA	CRO	High	High	↔	Develop and implement the ethics strategic programme
4. Negative impact on the financial sustainability and viability of the organisation	CFO	Medium	High	↑	Implement an updated organisational funding model, the updated debt recovery plan as well as the updated target operating model
5. Slow response to information technology needs impacting on efficiencies and achievement of organisational objectives	CTO	Critical	High	↓	Procure and modernise the aged infrastructure as per the plan, and enhance security tests
6. Non-adherence to quality standards	CRO	Medium	Medium	↔	Implement and institutionalise the quality management framework that applies consistent quality standards and remedial action across all support units
7. Inability to protect organisational resources (information, data, etc.) against cyber threats	CTO	Risk was not identified	Critical	N/A	Fully implement the IT security plan and adopt ISO27801 to improve the AGSA security posture

### Strategic risk indicators

● Critical  
 ● High  
 ● Medium  
 ● Low

## Our capitals

The term 'capital' refers broadly to any resources that we use to deliver our mandate. Our capitals are therefore integral to our operational and strategic success. Their availability, quality

and affordability could affect our long term sustainability and our ability to create value for ourselves and our stakeholders. It is therefore imperative that we maintain our capitals if we are to continue creating value.

### TYPES OF CAPITAL



#### Intellectual

- Our knowledge and experience
- The insights we garner from our audit work
- The various reports we produce flowing from the above



#### Financial

- The funds we generate from the collection of audit fees
- Other sources of funding



#### Human

- Our employees
- Our employees' skills, knowledge and capabilities
- Our organisational and people culture



#### Manufactured

- Human-created and production-orientated equipment
- Technological tools



#### Social and relationship

- Our relationships with our key stakeholders, including auditees, the public and accountability ecosystem members



#### Natural

- Natural systems, including land, air and water
- Our impact on these natural systems



## Business and value-creation model

In aligning our business model to stakeholder value, we use inputs (our capitals) and transform them using our internal business processes (including people, processes and systems) to produce services and products that create value for the organisation and its various stakeholders.

The value creation model depicts how the AGSA creates stakeholder value through its strategy and products, and the internal systems and processes that support both of these.

In illustrating our value creation model, we outline the following:

- Our strategic goals, as defined in our #cultureshift2030 strategy
- Our capitals and how we leverage them to support each strategic goal
- Our internal configuration from a people, processes and systems perspective that helps us to deliver on our key products
- Define what those key products are
- Who uses them.

Our model unpacks the value our key stakeholders derive from our products and engagements on their production and delivery.

## Value of our audit work

The true value and relevance of our audit work is in what our reports allow auditees and other stakeholders to do based on the information in the reports. An outline of this value includes the following:

## For auditees

1

Allows them to identify their financial, compliance and performance gaps, as well as how these can be addressed.

2

Helps to instil discipline within auditees' operations, starting with their internal controls.

3

Supports accounting officers who are looking to improve the business operations of their organisation.

4

Acts as a deterrent to financial maladministration.

## For other key stakeholders

01

Creates transparency by providing public institutions' governance and oversight structures with a factual view of these institutions' financial and key performance metrics.

02

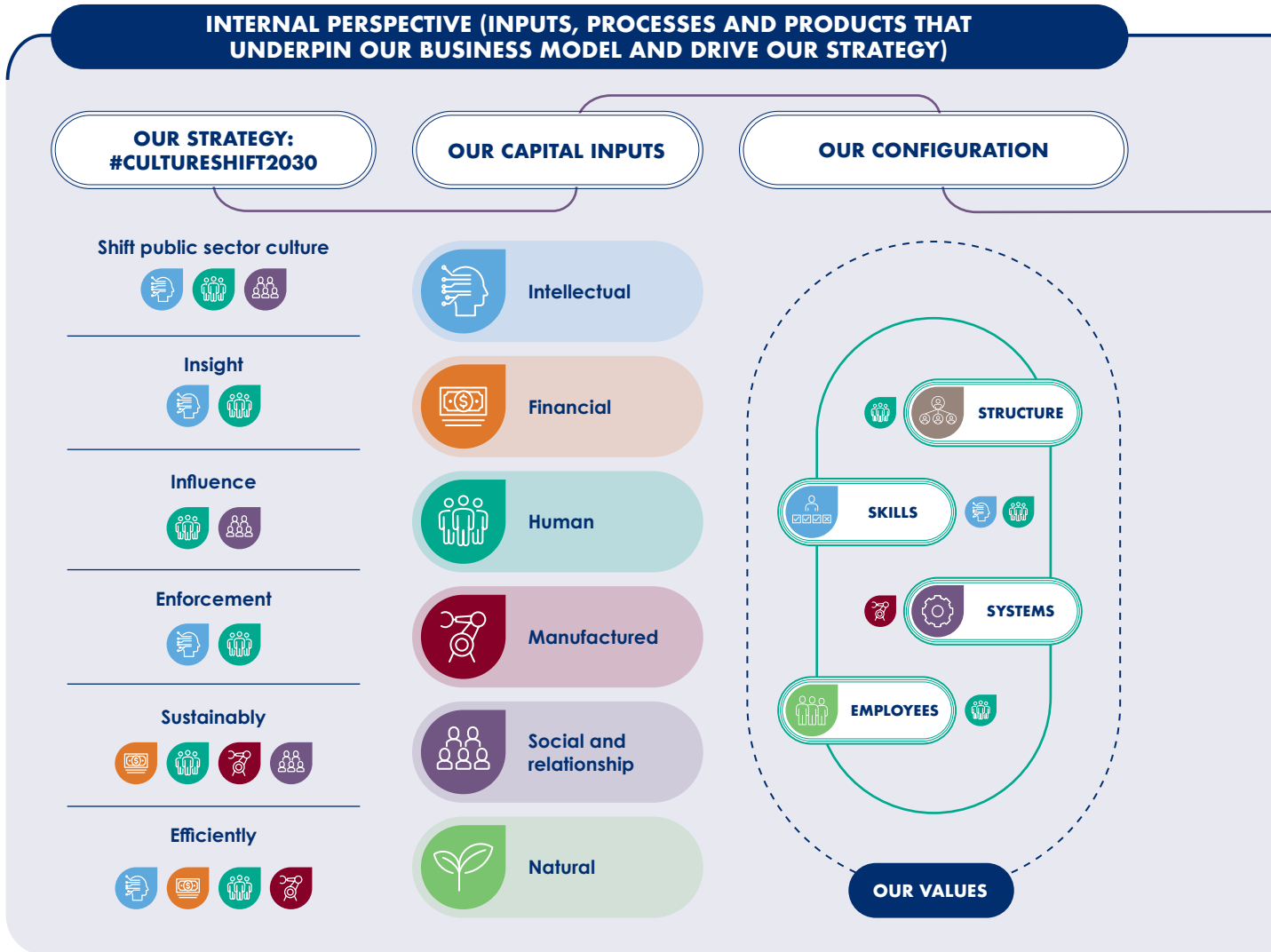
Allows members of the public to hold the leaders of public institutions accountable by illustrating whether these institutions are executing their service delivery mandates.

03

Helps to bring objectivity to the public discourse on the effectiveness of the public service.

Transparency created by factual auditing and reporting (conducted without fear or favour) helps to strengthen public institutions and our democracy, both of which are key parts of our institution's mandate.

## Value creation model



## EXTERNAL PERSPECTIVE (KEY STAKEHOLDERS WHO ENGAGE WITH, AND DERIVE VALUE FROM, OUR WORK AND PRODUCTS)

### ACCOUNTABILITY ECOSYSTEM AND CULTURESHIFT COALITION

- Auditees (public sector officials, management and accounting officers) across:
  - Local government level
  - Provincial and national levels
  - International auditees
- Parliament/provincial legislatures
- Executive leadership
- Coordinating institutions
- Civil society organisations
- Professional bodies
- Citizens
- Business
- Media
- Academia

### ACHIEVEMENT OF OUR MISSION AND #CULTURESHIFT2030 STRATEGIC INTENT

Improved auditee execution on individual service delivery mandates

Strengthened public institutions

Improved service delivery by the public service as a whole

Improved living experiences for South African people



## OUR KEY PROCESSES

**Auditing public institutions, underpinned by:**  
Audit planning | Audit execution | Audit reporting  
(Risks 1 & 4)



**Audit and enterprise-wide quality management**  
(Risk 6)



**Training young professionals**  
(Risk 2)



**Stakeholder communication**  
(Risks 1 & 3)



**Legal and compliance**  
(Risk 3)



## OUR PRODUCTS

**General reports**

**MI reports**

**Sector-specific insight reports**

**Performance audit reports**

**Real-time audit reports**



### Value these external stakeholders derive from our products:

- Identify gaps (in performance, accountability, transparency and institutional integrity) within auditees' organisations
- Insights on how auditees can address these gaps
- Improve organisational performance when our recommendations are implemented
- Insights to assist oversight structures in executing their oversight roles
- Information that helps citizens to hold those charged with governance accountable.

## Key stakeholders (accountability ecosystem and culture shift coalition)



### Creating stakeholder shared value through our products and engagements

Our products and engagements with stakeholders, as outlined in the value-creation model, not only support the implementation of our #cultureshift2030 strategy but also bolster our value-add focus as an organisation. We ensure that when we audit, engage and collaborate with our various stakeholders, we do so in a manner that not only serves our strategic priorities, but is responsive to their needs as well. This is how we realise the concept of shared-value creation. Below we detail how we have created value with some of our key stakeholders. The status of stakeholder relationship strengths indicated are based on the outcomes of the 2023-24 AGSA Stakeholder Perception Survey.

A AUDITEES

#### Shared value-creation focus

- Share auditee-specific insights (strongly connected to clear root causes and targeted recommendations) to help auditees solve for their compliance, financial management and performance challenges

---

- Exert continuous influence efforts aimed at getting auditees to use our insights to influence positive changes in their financial management process and, in the long term, their audit outcomes

---

- Ensure that where MIs have been raised, they are appropriately and promptly dealt with

---

- Help auditees to better understand the AGSA's mandate and work, whilst better understanding auditees' challenges and constraints (facilitate more productive working relations)

---

- Develop more proactive and continuous engagements to improve AGSA-auditee relations (AGSA as a partner and enabler)

---

- Executing our audits in the most cost-effective, efficient and economical manner

#### Capitals leveraged

#### Strategic priorities pursued

1 | 2 | 3 | 4 | 5

#### Strategic risks managed

1 | 4

---

#### Stakeholder relationship strength

Strong





## PARLIAMENT, PROVINCIAL LEGISLATURES AND COUNCILS

### Shared value-creation focus

Enabling oversight through our insight

Being a trustworthy source of relevant, independent and objective insights based on professional judgement and sound analysis

Proactively identifying themes, common findings, trends and root causes

Providing audit recommendations and discussing these with key stakeholders to enable them to oversee and support beneficial changes in the public sector culture and service delivery so that we influence improvement in the lived reality of our people (accountability ecosystem)

Support to the AGSA in safeguarding its independence (both legally and financially)

### Capitals leveraged



### Strategic priorities pursued



### Strategic risks managed



### Stakeholder relationship strength



Excellent



## COORDINATING MINISTRIES

### Shared value-creation focus

Improve understanding of their role as accountability ecosystem members

Provide them with insights and support to enable them to better play their coordination function with auditees

Unpack, through our insights, the challenges facing the auditees that fall within their realm and provide recommendations on how they can best support these auditees while also holding them accountable

Create alignment between AGSA priorities and ministries' mandates, so as to make influence and collaboration easier and beneficial to us and them

### Capitals leveraged



### Strategic priorities pursued



### Strategic risks managed



### Stakeholder relationship strength



Strong





## PROFESSIONAL BODIES

### Shared value-creation focus

Collaborate around professionalisation support, including funding and training support

Share sector-specific insights to help professional bodies better understand how to create performance improvements

Increase understanding of AGSA work and processes, and increase AGSA understanding of sector-specific challenges and constraints

Drive two-way knowledge sharing and thought leadership

### Capitals leveraged



### Strategic priorities pursued



### Strategic risks managed



### Stakeholder relationship strength



Excellent



## SOUTH AFRICAN PEOPLE, CSOs AND MEDIA

### Shared value-creation focus

Acting in the public interest and selecting areas of audit that have a direct impact on the lived reality of our people

Making public the results of our audit work and providing insights in a clear manner that enable citizens to hold their elected representatives and custodians of public resources accountable

Being a model organisation that champions clean administration and transformation imperatives

Sharing information about the lived experiences of South African people, to help ensure that our work remains relevant and of value to ordinary South Africans

### Capitals leveraged



### Strategic priorities pursued



### Strategic risks managed



### Stakeholder relationship strength



Excellent





## AUDIT FIRMS, STANDARD SETTERS AND THE WIDER PROFESSION

### Shared value-creation focus

Provide inputs into the development of audit standards and guides

Collaborate around professionalisation support, including funding and training support

Training skilled and highly qualified accounting professionals

Allocating contract audit work equitably and meaningfully, including to small and medium black and female-owned accounting firms

Creating a pipeline of black chartered accountants for our organisation, the public service and the wider profession

### Capitals leveraged



### Strategic priorities pursued



### Strategic risks managed



### Stakeholder relationship strength



## AGSA EMPLOYEES

### Shared value-creation focus

Providing meaningful employment and career development opportunities

Provide technical training and continuous professional development interventions that keep our people on the cutting edge of professional and industry trends, including ethics, quality and digital skills

Creating pathways for professional development, especially for our young professionals

Creating an organisational environment that meets their professional aspirations, whilst respecting and matching their personal and professional values

Fair, transparent, market-related and equitable remuneration and benefits

Providing an invaluable opportunity to play a role in shaping the work of the public sector and making a positive impact on the lives of South Africans

### Capitals leveraged



### Strategic priorities pursued



### Strategic risks managed



### Stakeholder relationship strength



## INTOSAI AND OTHER SAIs

### Shared value-creation focus

Knowledge sharing to help improve the performance other SAIs

Collaboration to grow and strengthen the profession globally

Provide the rationale for our work in empowering citizens to hold the custodians of public resources accountable in terms of Intosai-P 12: The value and benefits of supreme audit institutions – making a difference to the lives of citizens

### Capitals leveraged



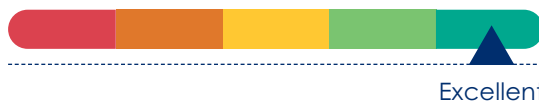
### Strategic priorities



### Strategic risks managed



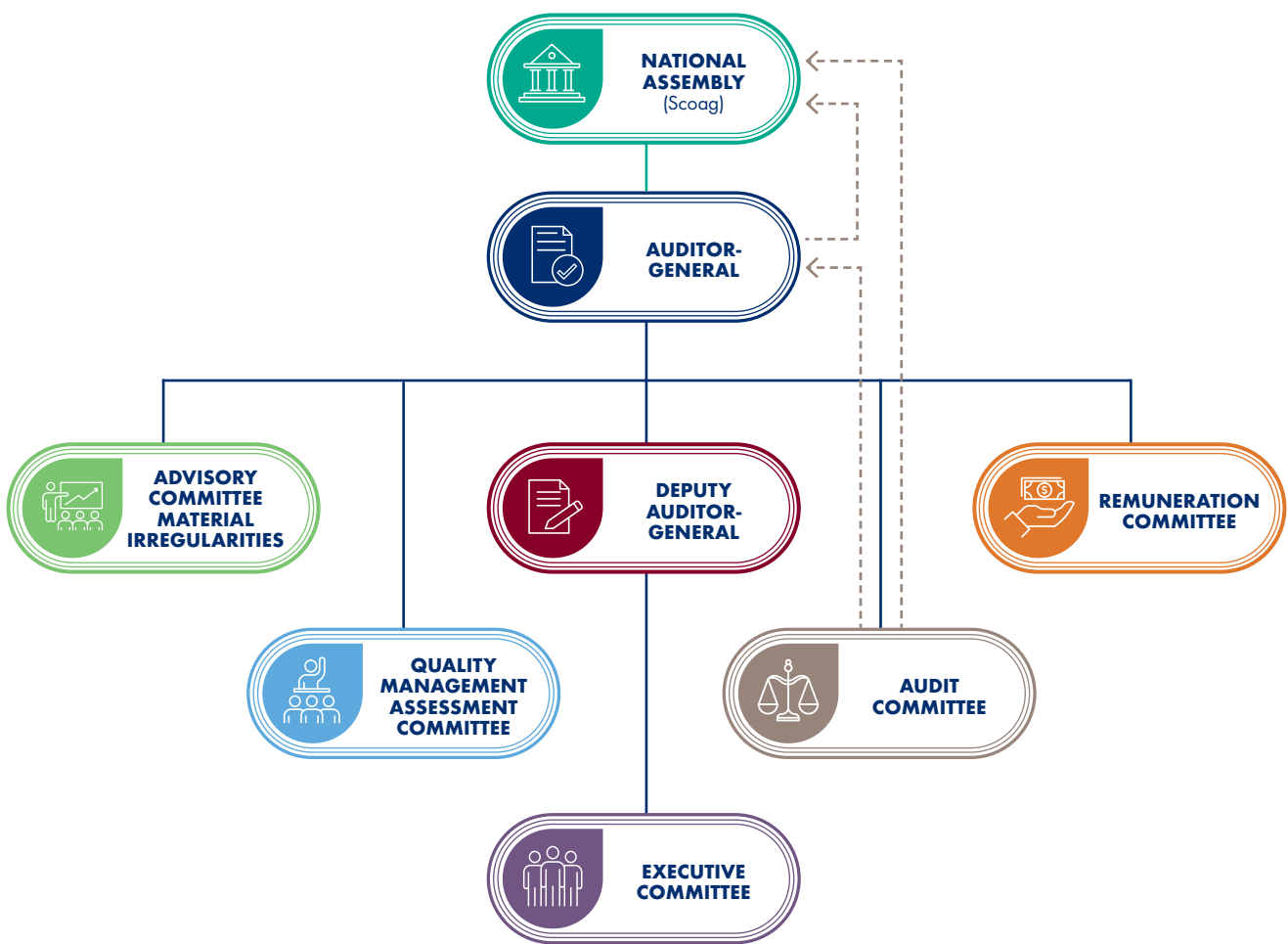
### Stakeholder relationship strength



# HOW WE ARE GOVERNED

## Corporate governance framework

Our governance framework is defined by the Constitution, PAA, certain regulations issued in terms of the PAA and good governance best practices. We fully adhere to most King IV principles. In line with best practice, we rotate the members of our governance structures and annually perform independent reviews of their effectiveness. We also regularly fine-tune our internal governance framework to enhance our leadership decision-making processes.



### The Standing Committee on the Auditor-General

Scoag is an oversight mechanism aligned to section 55(2)(b)(ii) of the Constitution and section 10(3) of the PAA.

### Legislative duties of Scoag

- Protects the independence, impartiality, dignity and effectiveness of the auditor-general (section 2(c)(i))
- Provides advice to the National Assembly (section 2(c)(ii))



- Provides general oversight in terms of section 55(2)(b)(ii) of the Constitution (section 10(3))
- Gives an opinion on the appointment of the deputy auditor-general (section 31(1))
- Gives an opinion on regulations (section 52(2))

## Performance matters

### Strategic plan and budget

- Considers the strategic plan and budget and recommends its submission to the Speaker for tabling in the National Assembly – sections 38(2)(a) and 38 (3)
- Provides an opinion on audit fees – section 23(1)
- Considers reports from the deputy auditor-general on any actual or impending revenue under-collection, shortfalls in budgeted revenue and overspending of the budget or expenditure not in accordance with the budget – section 43(5)(b)

### Annual report

- Considers the annual report, the financial statements and the audit report on these statements – section 41(5) (and refer to section 10(1) and (2))
- Agrees on retaining the surplus – section 38(4)
- Considers audit committee concerns – section 40(6)(b)(iii)
- Appoints an external auditor – section 39(1)

### Audit matters

- Provides an opinion on the standards applied to audits, the nature and scope of audits and procedures for handling complaints when auditing – section 13(1)(a), (b), (c)
- Consults on the Code of conduct for authorised auditors – section 12(3)(b)

## Members

### During this reporting period Scoag, comprised the following honourable members of Parliament and political parties

#### ANC

Mr SS Somyo (Chairperson)  
Ms ZA Kota-Mpeko  
Mr OM Mathafa  
Mr Z Mlenzana

#### EFF

Ms NV Mente

#### DA

Mr MH Hoosen  
Ms SP Kopane

#### ALTERNATE

Ms PT Mpushe

#### AIC

Mr SM Jaffa

#### IFP

Mr N Singh

From 1 April 2023 to 31 March 2024, Scoag considered the following AGSA briefings and resolved the following matters:

- 2022-23 national and provincial audit outcomes
- Integrated annual report 2022-23
- The AGSA's audit committee report
- The 2023-26 Strategic Plan and Budget and audit directive
- Update on the implementation and impact of the extended powers (MIs)

## Quality management assessment committee

### Mandate

The quality management assessment committee (QMAC) oversees the system of quality control at the AGSA. It assesses quality control based on input from our Quality Management business unit and the Independent Regulatory Board for Auditors (IRBA). This ensures that we adhere to professional standards and legal requirements, and that our audit reports are in line with accepted international standards.

We submit all quality control monitoring review reports to QMAC, which considers whether we have correctly evaluated the quality assessment ratings for those engagement managers subjected to a quality review. The QMAC also reviews and approves our policies and processes for monitoring quality compliance.

The QMAC consists of the auditor-general, the deputy auditor-general, a member of the audit committee and an additional external member co-opted by the auditor-general.

#### MEMBERS

**Ms Tsakani Maluleke, 49**  
(Chairperson)

Appointed **2021**  
Attendance: **100%**

**Zubair Wadee, 46**

CA(SA), BAcc,  
MCom, CIMA  
Appointed **2023**  
Attendance: **100%**  
**R80 662**

**Mr Vonani Chauke, 48**

Appointed **2021**  
Attendance: **100%**

**Ms Linda de Beer, 49**  
CA(SA)

Appointed **2015**  
Attendance: **50%**

**R29 475**

**Ms Grathel Motau, 50**  
CA(SA)

Appointed **2022**  
Attendance: **66%**

**R80 662**

The QMAC convened three times during the year and considered the following matters:

- ISQM methodology
- The IRBA review of the AGSA's quality management unit reviewers
- Outcome of the committee on differences of opinion
- Proposed quality ratings
- System of quality management (SoQM) external review programme
- QMAC work plan



## Advisory committee on material irregularities

### Mandate

The advisory committee on material irregularities (ACMI) was established in terms of section 5(2)(b) of the PAA as part of the MI process to deal with the issuing of a certificate of debt where a financial loss was suffered by the state. The committee is mandated to hear oral representations by accounting officers or members of an accounting authority and to advise the auditor-general on the issuing of a certificate of debt. The committee is independent and comprises multi-skilled and professionally qualified members appointed by the auditor-general. The mandate and functions of the committee are set out in the terms of reference of the committee. The material irregularity unit (MIU) provides administrative services to the committee.

The ACMI met to hear oral representation on one MI on 22 August 2023, 19 October 2023, and 20 and 21 November 2023.

#### MEMBERS

**Mr Nano Matlala**

(Chairperson)

Appointed 15 Feb 2023

Attendance: 100%

R588 000

**Prof. Peter Goss**

(Investigator)

Appointed 15 July 2020

Attendance: 100%

R310 992

**Dr Ina Botha**

(Legal)

Appointed 15 Dec 2022

Attendance: 100%

R400 774

**Ms Jane Masite**

(Supply chain management specialist)

Appointed 15 July 2020

Attendance: 100%

R268 636

**Mr Herman Thlako**

(Registered auditor)

Appointed 15 Oct 2022

Attendance: 100%

R293 322

**Mr Michael Bourne**

(Registered auditor)

Appointed 15 Oct 2022

Resigned: 17 Aug 2023

Nil

**Mr Grant Dunnington**

(Financial)

Appointed 1 July 2022

Attendance: 100%

R196 137

## Audit committee

### Mandate

Section 40(1) of the PAA mandates the auditor-general to establish an audit committee and appoint its members. The audit committee does not have managerial responsibility, but reports to the auditor-general and Scoag on:

- whether our internal controls and risk management are adequate and effective
- its evaluation of our annual financial statements
- its opinion of whether our chief financial officer and finance function have the necessary financial expertise to fulfil their responsibilities

The committee consists of three independent, non-executive members. Their skills and competencies align to their duties and cover business, financial and risk management matters.

#### MEMBERS

**Ms Grathel Motau, 50**  
(Chairperson)

CA(SA)

Appointed **2022**

Attendance: **100%**

**Experience:** An entrepreneur and non-executive director with more than 20 years' experience in supply chain, risk management, ICT, finance and operations.

**R388 522**

**Mr Cedrick Mampuru, 49**  
CA(SA)

Appointed **2018**

Attendance: **100%**

**Experience:** Over 20 years in debt and equity structuring, risk and financial management.

**R322 669**

**Ms Carol Roskrug, 51**  
MBL

Appointed **2016**

Attendance: **100%**

**Experience:** Many years in supply and value chain and as an independent non-executive director.

**R349 718**

The audit committee met five times during the year to consider, and where appropriate, approve:

- the status of our internal controls and risk management
- Internal audit short, medium and long-range work plans.
- progress of the internal and external audits
- the integrated annual report and audited financial statements
- our sustainability and performance information
- the recommendation to Scoag to appoint the external auditor and their work plan

- review of the chief financial officer and finance function's capacity and expertise to fulfil their responsibilities
- monitor the complaints management system
- the early adoption of new accounting standards
- the annual assessment of the audit committee members
- mitigation that the AGSA implemented to improve quality management

The committee's report can be found on page 101.



## Remuneration committee

### Mandate

The auditor-general determines the terms and conditions of employment of all employees in the organisation. The remuneration committee (remco) provides the auditor-general with specialised advice on remuneration and related issues, which she considers before making a final decision. It also provides advice on industry developments in remuneration frameworks. We review the remuneration committee is annually for independence. In addition, the amended PAA mandates remco to make recommendations to the independent commission for the remuneration of public office bearers on the salary, allowances and benefits of the auditor-general.

### MEMBERS

**Mpho Nkeli, 58**  
(Chairperson)  
MBA

Appointed **2021**  
Attendance: **100%**

**Experience:** 15 years of executive experience. Was chairperson of the Commission of Employment Equity.

**R – no remuneration accepted**

**Ms Tantatwa Fubu, 52**  
CA(SA)

Appointed **2022**  
Attendance: **100%**

**Experience:** 31 years across diverse sectors as an audit partner and on various ethics, transformation, and remuneration committees.

**R174 194**

**Ms Nazlie Samodien, 53**  
Master Reward  
Specialist

Appointed **2009**  
Attendance: **100%**

**Experience:** 10 years of generalist HR experience and over 15 years in specialist remuneration.

**R161 325**

**Mr Sifiso Cele, 50**  
MBA, MHRP

Appointed **2023**  
Attendance: **83%**

**Experience:** 17 years in banking sector. HR specialist.

**R88 243**

**Mr Vonani Chauke, 48**

Attendance: **100%**

During the year, the committee convened five times to deliberate on:

- remuneration review and benchmarking
- performance management review
- people strategy
- annual salary increase and performance bonuses

The committee's report can be found on page 104.



## AGSA executive committee

The executive committee (exco) assists the deputy auditor-general to manage the business affairs of the organisation, in line with the delegation of authority set out in the AGSA management approval framework. It also has the power to establish subcommittees to assist it. Chaired by the deputy auditor-general, the committee consists

of two heads of audit, one head of specialised audit services, the chief financial officer, chief risk officer, chief technology officer and chief people officer. The exco meets once a month and, when required, holds special meetings to deal with key ad hoc governance matters.

## Profile of our exco members



### VONANI CHAUKE, 48

**(Exco chairperson)**

Deputy Auditor-General  
CA(SA), Cisa, CIA  
Experience: Audit

**Attendance: 100%**



### POLANI SOKOMBELA, 39

Chief Financial Officer  
CA(SA)  
Experience: Audit

**Attendance: 90%**



### BONGSI NGOMA, 48

Head of Audit National  
CA(SA)  
Experience: Audit

**Attendance: 100%**



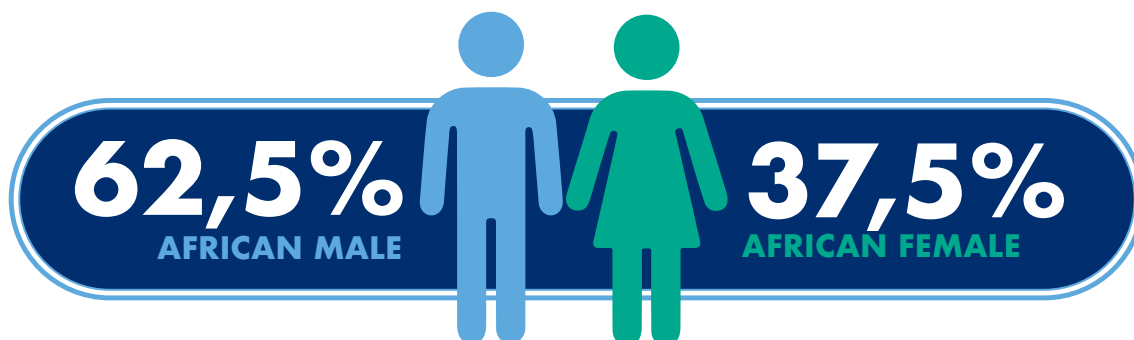
### MABATHO SEDIKELA, 47

Head of Audit: Provincial  
CA(SA), MCom.Tax  
Experience: Audit

**Attendance: 60%**



## Diversity of our exco



### PHILA NDARANA, 56

Chief Technology Officer  
BCom, MDP, PG Dip. DT

Experience:  
IT, banking & insurance

**Attendance: 100%**



### SOLLY SEGOO, 50

Chief Risk Officer  
CA(SA)

Experience:  
Audit, investment banking  
& mining

**Attendance: 90%**



### LINDIWE MIYAMBU, 51

Chief People Officer  
B.Ed.

Experience:  
Financial services

**Attendance: 100%**



### THATO MAHLAMVU, 44

Head of Specialised Audit Services  
BSc information systems, MBA

Experience:  
Professional services industry

**Attendance: 100%\***

\* Appointed in January 2024



ALUMINIUM  
SULPHATE

# 03



# THE STRATEGY

<b>#cultureshift2030</b>	<b>42</b>
Strategic aspiration	42
Strategic goals	43
Operating context	45

# OUR STRATEGY: #CULTURESHIFT2030

Three years ago we began our #cultureshift2030 strategy, gathering all our decades of experience to move us into a new era. We focused on using the depth of our knowledge about South Africa's public service to help our auditees improve their performance, accountability, transparency and integrity (Pati) to better serve the people of South Africa.

## Strategic aspiration

Through the #cultureshift2030 strategy, we aspire to have a stronger, more direct and consistent impact that should help create a public sector with a culture characterised by the Pati indicators. This means going beyond simple, occasional compliance with rules, and extends towards appreciating and normalising the outcomes for which the rules exist.

Our strategic aspiration is rooted in section 195 of the Constitution, which defines public administration as governed by the democratic values and principles enshrined in the rest of the Constitution. It is a public service that:

- promotes and maintains a high standard of professional ethics
- promotes efficient, economic and effective use of resources
- creates a public administration that is development oriented
- provides services impartially, fairly, equitably and without bias
- responds to people's needs and encourages the public to participate in policy making
- accounts for its public administration
- fosters transparency by providing the public with timely, accessible and accurate information
- cultivates good management and career development practices to maximise human potential
- represents the South African people, with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation.

So, as we implement the strategy annually, we keep our aspiration and principles at the forefront of all our work. These inform our medium-term strategic planning, our annual organisational scorecard and all our related operations.



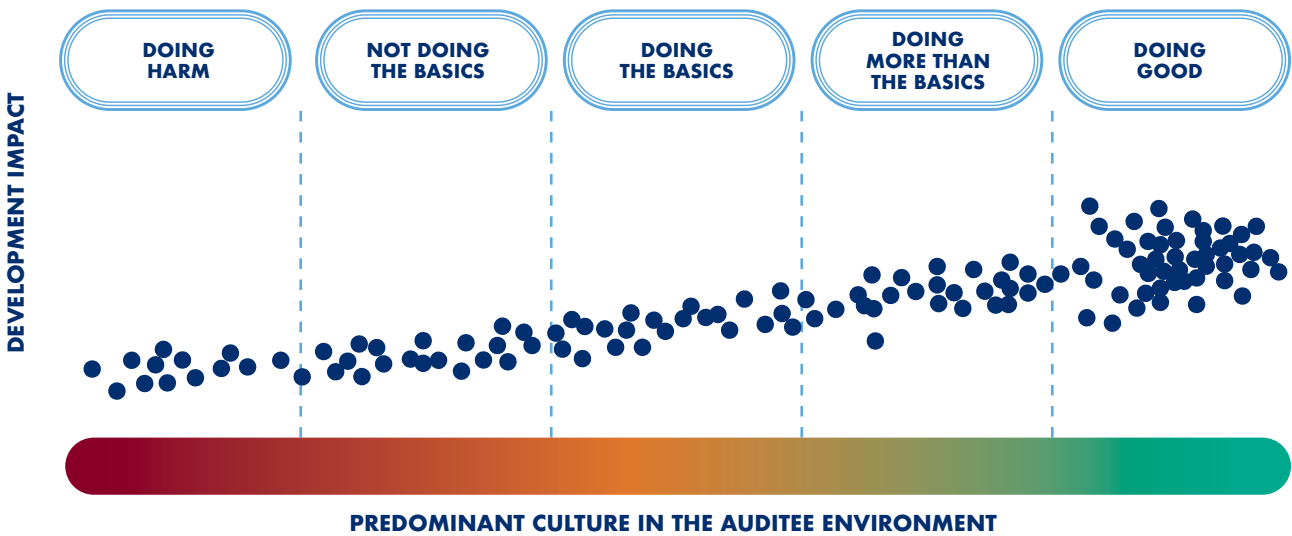
## Strategic goals

### Strategic goal 1: Shift public sector culture

Move a critical mass of auditees towards organisational cultures that are predominated by behaviours that reflect performance, transparency, integrity and accountability.

The primary performance outcome of this strategic goal and its related objective is the movement of a critical mass of our auditees along the culture shift continuum (depicted below) towards the Doing Good category.

### AGSA culture shift continuum



A critical assumption inherent in the culture shift continuum is that the further to the right an auditee moves in the continuum, the more the auditee's developmental impact on society improves. Therefore, as more auditees shift to the right of the continuum, we will fulfil our strategic aspiration of making a more direct, stronger and consistent impact on improving the lived reality of South Africans.

### Strategic goal 2: Insight

**Generate insights that illuminate understanding, drive action and yield results**

The best chance of success on strategic goal 1 objectives relies on our ability to provide our auditees with clear, relevant and actionable audit insight. For us, the real test of the extent to which we have generated and delivered insight that illuminates understanding, drives action and yields results, is what our auditees do with the insight and the extent to which our insight goes on to affect their work. Therefore, the key indicator

for the insight goal and objective rests on the extent to which our audit insight, messaging and recommendations have been taken to their natural conclusion (i.e. our performance adds value to auditees) through auditee action (e.g. mandate-related service delivery).

### Strategic goal 3: Influence

**Move stakeholders from mere awareness of our messaging to action and advocacy**

Our influence is not merely in audit stakeholder engagements and management. The cycle of ongoing influence begins with audit planning, during which we identify the key risk areas and focus areas of our audits. During the audits, our teams engage with both clients and stakeholders, which gives us an opportunity to influence both. Following our audits, we consolidate our findings into key messages that we package into various mediums, including management reports, general reports and presentations. As we distribute these

key messages, our aim is to not only create awareness among stakeholders, but to also move these stakeholders to take the necessary action and, eventually, become advocates of our messages.

### Strategic goal 4: Enforcement

**Apply our powers to directly or indirectly recover resources lost to the state and taxpayers and ensure the application of consequences for wrongdoing**

This strategic goal focuses on the results of implementing the MI provisions of the PAA. Our audit recommendations encourage our auditees to recover losses and prevent further losses. Where we have notified accounting officers or authorities of an MI and they fail to take swift action, we can use remedial and referral powers or issue a certificate of debt. In cases not involving financial loss, MI regulation 11 provides for further appropriate action, including legal action.

#### Material irregularity (MI)

Encompasses financial mismanagement, maladministration and serious breaches of duties that could result in a significant loss or misuse of financial or public resources, or harm to the public or a public institution.

### Strategic goal 5: Sustainably

**Unlock latent capacity in the existing resource base and lower the cost and effort with which we derive each marginal unit of quality, insight, influence and enforcement**

This strategic goal aims to set targeted performance standards for how our operational machinery makes use of its key resources – primarily people, time, finances and methodology – to produce outputs that meet the desired standards.

### Strategic goal 6: Efficiently

**Unlock latent capacity in the existing resource base and lower the cost and effort with which we derive each marginal unit of quality, insight, influence and enforcement and acquire, develop and maintain the quantity, quality and configuration of resources, and capabilities to achieve and sustain our desired levels of impact.**

One of our strategic priorities is to run the business efficiently – meaning we use the least amount of time and resources possible to produce all our work, without affecting the quality. This applies to both the audit and corporate services sides of our organisation. Key to deriving such efficiency will be our ability to digitally transform our core processes and be as systems-driven as possible. We want to leverage the digital tools that we will roll out over the next three years to help drive the organisation's increased productivity, without compromising on staff wellbeing.

## Operating context

In the 2023-24 financial year, a tough fiscal and governance environment persisted.

The audit outcomes of national and provincial auditees saw some improvement but there was limited overall progress in the audit outcomes of local government auditees. Across all three spheres of government, we observed weaknesses in service delivery planning, reporting and achievement; failing infrastructure; and increasing pressure on government finances due to a lack of prudence in spending practices.

The ongoing misuse of state resources was another challenge that continued to have a profound impact on us as the assurer of financial spend in the public service. We saw a national focus on corruption and its negative impact on the economic standing of the country, the lived experiences of citizens, as well as our local, regional and international reputation. This perpetuated difficult and unequal living conditions, something which goes to the heart of our strategy. To help address the situation, we acknowledged several recommendations from the final report of the Judicial Commission of Inquiry into Allegations of State Capture and implemented these in 2023-24. Of the 27 recommendations and actions relating to us, more than half (62%) have already been completed. We will spend 2024-25 and the next few years to complete the rest.

Other external factors that had a strong impact on our work included an emerging trend of political coalitions in the auditee landscape, especially at local government level. This is a trend that impacts the work of the AGSA, as we audit the spaces in which these coalition alliances come into political and administrative power. The main risk that emerges for our audit work is the inherent instability that coalition arrangements tend to bring, especially at a local government level, due to the frequent changes in coalition partners and leadership. This makes it difficult for us to work with the affected administration authorities in a consistent manner, aimed at ensuring the sustained improvement of their financial systems and, eventually, their performance.

The tough economic conditions in our external environment had a profound impact on our internal operations. One of the major effects of this was the difficulty our auditees had in paying our audit fees timeously, requiring our audit and finance teams to increase their focus on effective debt-collection mechanisms. Besides these economic conditions that our business had to contend with, we also dealt with matters such as changes in audit standards and some remaining backlog audits, caused by the late submission of financial statements by auditees.

Internally, our operating context was significantly better but still not without challenges that we had to manage effectively. Our highly professional staff continued to implement our strategy with care and rigour, despite challenging auditee environments, and developed strategies to help safeguard us against our auditees' financial challenges.

Technology continued to play a critical role in our internal operations. As indicated when we began our digital transformation journey a few years ago, the benefits that digitisation brings to auditing are immense. They go beyond helping to create audit process efficiencies and eventual cost reductions. Digitisation also has the potential to improve the quality of audits (reduction of human error), allowing auditors to focus on elevating their analytical skills and insights as manual processes decrease. With our audit software project approved in 2023-24, we are well on our way to creating more audit and business efficiencies.

Our internal organisational strengths and opportunities improved our key audit products, as did our focus on identifying, implementing and monitoring effective mitigations to risks. We also focused on stakeholder feedback, both internally and externally, on key matters such as our ethics, our understanding and servicing of external stakeholder needs, and employee engagement and organisational culture.

Another major focus was to ensure that we better leverage our capitals using initiatives such as reviewing our office setups across the country to make our manufactured capital more financially sustainable and fit for our current and future configuration.





# 04



# THE PERFORMANCE REPORT

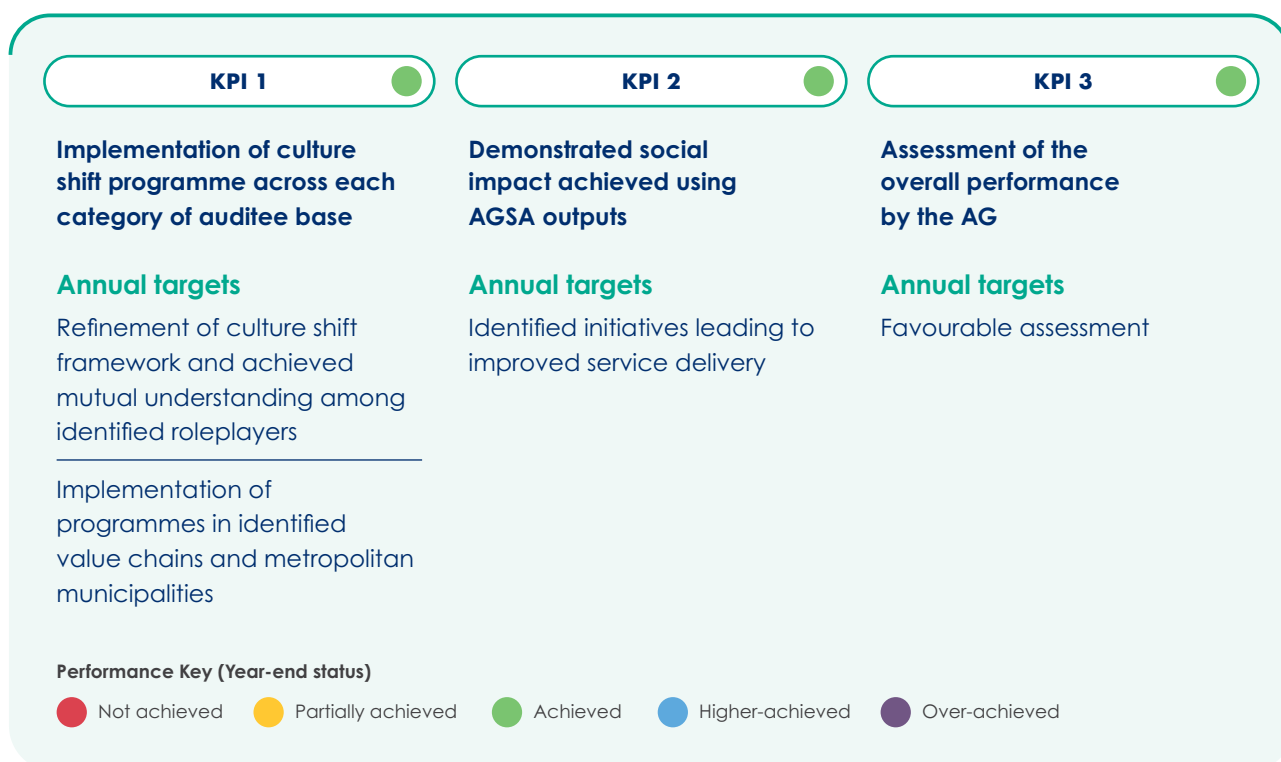
<b>Performance against #cultureshift2030 strategy</b>	<b>48</b>
Strategic goal 1: Shift public sector culture	48
Strategic goal 2: Insight	56
Strategic goal 3: Influence	61
Strategic goal 4: Enforcement	68
Strategic goal 5: Sustainably	74
Strategic goal 6: Efficiently	90

# PERFORMANCE AGAINST OUR #CULTURESHIFT2030 STRATEGY

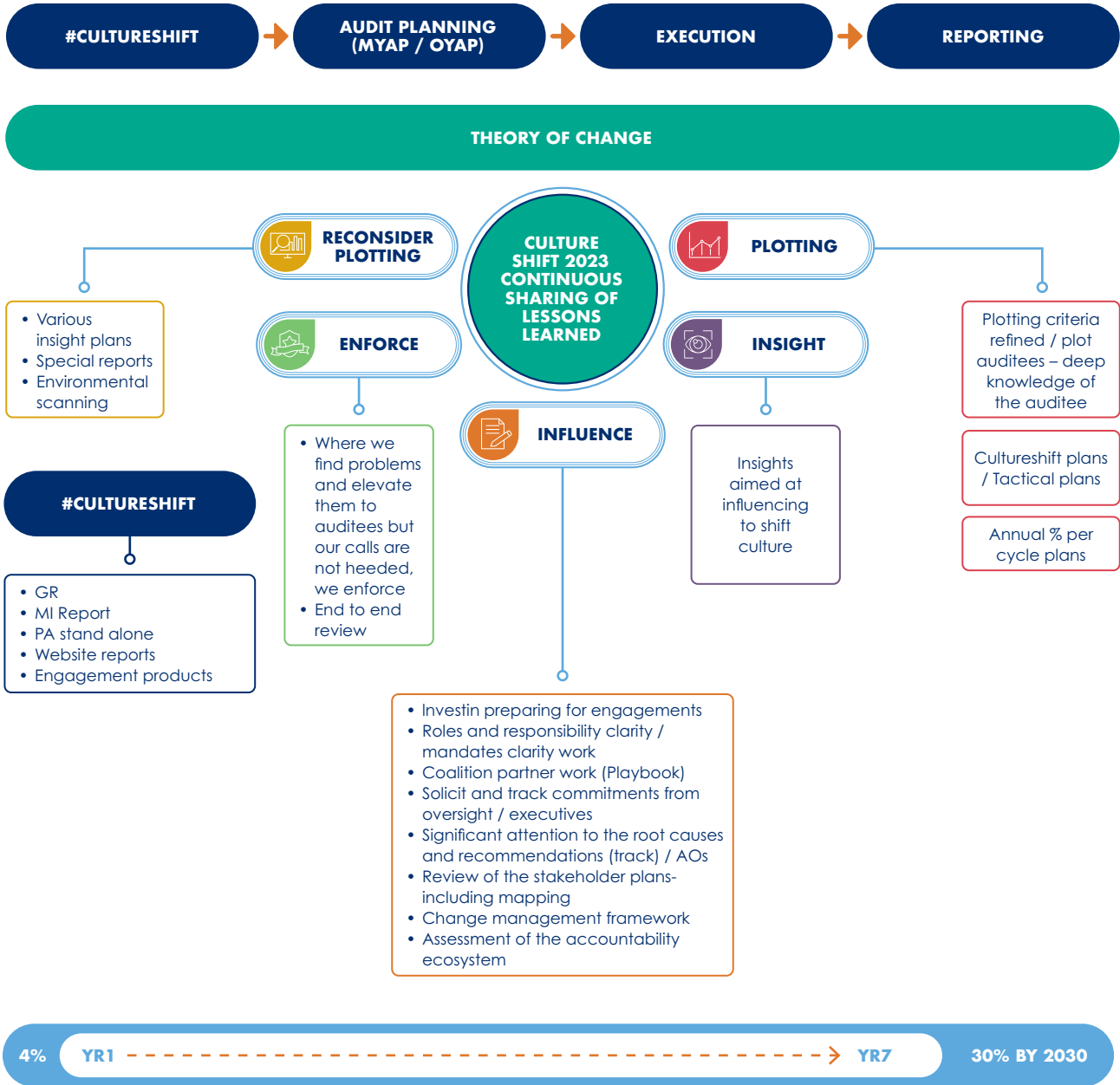
## Strategic goal 1: Shift public sector culture

Strategic intent: To move a critical mass of auditees towards cultures and outcomes that reflect performance, accountability, transparency and integrity

### 2023-24 performance priorities



## Cultureshift framework



## Culture shift continuum: categories and auditee plotting

We committed to influencing a minimum of 30% of auditees that make up the bulk of the public purse to shift to the doing good category and have less than 10% of them in the doing harm category by 2030.

As part of the foundational work, we invested time in redefining our culture shift continuum criteria to drive simplicity and avoid possible duplications. We also extended the scope of our plotting from 422 auditees in the previous financial year, to all our auditees in 2023-24.

The five categories in our culture shift continuum are:



When plotting our auditees per category, we considered and addressed the following areas:

- Financial management
- Service delivery
- Compliance and ethics
- Fraud and responsiveness

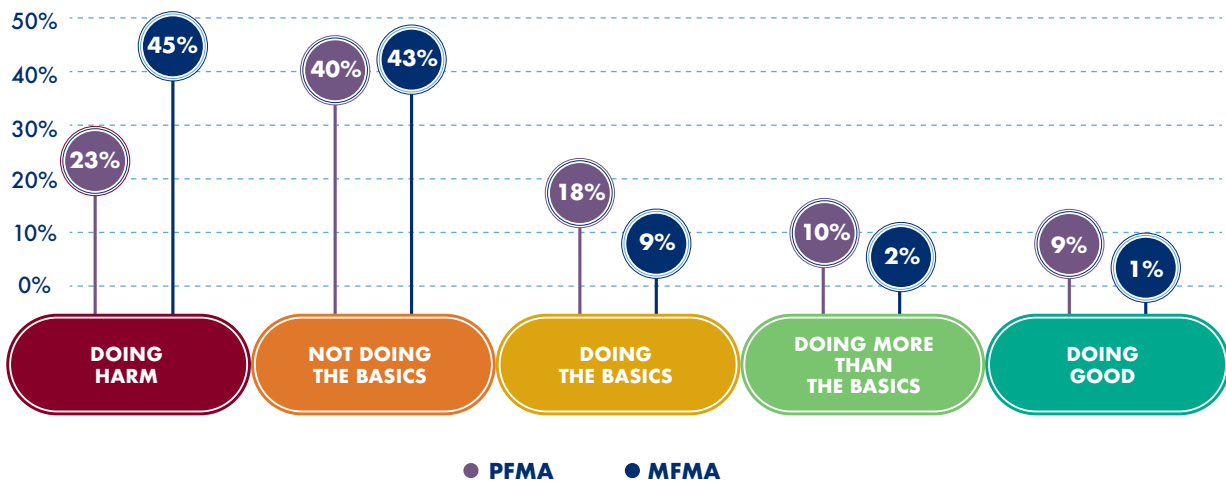
These culture shift continuum criteria formed the basis for plotting each auditee and informed part of the influence engagements that we have with auditees. These engagements are aimed at ensuring that each auditee understands the criteria, where they are plotted per those criteria,

and that we will be tracking them, per the criteria, over the coming years.

### Summary of auditee plotting based on culture shift continuum framework

We finalised the final plotting for national, provincial and local government, based on the 2022-23 audit outcomes. This forms a baseline for tracking scorecard measures on auditees' movement towards our ultimate aspiration. Below is a summary of national, provincial and local government auditees plotted against the revised framework.

### Auditee plotting on culture shift continuum

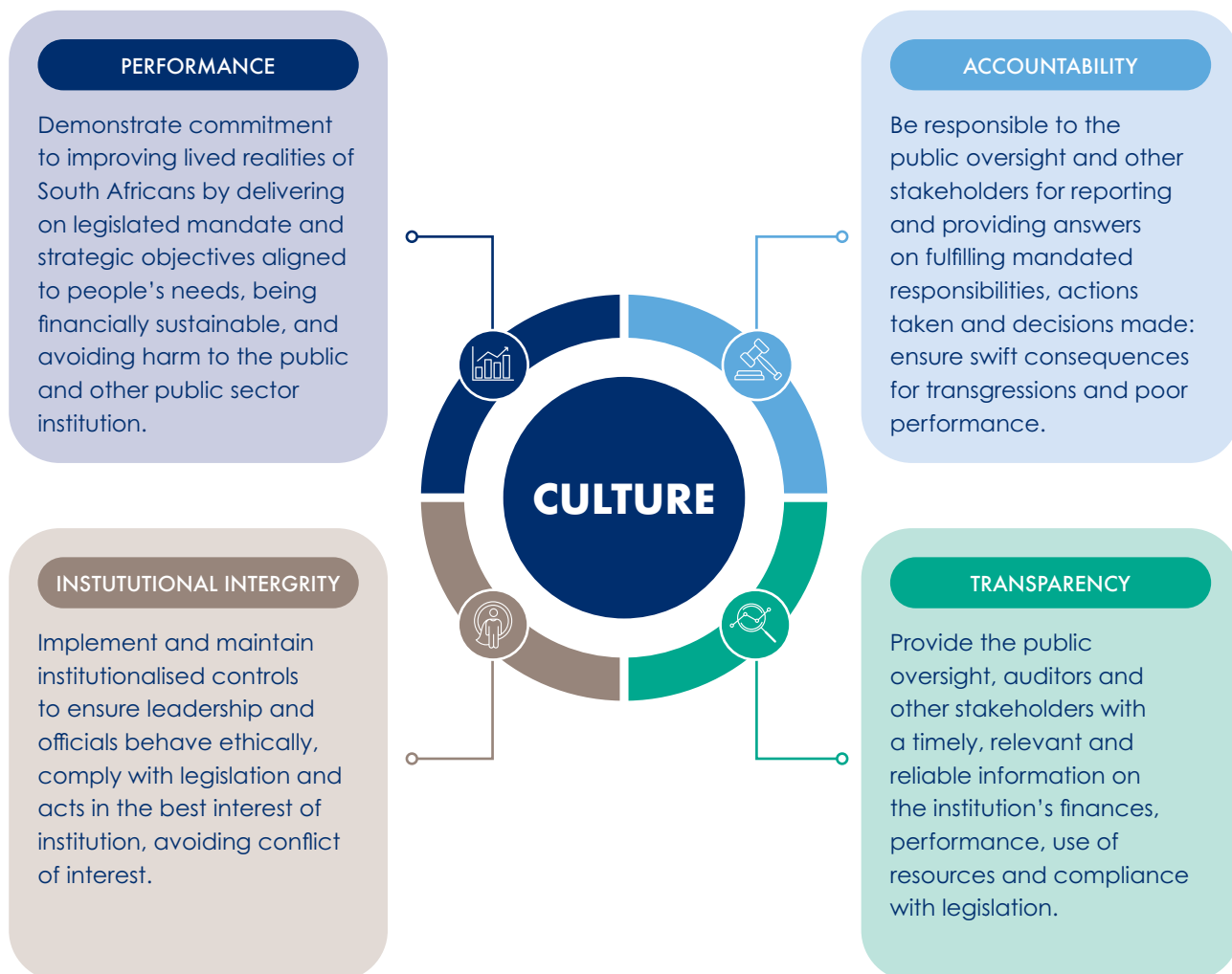


We cannot overstate the importance of our audit teams crafting culture shift and influence plans relevant and responsive to the unique challenges of their specific auditees. Therefore, our commitment is to ensure that our culture shift plans focus on moving key auditees, especially those auditees that receive a significant portion of the government budget, along the continuum over the coming years.

### Culture shift journey

Since we began our #cultureshift2030 journey in 2022, we have been clear about its ultimate aspiration: creating a consistent, meaningful and sustainable improvement in auditee performance and ultimately the lives of ordinary South Africans. To achieve this aspiration, the underlying culture of the public sector needs to move to one where the public service consists of auditees whose operations are characterised by strong Pati indicators. To assess auditees' progress, we use Pati as a framework to measure progress.

### Pati framework: Tool for assessing auditee progress

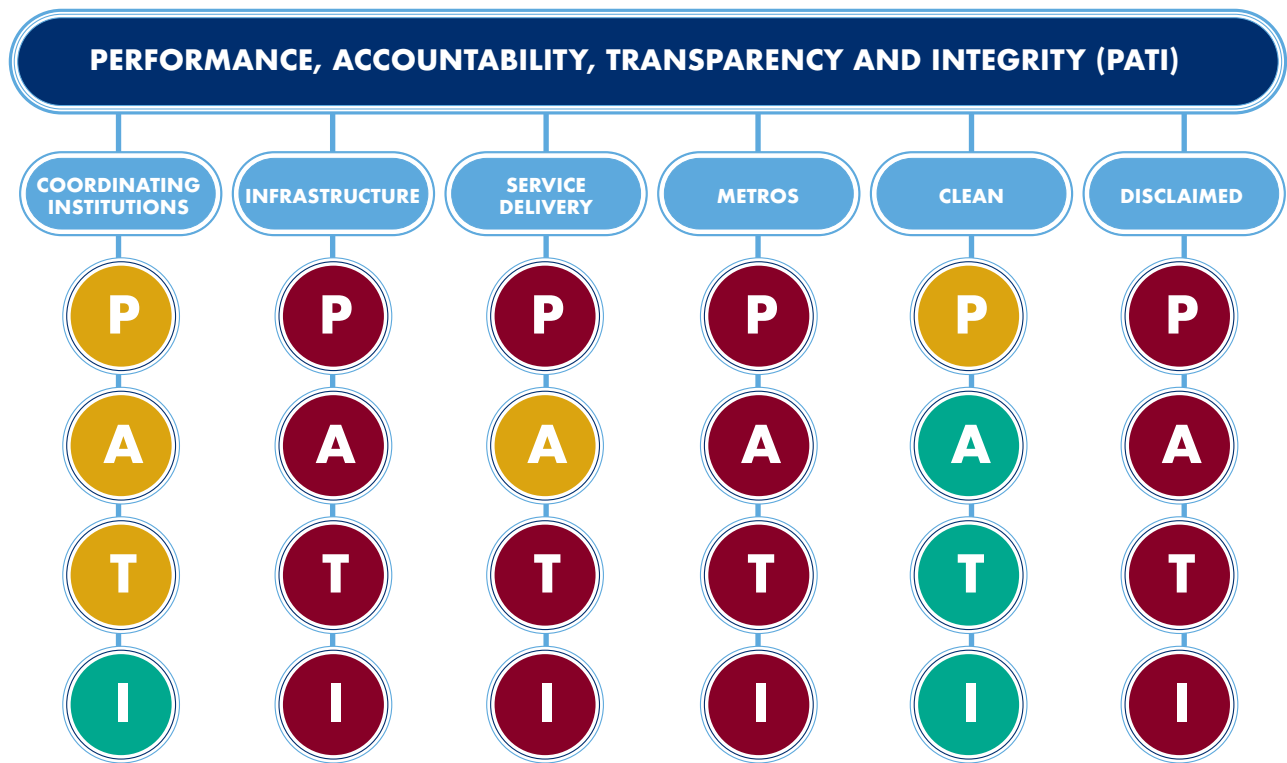


## Progress realised on our #cultureshift2030 journey

In our second year of implementing the #cultureshift2030 strategy, we focused on assessing signs of change in the public sector culture. Based on the Pati framework and auditee plotting, we observed that certain

auditees have shown some progress, while others have not shifted at all. We identified coordinating institutions, infrastructure, service delivery, clean auditees and disclaimed auditees as sectors where increased progress is imperative.

### Pati analysis of selected auditees



- KEY:**
- Auditees in this sector are doing good
  - Auditees in this sector are doing the basics
  - Auditees within this sector are doing harm



## METROPOLITAN MUNICIPALITIES

The overall performance of metros paints a bleak picture given the extensive role that they play in the lived realities of South Africa citizens. The sector still requires significant work to ensure that there is an improvement on all of the indicators that our Pati model unpacks. Metros continue to face challenges relating to revenue collection, interest and penalties, poor payment practices, uneconomical procurement practices and weaknesses in project management that result in undue additional costs.

A lack of accountability and transparency is also seen through the continued use of their budget for the next year to cover current year spending. In addition, current liabilities are more than half of their next year's revenue budget, which puts the implementation of future planned service delivery targets at significant risk.

### To help turn metros around, we intend to advocate for the following interventions:

- Continue to focus on integrated planning to influence the adequate allocation of budget to priorities and the alignment of targets to provincial and national imperatives with the aim of improving service delivery.
- Increase metros' capacity and capability to deliver on their mandates and strengthen the culture of accountability by following through on the commitments to capacitate service delivery units, and the effective functioning of council committees.
- Strengthen the systems of internal control to enable the efficient use of financial resources, reduction of fiscal losses and improved budget processes to positively contribute to financial health.
- Elevate the need for greater coordination between provincial and local government leadership in strengthening service delivery and transparency.

## INFRASTRUCTURE

The infrastructure sector is performing poorly on all Pati indicators, which is particularly concerning as the sector plays a key role in supporting service delivery across all three spheres of government. Over the past year, we again identified project management deficiencies and delays. There were gaps in infrastructure departments' monitoring of grants issued to provincial and local government, and intergovernmental challenges that include a lack of ownership and requisite skills in the infrastructure environment.

### To help improve this sector, we will focus our insights on the following:

- Integration and coordination of infrastructure planning and coherent execution across all spheres of government, including infrastructure regulators.
- Existence and effectiveness of a centralised monitoring function of infrastructure implementation plans.
- Closer collaboration with all infrastructure roleplayers in the accountability ecosystem, including the South African Institution of Civil Engineering, Council for the Built Environment, Infrastructure SA and Association of Quantity Surveyors. These organisations currently use insights from our infrastructure work to address challenges in the industry.



## **SERVICE DELIVERY AUDITEES (EDUCATION, HEALTH, HUMAN SETTLEMENTS, TRANSPORT, AND WATER AND SANITATION)**

Auditees in the sectors most dedicated to service delivery faced various challenges, such as limited budgets, causing them to miss their planned targets. This meant that they could not work at the level necessary to move their performance towards the category of doing good. We also found that inadequate reviews compromised the credibility of both the financial and performance reports of most service delivery auditees.

Despite this, we observed improvements at auditees such as the Passenger Rail Agency of South Africa and the Property Management Trading Entity, which improved their audit outcomes from disclaimed to qualified audit opinions. However, the Passenger Rail Agency of South Africa still needs to improve its responsiveness and posture in dealing decisively with issues of non-compliance, ethics and fraud.

**To help turn this situation around, we will focus our efforts on elevating insights on critical service delivery areas to influence an improvement in the delivery and quality of basic services.**

## **DISCLAIMED AUDITEES**

Auditees that received disclaimed audit opinions continued to struggle with the credibility of their performance reports and the achievement of their performance targets. We could not quantify their level of performance because performance information was unavailable. Overall, disclaimed auditees did not have effective, efficient or transparent accounting and information systems. Their systems did not support accounting and record keeping, resulting in poor audit outcomes annually. As a result, the disclaimed auditees performed poorly on all the Pati indicators.

Despite the challenges, some auditees responded to our call for accountability and transparency, which was encouraging.

**Going forward, we will focus on the effectiveness of the designed plans, initiatives and interventions aimed at influencing improvement in the areas that result in continuous disclaimers.**

## **CLEAN AUDITEES**

In general, the clean audit cluster showed strong performance on most of the Pati indicators, specifically accountability, transparency and integrity. The one area that requires improvement is performance, or going beyond the financials and delivering the services required by their mandates. While clean audits lay solid foundations to advance service delivery, they do not always translate into good service delivery. Many auditees with clean audits struggle to achieve most of their performance targets.

**Interventions to help these auditees improve their performance will include effective planning (e.g. completeness of performance indicators and targets relative to the needs of residents), budgeting and monitoring to meet their performance targets.**



## COORDINATING INSTITUTIONS

Coordinating institutions, such as the national and provincial treasuries, cooperative governance and traditional affairs, as well as the various offices of the premiers need to improve their performance, accountability and transparency. These auditees did not employ integrated government planning or have effective oversight and monitoring to address financial management, performance management and service delivery challenges. They generally did well on institutional integrity.

### To help direct the areas of improvement, we will focus on the following:

- Strive to influence these institutions' commitment to reworking their performance indicators so that they are more outcome-based, measurable and closely linked to their mandates.
- Influence better alignment among coordinating institutions that strengthen the public sector.
- Activate internal audit units and audit committees as key roleplayers in the accountability ecosystem to assist us to achieve combined assurance.

## Conclusion

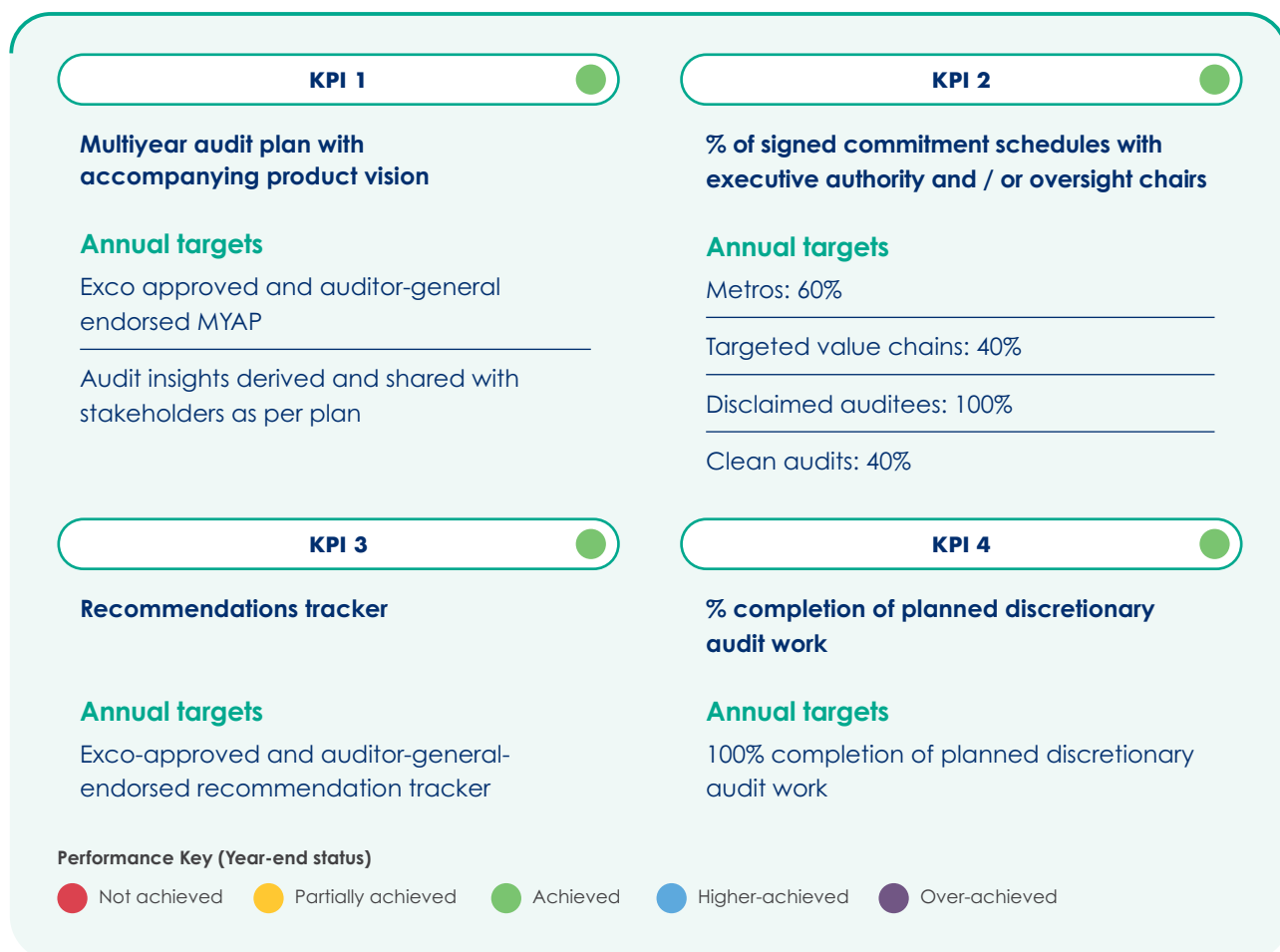
Internally, we have made significant strides on this strategic goal. These include ensuring organisational alignment on how we will go about implementing the #cultureshift2030 strategy (through the development of our culture shift framework) and conducting our first Pati analysis of key auditee sectors. However, our auditee environment is not improving as quickly, but we have always understood that changing organisational cultures will not be easy and will require long-term focus.

We will continue to work with auditees and our accountability ecosystem partners to illuminate their understanding through impactful insights, and influence in a manner that will help them to improve the Pati indicators within their organisations.

## Strategic goal 2: Insight

Strategic intent: To generate audit insights that illuminate understanding, drive action and yield results

### 2023-24 performance priorities



## Multiyear audit plan (MYAP) with accompanying product vision

To help guide our insight journey as an organisation, we invested time through robust engagements to develop our MYAP. The development and approval of this plan by the auditor-general in 2023-24 signified a key milestone in the work that we have been engaged in over the last few years.

While the development and approval of the MYAP was key, the plan itself seeks to bring predictability of audit plans and, most importantly, stability to our audit teams. The plan will also bring about benefits to our external stakeholders in the form of targeted insights.

The MYAP has evolved and progressed from the traditional audit plans to a dynamic multiyear plan that is more risk-focused and theme-based. The MYAP allows for effectiveness and the generation of impactful insights that will illuminate the understanding of our stakeholders. Its benefits include going beyond a singular auditee view to consider how the non-performance of various auditees affects the effectiveness of others and the wider system of government. The MYAP has now focused this on cluster and value chains, taking into account the linkages among different auditees.

To illustrate, there are connections between the work of human settlements (mandated with providing citizens with housing), water and sanitation (that must ensure those houses have running water and proper ablution facilities), and roads and transport (tasked with providing functional and sustainable roads as well as operational transport infrastructure in the areas where the houses have been built).

Another pre-existing element of our audit work that the MYAP has refined is our audit planning. While we have always planned for each of our

audit cycles before starting our annual audits, this planning was mainly focused on that specific upcoming audit cycle. Now, with the MYAP in place, our audit teams have been empowered to take a longer term view on planning. The current MYAP provides a fully approved two-year roadmap, and a proposed three to five-year view to be reviewed and refined as we journey along our strategy implementation timeline.



### Other benefits of the MYAP

- 1 Ensure that our audits deal with the full spectrum of intergovernmental value chains and performance relationships
- 2 Provide clear focus on what we will audit and how we will generate impactful insights, in the medium to long term, to ultimately drive a culture shift in the public sector
- 3 Allow the audit insights we provide every year to connect and tell an integrated, value-adding performance and accountability story
- 4 Create incremental performance improvements that we can track over time, by building – and properly engaging – on insights and audit recommendations
- 5 Highlight targeted MIs to inform guidance and procedures for our planning
- 6 Help to inform the annual scoping, proposed messaging, resource requirements and tools needed to support our audit business in its audit planning, execution and reporting.
- 7 Enhance our ability to better integrate not only our regulatory audit and specialised audit services, but also our Municipal Finance Management Act (MFMA) and Public Finance Management Act (PFMA) audit cycles

Over the next few years, we will focus on the rollout plan. This plan covers five years and 15 workstreams including infrastructure, safety and security, environmental sustainability, and skills and unemployment.

Below is an outline of the sectors that the MYAP will focus on in each of the coming years:

### MYAP focus areas

Workstream	YEAR 1 2023–24	YEAR 2 2024–25	YEAR 3 2025–26	YEAR 4 2026–27	YEAR 5 2027–28
 Infrastructure					
 Safety and security					
 Energy sustainability					
 Environmental					
 Fiscal pressure					
 Education, skills and unemployment					
 Human settlements					
 Roads and Transport					
 Water and sanitation					
 Health					
 Metro					
 Intermediary cities					
 Clean					
 Coordinating institutions					
 Disclaimer					



## Signed commitments with executive authorities and oversight chairs

As we use the MYAP to audit what matters, any areas that emerge from our audits as needing the attention of accounting officers and authorities and of executive authorities will be dealt with in two ways.

1. Our audit teams will make targeted recommendations on how those gaps can be addressed.
2. We will solicit commitments from accounting officers and authorities and from executive authorities on the implementation of our recommendations.

To enable the above, we redesigned the management report and collected trackable recommendations. The redesigned management report helps to make our recommendations clearer, easier to understand and consistent in quality, and facilitates tracking and follow-up.

As part of our performance priorities for 2023-24, we secured signed commitments from most executive authorities and oversight structures at both local, provincial and national level to promptly establish plans and procedures to tackle the key audit concerns.

- **Metros** – 100% signed commitment letters received
- **Disclaimers** – 100% signed commitment letters received
- **Value chains** – 78% signed commitment letters received
- **Clean auditees** – 85% signed commitment letters received

For us, these commitments go beyond the signed commitment letters; they are the first step in accomplishing our work through the #cultureshift2030 strategy.

The commitments signify an understanding of our recommendations and the importance of implementing them on the part of our auditees' leadership. They indicate the necessary will to improve and set the right tone from the top.

## Recommendations tracker

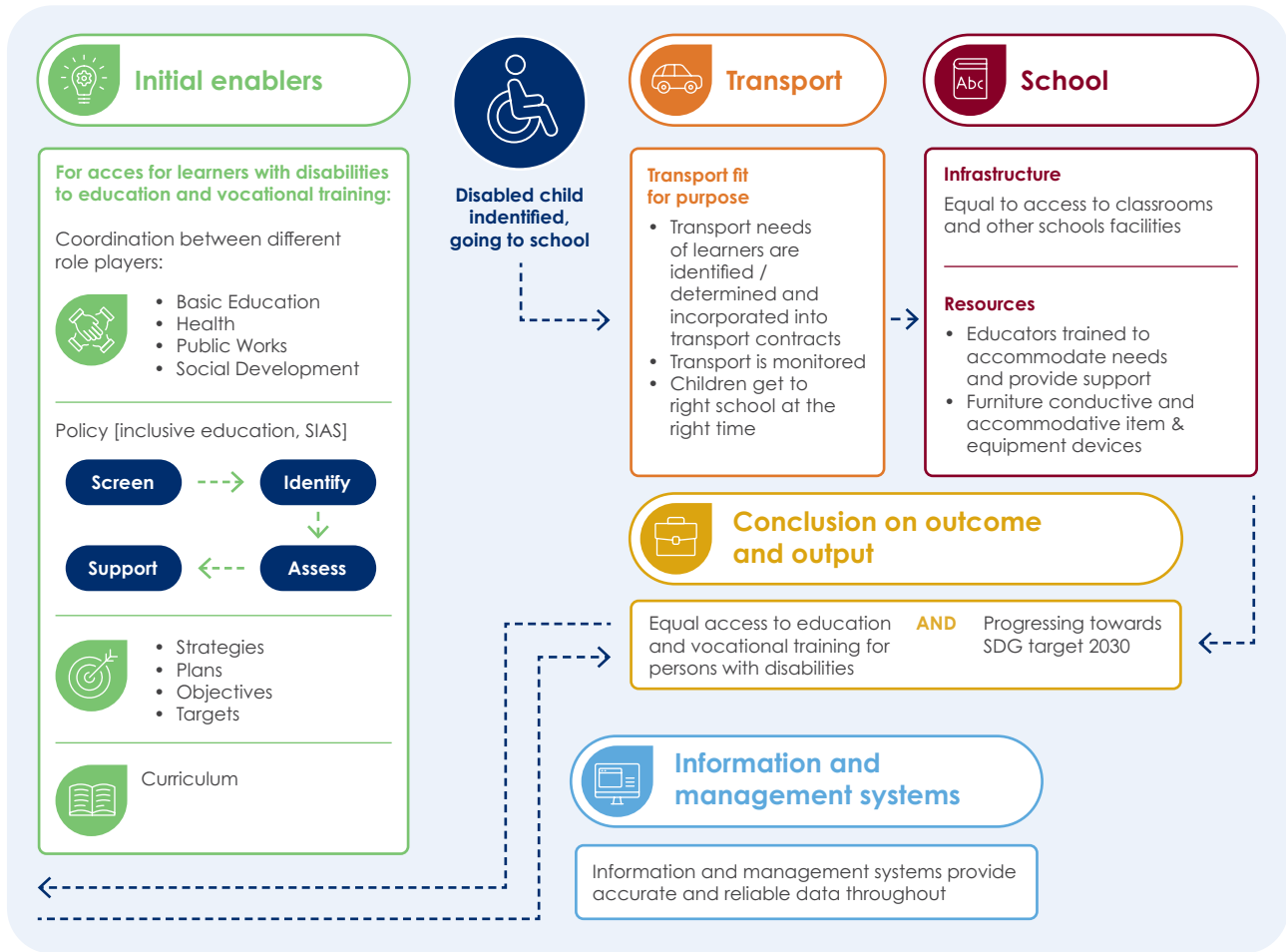
To ensure that the commitments solicited from auditees have an impact, we created a mechanism (a tracker for high-impact recommendations) to ensure that their implementation can be monitored over time. This enables accounting officers and authorities to keep up with the actions necessary to improve performance. It will also help executive authorities hold auditees accountable for implementing our recommendations.

Aside from the online recommendations tracker, we also defined a process for providing a quarterly status update on the implementation of the recommendations. We will strengthen this discipline to ensure that we track auditee progress and engage on it with the executives, most importantly the incoming administration. The necessary follow-ups and progress tracking will also be embedded in the 2023-24 audit cycle that will take place in 2024-25.

## Outcomes of planned discretionary audit work (SDG 4.5)

As part of our planned discretionary audit work for the year, we worked with Afrosai-e to conduct an audit of the basic education sector, focusing specifically on special needs education.

## AGSA value chain for addressing the needs of children with disabilities



The report will create enormous benefits as it focused on one of the fundamental rights enshrined in the Constitution, namely the provision of education to persons with a disability, deemed a vulnerable group. By assessing government's progress in addressing the educational needs of children with disabilities, insights from the audit will shed light on areas for improvement. As we move towards 2030, the insights will inform the review of planned targets, identify areas needing attention and prioritise outcomes within fiscal constraints. The detailed insights will be published in a final Sustainable Development Goal (SDG) 4.5 public report.

### Conclusion

The insights strategic goal continues to be one of our strongest performance areas as an organisation. Our teams have continued to show

strength in their ability to elevate the right insights and increase the quality of recommendations that will help auditees make marked improvements.

Our future focus will be to sustain these gains and then utilise the MYAP to elevate audit insights that speak to the key service delivery sectors and needs of the country. This is because we understand that the clearer and more targeted we are in our insights and recommendations, the more relevant these will be to our auditees and, thus, have a better chance of being accepted and implemented.

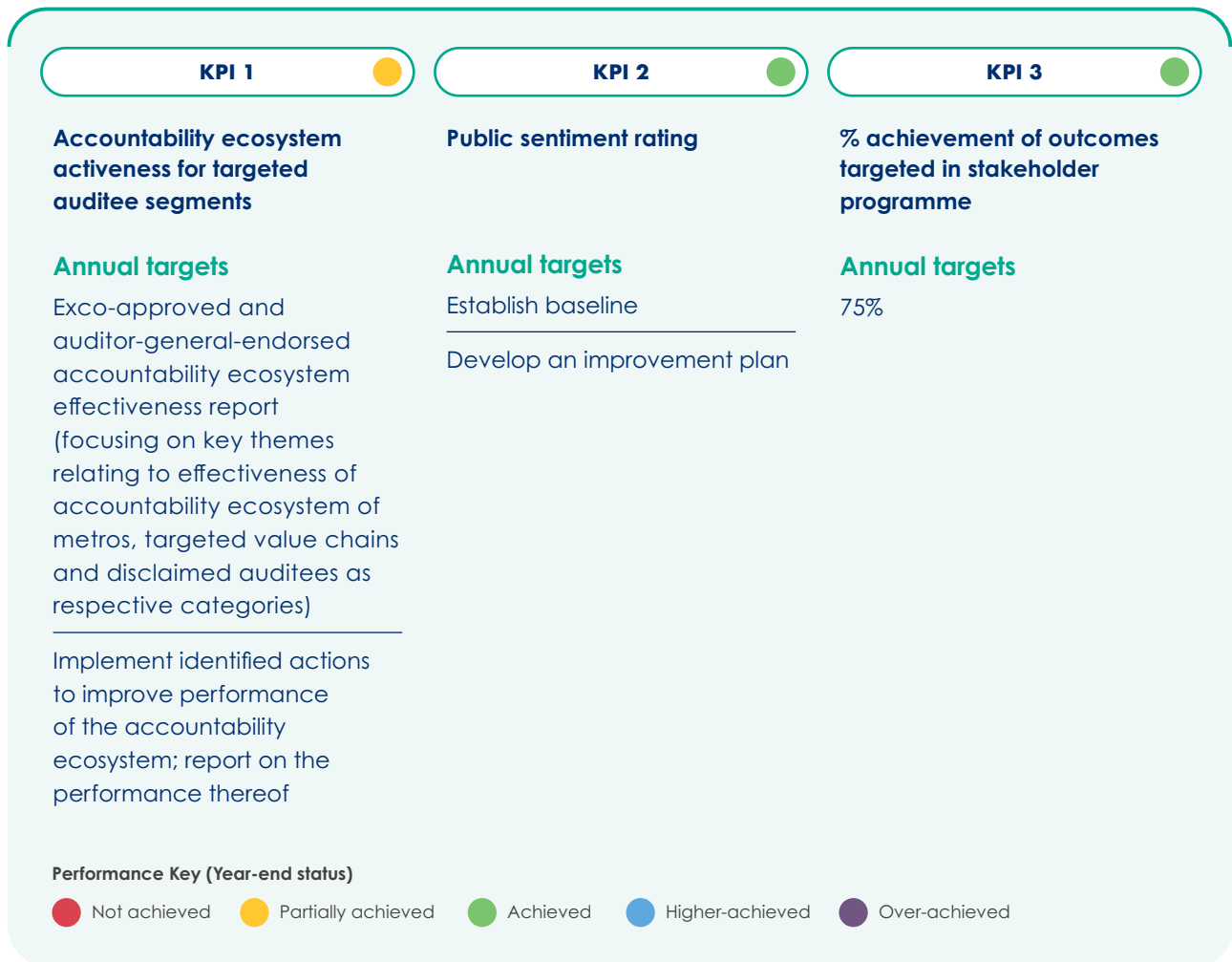
Going forward, we will also leverage our product vision to develop audit products and platforms that allow us to disseminate our insights in a manner most relevant to our various stakeholders' needs and contexts, thus improving our influence prospects.



## Strategic goal 3: Influence

Strategic intent: Move stakeholders from mere awareness of our messaging to action and advocacy

### 2023-24 performance priorities

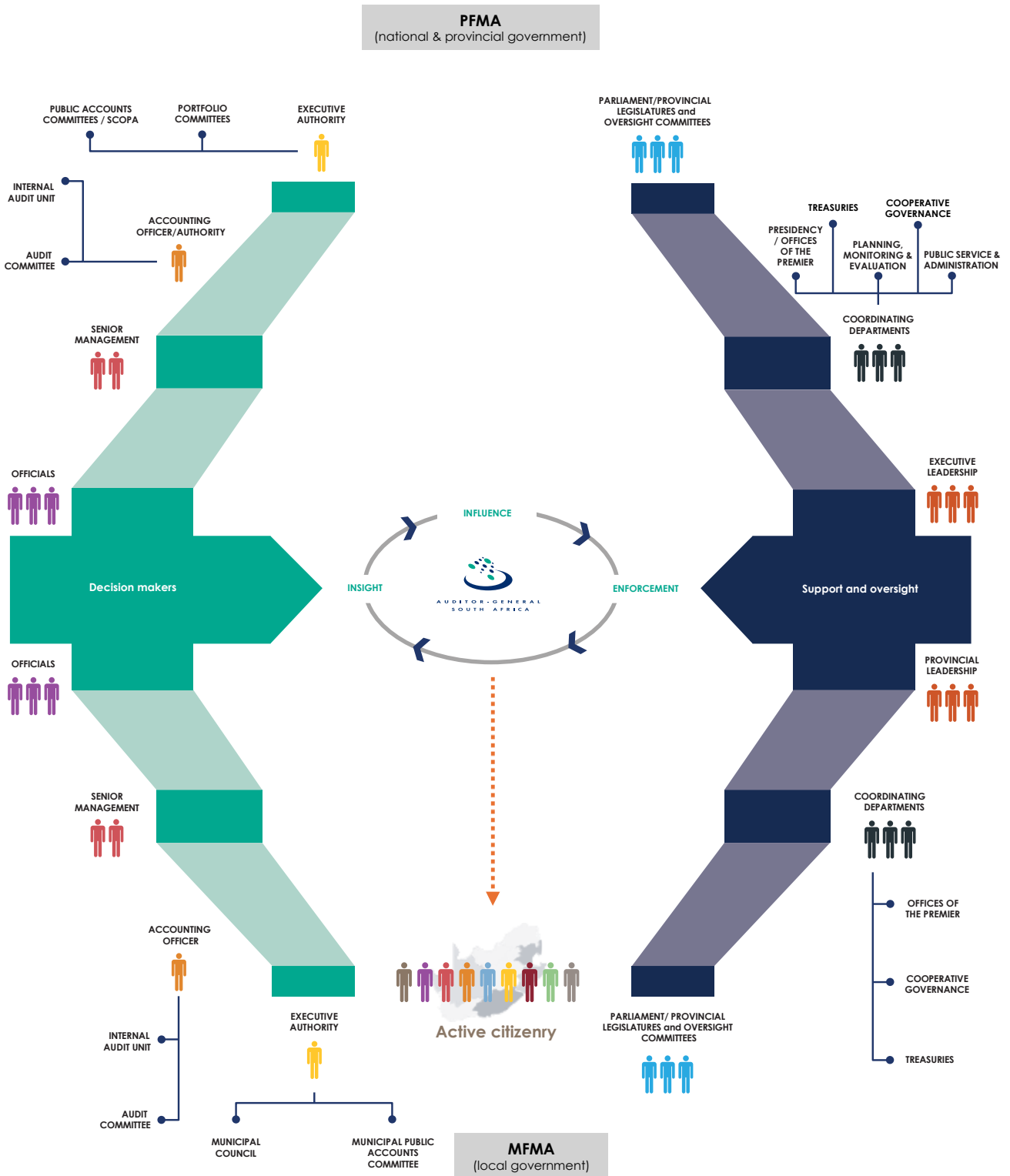


As an organisation, our influence plays a key role in galvanising our stakeholders to work together and help create a positive shift in the public sector's performance culture. In 2023-24, we continued to invest time and training efforts on helping our employees, especially within the audit teams, improve their influence skills. We also developed

frameworks and policies to support these influence efforts. This included socialising both our internal and external stakeholders, especially those in the accountability ecosystem, on these frameworks and their roles and responsibilities in relation to them. Our accountability ecosystem roleplayers in the environments are shown below.



# Accountability ecosystem



### Accountability ecosystem

- Broad-based, effective network of stakeholders that drive and deepen public sector accountability.
- Each plays a role in driving principles of strong Pati indicators in the public sector.
- Failure by any stakeholder to effectively play their unique role has a detrimental impact on the effectiveness of the whole system.
- Therefore, all stakeholders must play their part.

### Accountability ecosystem effectiveness

The target for the 2023-24 year was to produce an accountability ecosystem effectiveness report (focusing on key themes) to assess the impact of our influence work while also identifying areas that need to be strengthened. The report was finalised and shared with the auditor-general for her review after year-end. While the completion and submission of the report came after year-end (meaning we only partially achieved our target), there were enough insights in the report to be of value to the audit teams on the ground, especially as they focus on elevating our influence tactics for 2024-25.

Our audit leaders have engaged with the report and spent the first quarter of 2024-25 working to elevate those aspects that are relevant to them and their accountability ecosystem members. Going forward, these will be used to craft clear influence approaches for the next two years, focused on the following:

- How we will collaborate with those accountability ecosystem members that are currently active and effective (understanding their roles and executing them accordingly, including their collaboration with the AGSA).
- How we will close the gaps with the members that are not executing their accountability ecosystem roles and responsibilities as they should.
- How we will maintain the momentum on both of the above as we go about our stakeholder influence work in the coming years.

### AGSA stakeholder perception survey

As the supreme audit institution of the country, we play a crucial role in strengthening our country's democracy by enabling oversight, accountability and governance in the public sector through auditing. Our strategy focuses on building,

preserving and leveraging public confidence and stakeholder trust to drive receptiveness and responsiveness to our messages, fostering action and advocacy. To achieve these goals, we conducted an independently run stakeholder survey to better understand our stakeholder needs and their experiences with us and our products. The objective was to help us add more value to them in future and enhance our responsiveness to their needs.

This was all with the aim of fostering better long-term relationships with both our accountability ecosystem and culture shift coalition stakeholders to collectively work towards improving auditee performance and, by extension, service delivery to the South African people.

The survey aimed to achieve the following objectives:

1

Conduct a baseline sentiment assessment: evaluate stakeholders' perceptions of the AGSA

2

Assess the AGSA's effectiveness perception: examine how stakeholders perceive our effectiveness in meeting their needs

3

Explore understanding of the AGSA's mandate: investigate stakeholders' comprehension of our mandate

4

Evaluate the perception of the AGSA's impact: assess how stakeholders perceive the impact of our findings on governance and financial accountability

5

Identify support strategies: find ways for us to support stakeholders to address deficiencies and enhance controls

6

Determine engagement strategies: explore effective engagement strategies for the AGSA

## Survey results







### Positive indicators

-  High respondent familiarity and awareness of the AGSA's role and responsibilities
-  The AGSA performs well and executes its mandate effectively
-  The AGSA remains relevant to South African society
-  Professionalism of AGSA employees
-  The AGSA's insights assist in identifying improvement areas
-  88% of auditees' view that when they implemented the AGSA's recommendations, they were able to improve their organisations



### Areas of improvement

-  There is room to enhance our recommendations
-  Lack of awareness within some auditees of the AGSA's #cultureshift2030 strategy
-  View by some auditees that the AGSA does not communicate well with them
-  The AGSA being viewed as wanting to see auditees fail, rather than as a strategic partner

In 2024-25, we will implement an action plan that we developed to address the areas of improvement. This plan will include annual

auditee surveys and is a key part of our stakeholder influence efforts to advance the objectives of the #cultureshift2030 strategy.



## Achievement of outcomes targeted in stakeholder programme

Our engagement efforts have been wide-ranging, reaching stakeholders across key value chains and clusters. Notably, we have expanded our reach to stakeholders beyond our usual engagements, creating greater awareness and encouraging collaboration for impactful change.

Below are some examples of the successes that our influence engagements have yielded:

### **INFLUENCE REVISED FUNDING MODALITIES: HIGHER EDUCATION AND TRAINING SECTOR**

The higher education and training sector is meant to contribute to skills development and job creation and, as a result, is a strategic priority area for government. However many higher education and training initiatives being rolled out nationally, the skills challenge and unemployment among tertiary graduates persists.

We established through our audits that the significant amounts earmarked for higher education were not spent on scarce and in-demand skills that can accelerate economic growth. In addition, the systems of sector education and training authorities (Setas) are not interlinked resulting in duplication of efforts including interventions that are focusing on the same learners.

As part of our influence work, we held engagements with the executive authority in

higher education and training and shared our insights from our audit work, which could assist the department to improve its operating approach.

Following the elevation of these insights (and our related recommendations on them), the minister announced that the department would reconsider the comprehensive funding model, particularly for NSFAS, to prioritise funding efforts towards scarce and in-demand skills. The department also responded positively to our recommendation to integrate setas systems to enable integrated planning and streamlined operating processes. The Setas have begun to focus their efforts on finding IT systems to link their operations and collecting repositioning information to ensure collective impact. These efforts will go a long way towards addressing the skills gap and unemployment among graduates in the country.

### **INFLUENCE EFFORTS AND SUCCESSES WITH EXECUTIVES AND COORDINATING INSTITUTIONS**

Our teams continued to raise concerns directly with the Presidency, Department of Planning and Monitoring and Cogta highlighting the detrimental effects of delayed capacity building and, lack of strategic integration of projects, ineffective presidential task teams, and delays in implementing government Medium-term Strategic Framework (MTSF) priorities. Following our engagements, these efforts saw relatively quick action plan, as Cabinet began working on a comprehensive improvement plan to tackle coordination challenges across government sectors, including directives by DPME to guide the planning and development of annual performance plans in line with MTSF.

In the municipal space, through persistent influence engagements with accounting officers, coordinating institutions, such as provincial treasuries, and auditees' oversight structures, we saw a marked improvement in the submission of financial statements by the legislated deadline. These improvements were also due to accounting officers responding positively to our MI notifications on the matter of on-time submission of annual financial statements, as well as provincial government supporting municipalities to act on their submission commitments. This is a clear example of the improvements we can see within auditees when all stakeholders within the accountability ecosystem play their part.

## INFLUENCE EFFORTS AND SUCCESSES IN INFRASTRUCTURE SECTOR

Extensive effort by both our national and provincial teams advanced the infrastructure sector by showcasing our infrastructure insight and working with stakeholders to take decisive action to address the lack of planning and coordination, weak project management and financial loss due to projects going beyond contractual periods.

We influenced accounting officers and authorities and the members of executive committees across the provinces to prioritise the implementation of our recommendations. In some provinces, this led to schools being operational again and some municipalities submitting plans on maintenance

and upgrades to improve the state of water infrastructure.

Since we shared our insights from occupational health and safety assessments, emphasising the department's efforts to implement processes aimed at advancing the realisation of ideal clinics and hospitals, we have observed a slight improvement in occupational health and safety practices, particularly at Charlotte Maxeke Johannesburg Academic Hospital, with fewer defects and security concerns compared to the previous year.

## COLLABORATING WITH CIVIL SOCIETY ORGANISATIONS

Throughout the year, we focused on increasing engagement with CSOs to strengthen audit risk assessments and reinforce audit messaging. Significant progress was made, as evidenced by accelerated progress and strong engagement with several influential CSOs.

Furthermore, the execution of all actions outlined in the CSO implementation plan established a successful trajectory for the AGSA-CSO partnership programme. The year saw significant progress in improving engagement with CSOs across various sectors and forums. Key achievements included convening strategic meetings with forum and sector leaders to advocate for CSO inclusion, developing tailored engagement plans for sector and forum collaborations, and establishing comprehensive reporting mechanisms to monitor CSO engagements. Soliciting feedback on the efficacy of our CSO engagement facilitated iterative improvements, while initiatives like webinars and the dissemination of updated frameworks via the intranet page improved AGSA-CSO accessibility and collaboration.

Our influence extended to significant and extensive engagements with the Asivikelane initiative on the critical aspect of basic service delivery in metros. Asivikelane is an initiative that convenes multi-stakeholder hubs of informal settlement residents, government officials, community organisations and other stakeholders, such as ourselves, as the national audit office, and training colleges to collectively deal with the service delivery issues experienced by informal settlement residents. This led to them collaborating on onsite inspections in informal settlements and a focus on exploring practical solutions for metros to tackle issues related to infrastructure maintenance to create meaningful and sustainable improvements in basic service delivery.

Looking ahead, the AGSA is committed to refining its approach to CSO engagements, as well as ensuring ongoing optimisation and risk mitigation, to uphold the pillars of accountability, transparency and integrity in its operations.



## Our international influence

During 2023-24, we continued our efforts to strengthen our influence in the international space. Our impact in the Intosai capacity development community is good, with the CBC taking a leadership role to coordinate and influence the capacity development work plans of all the major players in this community.

For the first time, Intosai adopted a consolidated operational plan for capacity development for 2023 to 2025. The CBC's influence in elevating topics that affect supreme audit institutions such as competency-based professional development, quality management and unpacking the concept of the relevance of auditing is clearly visible in the 2023 Intosai Global Stocktake Report that will inform a first baseline assessment of this operational plan later in 2024.

Through our CBC leadership, we also increased our visibility as a leader in standard-setting. We played a key role in finalising the development plan for standards for the next three years, with emphasis on the need to refine work at the level of organisational principles in the Intosai framework of professional pronouncements, and on bringing order to the way that Intosai thinks about providing guidance on executing audits in the global community. Further indications of growth in this area include research on behalf of supreme audit institutions in the small island development states and in complex and challenging circumstances, and evaluating the appropriateness of auditing standards for this community.

We were successful in taking on new international audits that enhanced exposure opportunities for our audit teams. These included the audit of the

United Nations Educational, Scientific and Cultural Organisation (Unesco), the International Centre for Genetic Engineering and Biotechnology (ICGEB) and the African Organisation of Public Accounts Committees (Afropac). This commitment reiterates one of our key employee value propositions - to provide meaningful career development opportunities.

As a key roleplayer in the United Nations Convention against Corruption (UNCAC), our influence achieved the indicator that we, as a supreme audit institution, are increasingly active in driving the message of clean administration internationally.

## Conclusion

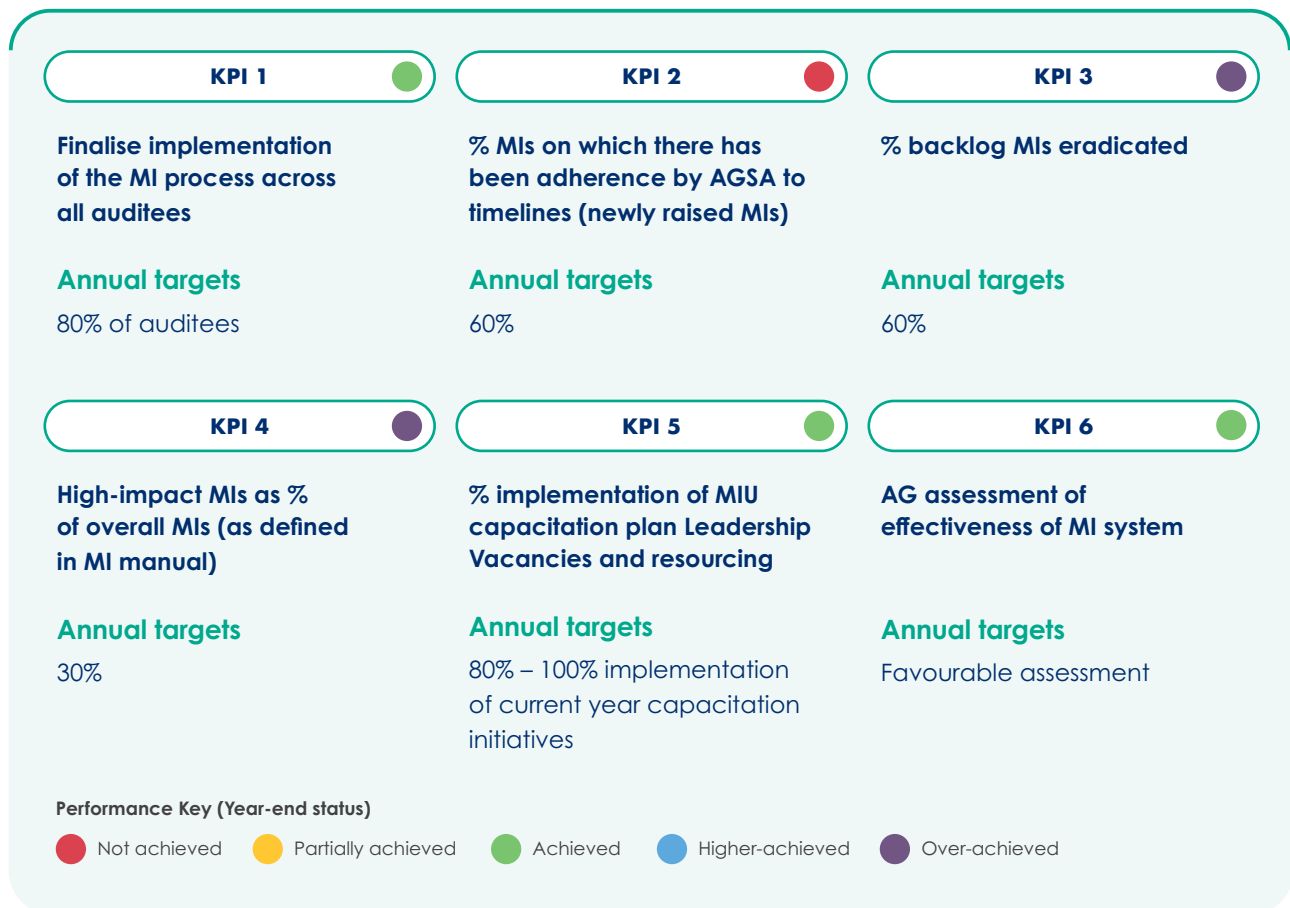
In 2023-24, we improved our influence efforts through a concerted effort to upskill our teams on the importance and practice of engaging for influence. As a result, we had successes in a number of auditee and accountability ecosystems, as the examples cited earlier demonstrate. While we acknowledge and celebrate these successes, we also understand that much remains to be done, both internally (continuing to enhance our influence capabilities) and externally (influencing auditees to be more responsive to our insights and recommendations).

In 2024-25, we will implement an action plan aimed at addressing the influence areas of improvement that emerged from the public perception survey. The plan will include annual auditee surveys to ensure that any improvement initiatives we develop always include auditees as our key stakeholders.

## Strategic goal 4: Enforcement

Strategic intent: Apply our powers to directly and indirectly recover resources lost to the state and taxpayers and ensure application of consequences for wrongdoing

### 2023-24 performance priorities



Over the past four years, we have incrementally implemented all elements of the MI definition and increased the number of auditees at which we implemented the MI process. We focused on auditees where we could have the greatest impact, using our resources optimally to ensure the quality of our processes.

The overall aim of our expanded mandate is to:

- promote better accountability
- improve the protection of resources
- enhance public sector performance and encourage an ethical culture
- strengthen public sector institutions to better serve the people of South Africa.



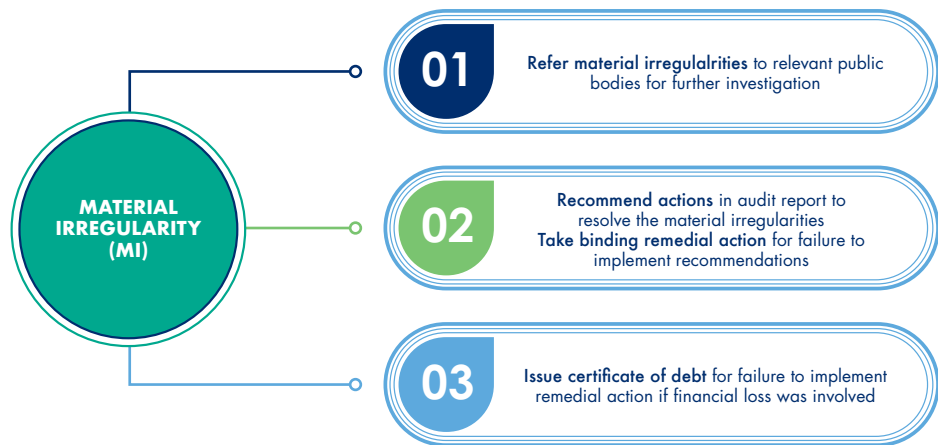
## Strong and clear concept of MI

We enforce the concept of MIs by applying the 3R process (recommendation, referral, and remedial action). The success of the mechanism is not only rooted in recovering money or assets, but also in preventing losses, improving internal controls and changing public sector culture.

### MATERIAL IRREGULARITIES CONCEPT

*If the accounting officer / authority does not appropriately deal with MIs, our expanded mandate allows us to:*

Any non-compliance with, or contravention of, legislation, fraud, theft or a breach of a fiduciary duty identified during an audit performed under the Public Audit Act that resulted in or is likely to result in a material financial loss, the misuse or loss of a material public resource, or substantial harm to a public sector institution or the general public.



Our initial reporting to Parliament focused on systematically implementing the powers at our auditees. Now this focus is beginning to demonstrate impact.

### Using our expanded mandate

As in previous years, we remained fully committed to implementing the enhanced powers given to our office – without fear, favour or prejudice – to instil an effective Pati culture across government and bring about a better life for the people of South Africa. As per our target for 2023-24, we implemented the MI mechanism at 80% of our auditees (with only the smaller auditees to be included in 2024-25).

If accounting officers and authorities, supported by their political leadership, fulfil their legislated responsibilities and commit to taking swift action when we notify them of an MI, there is no need for us to use our remedial and referral powers. Yet, we do not hesitate to use these powers when accounting officers and authorities do not deal with MIs with the required seriousness.

We are pleased with the impact the implementation of our expanded mandate is having, as demonstrated by the increased attention given to our audit process and outcomes, action being taken to address our findings and, in some cases, prevention and recovery of financial loss.

### AGSA adherence to timelines on newly raised MIs

We acknowledge that we need to speed up the processing of MIs across the organisation. We ended the year with a 41% achievement for adhering to timelines on newly raised MIs, as opposed to the 60% targeted. Some of our challenges arise from the pressure to finalise the regularity audit within the legislated timelines, which means that MIs are not always raised in time, or that the accounting officer or authority often responds when the audit team is already engaged in the next audit cycle. Aside from change management engagements to ensure that MIs are attended to continuously, we also believe that stabilising the MIU will help us to better deal with and process MIs within our own timelines going forward.



## Eradication of backlog of MIs

We noted that the MIs remain in the appropriate action category for lengthy periods as accounting officers and authorities deal with the issues raised. This necessitated action to assist accounting officers and authorities to resolve the MI or to consider whether we should take the next step in the MI process if the actions are not having the desired impact.

During the year, we implemented initiatives to understand and consider the MIs in the system that were older than 18 months. We have successfully cleared 95% of the backlog MIs. These MIs require continuous monitoring to ensure that auditees do not back-track on their progress in resolving or appropriately addressing the MIs. Activating the accountability ecosystem would assist in fast-tracking these matters.

For example, MIs that have been in the system for a long time, relating to the South African Postbank and Transnet, were concluded by the end of the financial year. The two Postbank matters were recommended for referral to the Directorate for Priority Crime Investigation, while the Transnet matters were concluded as the accounting officer had addressed them adequately.

Important to note is that MIs being investigated, referred by the auditee, processed in court, in disciplinary action, or in the process of litigation are not regarded as backlog MIs.

We learned the following lessons in 2023-24 on how to effectively eradicate the MI backlog:

- Quick and effective decision-making by leadership is critical.
- The appropriate capacitation of the MIU needs to remain a focus area for leadership attention.
- It is important to identify the exact areas in the MI process that are causing challenges and ensure that we deal with these going forward.

## High-impact MIs

In 2023-24, we committed to producing high-impact MIs. The ideal is that every MI we raise must contribute greatly to the culture shift needed in government. A high-impact MI incorporates the elements of the overall aim of our MI process.

In 2023-24, we raised 159 high-impact MIs against the target of 69. This target is not just a number – it shows a deep understanding of our auditees and the areas that need enforcement. The high-impact MIs relate to several instances of substantial harm, abandoned construction projects (resource management), the misuse of public resources and the breach of fiduciary duty – the first of these MIs we have raised.

Going forward, we intend to keep track of the 159 high-impact MIs to assess their effect on auditees, especially as it relates to performance and accountability.

## Processing MIs

### MI recommendations

During the year, we made 23 recommendations for national and provincial MIs and 24 for local government MIs where the accounting officer or authority did not take action to satisfactory resolve the MI. As at end March 2024, these recommendations were at different stages, of the MI process including the assessment stage. We carefully consider requests from accounting officers or authorities for additional time to deal with the MIs. The MIU is in constant contact with these accounting officers and authorities to clarify the requirements and to monitor the implementation of the recommendations.

### MIs in remedial action

Remedial action is taken where the accounting officer or authority is not adequately dealing with the MI after a recommendation was issued to them. We recorded 23 MIs that were in the remedial action stage by the end of the financial year, all within the local government sphere. We engaged the accounting officers and mayors of these municipalities to ensure that the MIs are getting the required attention at the appropriate level.



## MATERIAL IRREGULARITIES (MIs) IDENTIFIED AND STATUS\*

626 MIs ON NON-COMPLIANCE AND SUSPECTED FRAUD, RESULTING IN:

**500** material financial loss (estimated R21,68bn)

**51** substantial harm to general public

**66** substantial harm to public sector institutions

**9** Misuse of material public resource

**MI is resolved only when all possible steps have been taken to:**

- Recover financial losses or remove / address harm caused
- Effective consequence for officials and third parties involved
- Prevent any further losses and ham – also through improved internal controls

\* All figures are a combination of PFMA and MFMA

### Status of MIs

**182**  
Resolved MI

**192**  
Appropriate action taken to resolve all

**47** Recommendations included in audit report

**35** Referral to other investigating bodies

**9** Referral and recommendations

**23** Remedial action

**2** Certificate of debt

**60**  
Appropriate action not taken – decision on invoking our powers in process

**49**  
Response received on notification – in process of assessing action

**27**  
Recently notified

### Stabilising the MIU to drive an effective and efficient MI process

As part of adequately supporting our MI process, we focused on stabilising and capacitating our MIU to enable the speedy resolution of MIs in the system. We developed, approved and implemented the MIU capacitation plan in 2023-24. The plan focuses on stabilising the leadership of the unit by appointing a business unit leader and a deputy business unit leader, filling other vacant positions and investing in training the new appointees so that they can effectively and efficiently perform their duties. We have successfully

stabilised the unit through the collaborative effort of the executive leadership that kept the matter at the top of their agenda at leadership meetings.

These interventions aim to enhance the efficiency and overall performance of the MI process, making it more effective for both our audit business units and our auditees. From 2024-25, we will monitor the implementation of the annual deliverables contained in the MI end-to-end review report.

## Impact of MI process

### Prevention of MIs

Reflecting on the MI implementation journey thus far, we have seen several successes despite some remaining challenges. We effectively implemented our MI process. Our influence approach in activating the accountability ecosystem to support this process had a positive impact. In some cases, the proactive action taken by accounting officers and authorities resolved the MIs.

Our continued message to all roleplayers in the accountability ecosystem is that preventing MIs is more effective than having to deal with their impact. Money and public resources that have been lost are difficult – or sometimes even

impossible – to recover and harm caused to the public or public sector institutions is often irreversible.

Investigations and disciplinary processes to enable consequence management are costly, can take long to complete, and create discomfort for all involved. Strong preventative and detective controls remain the best investment for government.

We demonstrate the successes banked in implementing our MI process below by listing the financial losses recovered, prevented or in the process of being recovered. The table shows the accumulated amounts until the 2022-23 financial year-end for the two audit cycles.

Successes banked	MFMA	PFMA	Total
Financial losses recovered	R262,88m	R1,29bn	R1,55bn
Financial losses in process of recovery	R444,31m	R0,70bn	R1,14bn
Financial losses prevented	R217,03m	R0,56bn	R0,78bn
<b>Total</b>	<b>R923,22m</b>	<b>R2,55bn</b>	<b>R3,47bn</b>

The MI process has also resulted in internal control improvements to prevent a recurrence of irregularities, the identification of responsible officials and disciplinary processes completed or in progress, the institution of fraud or criminal investigations, and supplier contracts being stopped where money was lost.

### Conclusion

2023-24 has been a noteworthy year when it comes to our work on MIs, with the organisation making strong strides both internally and externally on the MI journey. Externally, we saw the mechanism being rolled out at most of our auditees (we are

on track to reach 100% coverage by the end of 2024-25, as per our implementation plan) and the impact thereof has been significant. Internally, we successfully achieved all but one of the six set performance targets, including the stabilisation and improved effectiveness of our MIU. This internal stabilisation and effectiveness contributed to better guidance and support to our audit teams – and greater traction in their work on MIs.

Our focus for the coming year will be on sustaining these gains while implementing more improvement initiatives, including the recommendations emerging from the MI process end-to-end review.

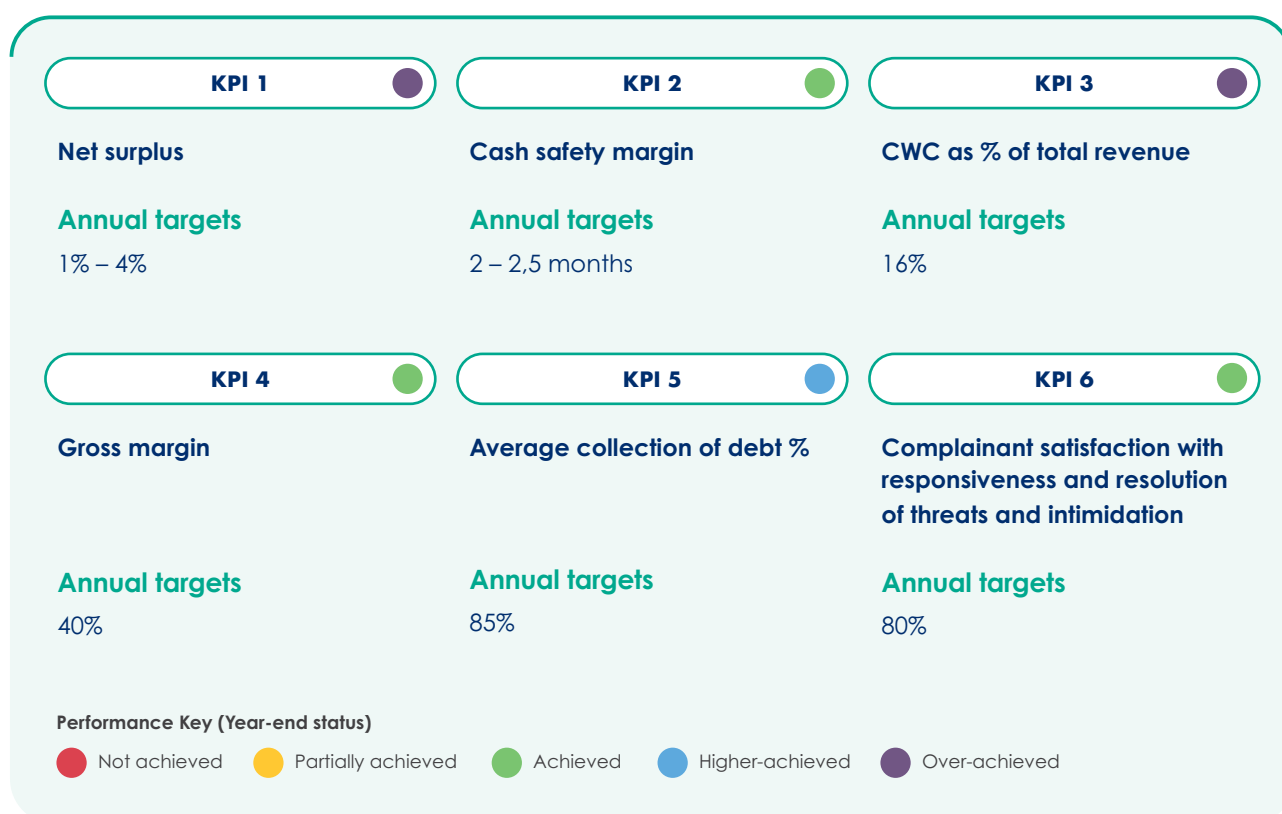


## Strategic goal 5: Sustainably

Strategic intent: Unlock latent capacity in the existing resource base and lower the cost and effort with which we derive each marginal unit of quality, insight, influence and enforcement

### Financial sustainability

#### 2023-24 performance priorities



#### Financial performance

The AGSA's financial performance for the financial year ended 31 March 2024 showed resilience and improvement, despite challenging economic and fiscal conditions.

Audit income increased by 6% year on year to R4,851 billion. This audit income included own hours income of R3,968 billion, an improvement from R3,501 billion recorded in the previous financial year, and CWC income of R660 million, a decrease

from R887 million recorded in the previous financial year. We achieved a gross profit of R1,925 billion, or 40% of audit income, compared to R1,567 billion in 2022-23. Our net surplus for the year stood at R370 million (8%), an increase from R263 million (6%) in the previous year, representing a 41% increase.

The improvement in our financial performance is attributed to several key factors, including continuous improvements in productivity and recoverability of our resources which boosted our

own hours' revenue increase. We institutionalised the practice of resource pooling within audit, which resulted in significant savings on outsourcing costs (CWC) and increased own hours' revenue. We continued to contain the increase in audit fees by focusing on using our resources effectively and efficiently.

We optimised resource and reduced dependency on contract work leading to substantial cost savings, as the audit income from contract work has no margins for the AGSA.

Optimising asset efficiency and effectiveness remains critical. Our efforts in this area have yielded significant benefits, increasing our cash balance to R1,154 billion, up from R706 million in the previous year, and providing a safety margin of 2,5 months. This is within our target range, and an improvement from 1,6 months in the prior year.

The debt book at 31 March 2024 was R1,166 billion, with a strategic focus on categorising debtors into performing and non-performing, to enhance collection efforts. We collected R52 million from ringfenced debt and R210 million from litigated debt, showcasing effective debt-recovery. We also enhanced our debt-collection strategies, including tighter collection targets and successful engagements with stakeholders.

Even though we improved our cash flow and financial health, it remains a challenge to our funding model as we still have long-outstanding debt from municipalities and SOEs. We will continue working with the National Treasury to find ways to address the long outstanding debt from these financially distressed municipalities and SOEs, in line with section 23 of the PAA.

## Threats and intimidation

We take a firm stance against any form of threat or intimidation directed at our employees. Through a framework of preventive measures, ongoing training and strategic partnerships, we ensure that threats and intimidation are addressed with the seriousness they warrant.

In 2023-24, we had 26 reported incidents in comparison to the 20 reported incidents in 2022-23. This increase is why one of our 2023-24 priorities was to ensure greater responsiveness to such incidents so that our people continue to feel safe and supported. As part of this focus, we conducted a survey of employees who had dealt with threats or intimidation. The intent of the survey was to establish the responsiveness of the support teams and to improve the security team's support to affected colleagues. We were pleased to note that the survey reflected that 81% of our staff were satisfied with our response to threats and intimidation.

As part of our proactive efforts to prevent threats and intimidation (as outlined in our threats and intimidation plan), we conducted thorough risk assessments and used a detailed checklist to evaluate potential threat exposure. The threats and intimidation booklet was also provided to audit staff to guide them on how to recognise, report and respond to various risk scenarios. Empowering our people through threats and intimidation training and awareness was another proactive step that we took during the year. These sessions sought to provide our staff with the knowledge and skills needed to identify and handle threats effectively. They ensured that our team members were not only aware of the risks but could also be confident in their ability to manage them.



Another proactive step that we took was the development of criteria for identifying physical hotspots where serious threats and intimidations have been prevalent. This proactive measure allowed us to manage risks more effectively by focusing resources and attention on areas of higher risk.

We also maintained continuous engagement and collaboration with law-enforcement agencies and other relevant safety and security agencies during the year. These partnerships enhanced our ability to respond to incidents swiftly and effectively, ensuring that we are well-supported in our efforts to safeguard our staff.



## Conclusion

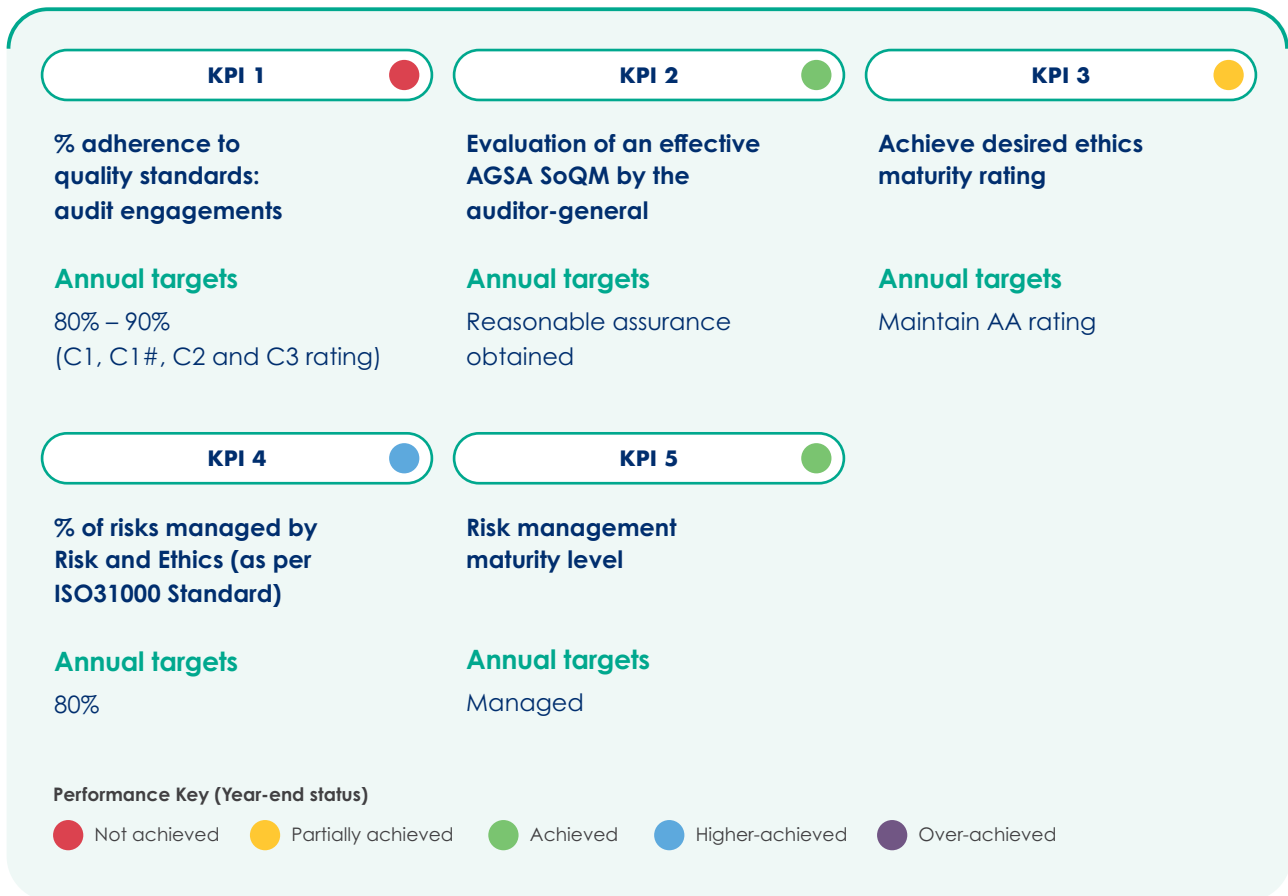
Overall, when it comes to our financial sustainability, the AGSA has shown resilience in a very difficult operating environment. Our leadership took deliberate decisions to manage costs. The organisation's financial performance is commendable and encouraging. This performance should be the base from which we can improve going forward, including improvements in financial management disciplines and practices.

As we move forward, we remain dedicated to sustaining and building on these achievements, ensuring our financial sustainability and growth to achieve the #cultureshift2030 strategy while retaining our financial independence. The forthcoming long-term funding plan will further solidify our financial strategy, enabling us to continue our journey towards digital transformation and operational excellence.



## Organisational risk management

### 2023-24 performance priorities



In 2023-24, we continued to safeguard and promote our independence through risk and ethics management and quality management, and by successfully defending the organisation against litigious claims. While we highlight the positive impact of our activities in this report, we also acknowledge areas for improvement to further strengthen our processes and ensure our credibility and sustainability.

### Audit quality management

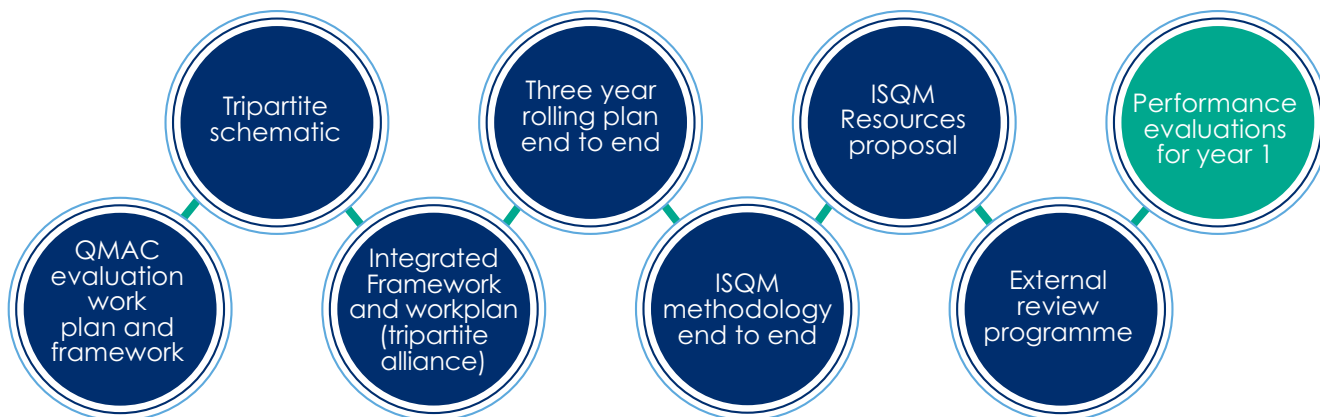
The quality of our audit work is paramount as it ensures the credibility of our audit opinions and enhances our reputation. The work that we produce attracts significant attention, both from our auditees and from the public, so we are mindful that our products and processes may be subject to increased scrutiny before the courts. We therefore make quality audits our top priority.



During 2023-24, we successfully operationalised and evaluated the SoQM, following its implementation, in line with the ISQM in the previous year. In

setting up the system, we achieved the following deliverables to enable the QMAC to evaluate and conclude on the SoQM:

## SoQM achievements



In 2023-24 the auditor-general, supported by the QMAC, undertook the inaugural evaluation of the AGSA's SoQM and concluded that, as at 30 November 2023, it provided reasonable assurance that we achieved the objectives of ISQM 1.

She also concluded that the AGSA SoQM provides reasonable assurance that:

- the AGSA and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements
- AGSA engagements are in accordance with such standards and requirements
- AGSA engagement reports issued by engagement managers or any other delegated signatories are appropriate in the circumstances.

An effective SoQM is one that consistently monitors performance in all the components of the quality management system. It identifies and corrects deficiencies and annually evaluates the effectiveness of the corrective measures implemented. In line with paragraph 13 of the ISQM, our SoQM included the post-issuance quality review outcomes for engagement files for the 2022-23 performance year.

This process serves as an early indicator to assist us in promptly identifying areas of quality management that may require attention, with a view to taking immediate steps to sustain improvements in our SoQM.

During 2023-24, we subjected 71 audit engagement files for 69 engagement managers to a post-issuance quality review. The review was finalised in June 2024 and the office obtained a 69% achieved rating, which is below the target of 80%. Although we achieved reasonable assurance on the SoQM, which is measured at firm level, we acknowledge that we did not achieve our targeted quality performance for 2023-24.

Key resolutions taken from the QMAC meeting in June 2024 are in line with an effective SoQM as articulated in the ISQM:

- Conduct a detailed remediation process including a root cause analysis at business unit level
- Identify the real root causes that led to the decrease in the quality outcome from the previous year
- Implement various quality initiatives to ensure that the quality outcome improves in the next cycle.



While the current audit file review outcome is below our expectation, we are encouraged by our leadership's commitment to prioritising the initial assessment and to own the remediation process required to return our file quality to the desired state.

In November 2024, we will evaluate and assess the root causes for a quality score that is below expectations, as well as the effectiveness of the corrective initiatives. The outcome of this evaluation will inform any additional steps needed to keep our SoQM effective.

### SoQM change management

As part of our SoQM work, we implemented a robust internal change management programme, aimed at supporting us to achieve the shift required to ensure that we have embedded and taken ownership of the quality management principles in our day-to-day operations.

Some key change initiatives driven around quality management during the year included the following:

- Establishing the quality community of the change practitioners' forum, made up of representatives from all our business units.
- Planning and designing dipstick surveys that will be used to determine the status of change implementation and progress over time.
- Using a communication plan to ensure that all key communication to the organisation occurred on various quality management topics, including the status of SoQM evaluation.

### Ethics strategic programme

Exco approved the ethics strategic programme during 2023-24. The programme represents our approach to building a strong ethical environment in the organisation and to using our position to influence ethical behaviour in the auditing profession, and in the environment in which we operate. The ethics strategy clarifies the direction, actions and envisaged outcomes to move the organisation to an integrated culture of ethical savviness and sustainable ethical posture.

The programme aims to spearhead the following initiatives:

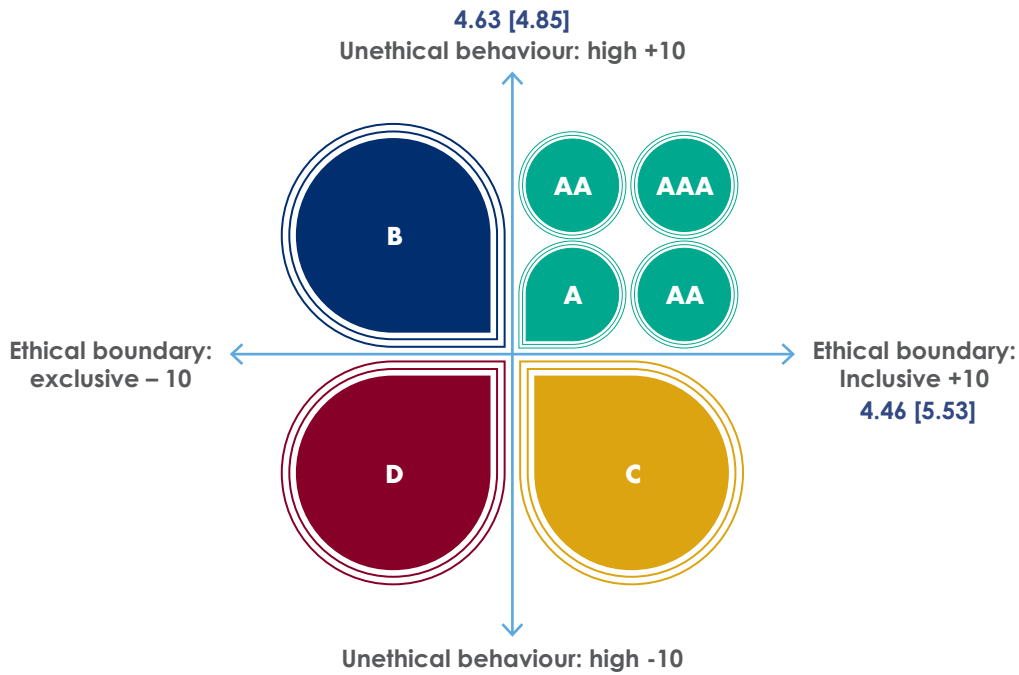
- Design and implement a seamless model that supports the creation of an ethics ecosystem.
- Enhance leadership posture and actions on ethics.
- Improve the management of ethics at an organisational level.
- Acquire or develop a customised, risk-based ethics tool that incorporates all factors that impact the ethics environment (processes, employee patterns of behaviour, service providers / contractors, etc.).

The core drivers of organisational culture are leadership (as the most powerful driver), values, principles and rules (which encompass mechanisms such as laws, regulations, policies and procedures). We believe that implementing focused leadership interventions and deliberate, organisational engagement on all employee levels will facilitate our response to our ever-evolving operating environment and will create a proactive ethics approach. This will ensure that we safeguard the organisation against ethical risks as we implement the #cultureshift2030 strategy. As part of our ethics strategic programme and organisation-wide training plan, we conduct ethics training across the various employee levels. The ethics training was also rolled out to new employees at three welcome and orientation workshops held during the year. Individual ethics induction sessions were conducted with all new executive leaders, and we also held two rounds of business unit ethics engagements (for all 35 business units internally). During 2023-24, we also trained 176 first-year trainees, 364 second-year trainees and 273 third-year trainees.

### Ethics maturity assessment outcomes

We assessed our ethics maturity level and used our 2019-20 performance year as the baseline (in that year, we achieved an AA rating). Unfortunately, in 2023-24, we regressed from the AA rating to an A rating. While an A rating is not inherently bad, it did indicate a regression from our set baseline and, therefore, what we know we are capable of in terms of our ethics standards. We are busy developing an implementation plan to address the issues raised by the independent assessment.

## AGSA ethics rating



### Dealing with ethical breaches

In 2023-24, there were no ethical breaches noted from the cases concluded. This is an indication that our employees have a strong and solid ethical posture. Our Risk and Ethics unit continued to scan the internal and external environment as part of our complaints and ethics monitoring process, to identify and address any ethical breaches promptly.

Our annual declaration system also served to confirm employees' adherence to the organisation's policies, principles and codes. At year-end, 98,7% of our employee's annual declarations were submitted and approved, with 14 declarations (0,4%) pending approval and 35 declarations (0,9%) outstanding. The outstanding declarations were those of employees who were on extended leave during the declaration cycle. We consistently engage our employees to ensure that they understand their ethical requirements during induction and orientation sessions. The compliance rates indicate that the AGSA community values the declaration process and the role it plays in our overall ethics management programme.

### Risk management strategic programme

During the year under review, exco approved a risk management strategic programme to improve the organisations' risk management process. The purpose of the risk management strategy is to build a data-led risk management system that enables our stakeholders to be risk savvy when making daily business decisions and implementing business processes.

The strategy intends to ensure that where data is used for risk management purposes, it is accessible / available, accurate, complete, reliable, relevant and timely, as well as informs the thinking process of managing organisational risks.

The programme will focus on the following objectives:

- Drive a culture of risk savviness.
- Emphasise the need for a risk intelligence system.
- Ensure that risk management services are value-adding (i.e. client-oriented services).
- Ensure that the function has appropriate skills and is capacitated (i.e. resources, tools and data-enabled).
- Support the organisation to be resilient (risk-based business continuity and crisis management [crises and business continuity management])



## Complaints management

We received 58 complaints since the beginning of the 2023-24 financial year. Of these, 37 (64%) were out of scope according to our complaints policy, including 15 identified as audit tip-offs, which were considered by the audit teams as they deemed fit through the audit process. The remaining 21 cases (36%) were complaints within our scope of work.

In terms of the complaints platform utilisation, 30 complaints (55%) were reported via the AGSA

website, 18 (28%) via direct email, and 10 (17%) through our Speak-Up whistleblowing platform, indicating the confidence our citizenry has in reporting directly to the AGSA.

### Effectiveness of whistleblowing platform

The whistleblowing platform is still an effective channel to report complaints; however, most valid complaints, or those within our scope, were received directly by email and walk-ins. The numbers are indicated in the table below:

## Complaints received

Whistleblowing cases received from Speak-Up		Cases received from AGSA website		Cases received via email and walk-ins		Total cases received (YTD)
In scope	Out of scope	In scope	Out of scope	In scope	Out of scope	
8	2	1	29	12	6	58

## Litigation against the AGSA

The work that we produce attracts significant attention, both from our auditees and from the public. We are mindful that our products and processes may be subject to increased scrutiny before the courts and thus focus on having a professional and responsive legal function.

### The Road Accident Fund (RAF) case

The RAF court case began when the auditee took our 2020-21 audit report on judicial review. A disclaimed audit opinion was issued based on the inappropriateness of the RAF's annual financial statements. In 2021, the court saw no credible argument to interrupt, delay or halt the AGSA from executing its constitutional obligation. The RAF opted to apply for a leave to appeal, which was granted, but later withdrew its appeal. However, the RAF continued to challenge the auditor-general's decision to issue a disclaimed audit opinion on the 2020-21 audit report. Eventually, the judgment was issued in favour of the AGSA, with the Constitutional Court dismissing the RAF appeal with costs.

This case was important because its purpose, primarily, was holding public institutions to appropriate accounting standards as set by the Accounting Standards Board. The case sends a strong message to other public bodies on where

the authority stands on determining applicable accounting standards.

### Dispute resolution mechanism

The revised dispute resolution process continued to yield excellent results in bringing finality to litigious matters outside of the courts. In a number of review applications instituted against our audit findings, the matters were paused to allow the dispute resolution process to be properly exhausted. This approach led to these cases being withdrawn, illustrating the value of this process for both auditees and the AGSA. In 2024, we intend to continue using this as a mechanism to ensure that we find a middle ground with our auditees as often as we possibly can.

## Conclusion

With 2023-24 having presented challenges in the ethics assessment outcomes and the quality area, our focus for 2024-25 and beyond will be on how we make improvements in the areas that presented challenges, while sustaining the strong performance we saw in others. The revised dispute resolution process continued to yield excellent results in bringing finality to litigious matters outside of the courts. We also take encouragement from the fact that even in the areas where we want to improve, our organisation still benchmarks as a strong performer, especially relating to matters of ethics.

## Our people and culture

### 2023-24 performance priorities



During 2023-24, we worked hard to reposition the people portfolio function, developing and approving the new people strategy to guide our approach to people development. In developing the people strategy, we analysed the people barriers and opportunities to achieving the

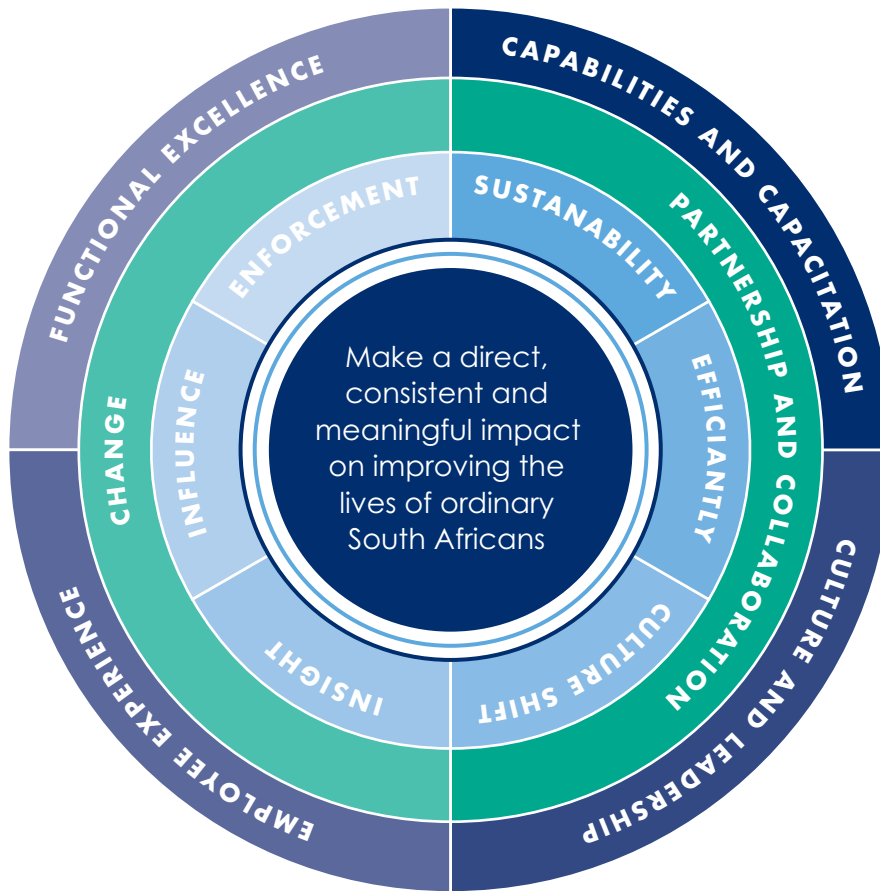
#cultureshift2030 strategy. These were themed around four critical areas:

- leadership
- talent pool
- wellbeing
- culture and value.



The people strategy is characterised by five strategic imperatives, as shown below.

### AGSA people strategic pillars



We believe that in building an organisation where people can reach their full potential and experience growth, we will be creating a positive experience for our employees. The people strategy is also crucial in supporting the implementation and successful realisation of the #cultureshift2030 strategy.

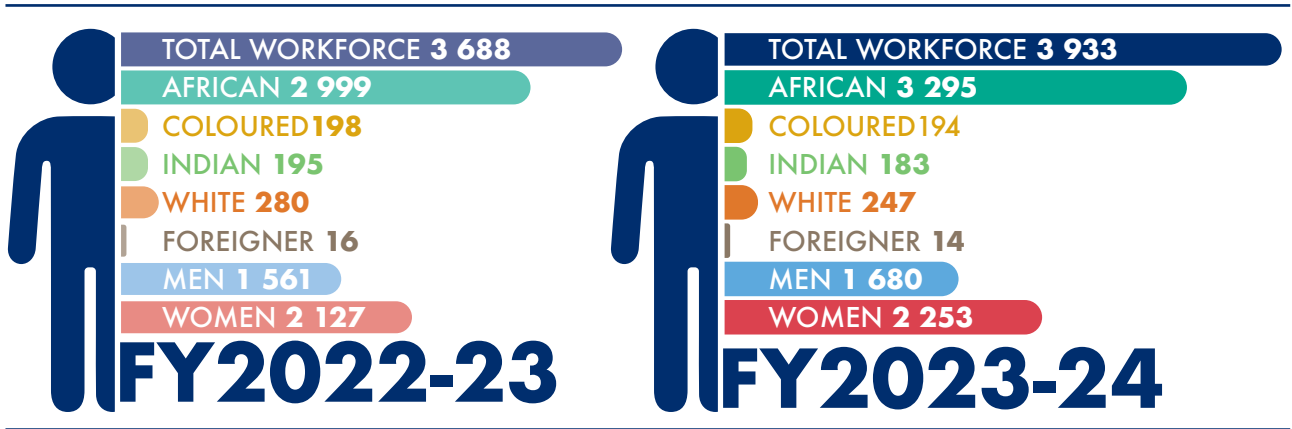
#### Workforce profile

The success of the #cultureshift2030 strategy rests on our people's capacity, competencies and wellbeing. As an aspiring employer of choice, we committed to acquire, develop and maintain the quantity, quality and configuration of resources and capabilities to achieve and sustain our desired levels of impact. Our employees remain

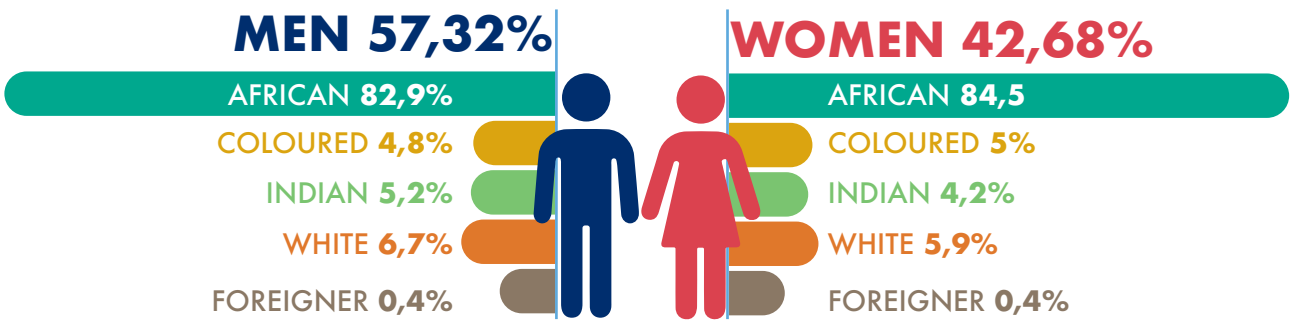
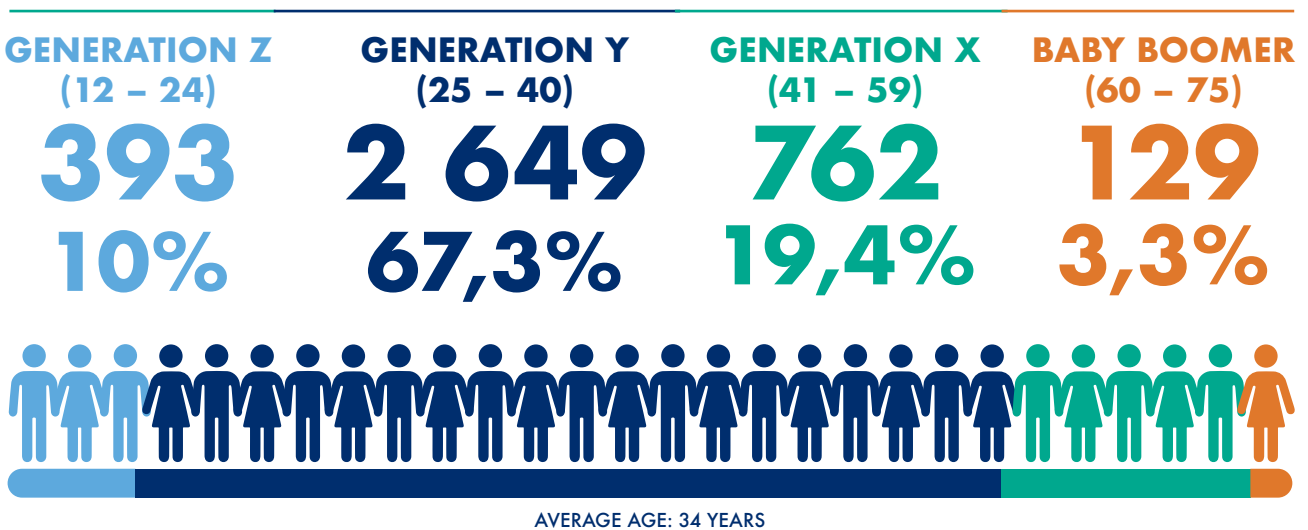
our most valuable asset. Creating an environment to promote engagement and contentment will allow our employees to flourish and achieve their full potential, for their own and our organisational benefit. We believe that promoting good health and wellbeing can be a core enabler of employee engagement and organisational performance. Wellbeing relates to all aspects of work-life, including physical, emotional, financial, social, career, community and purpose elements. The AGSA workforce stood at 3 933 employees, inclusive of trainee auditors and fixed-term employees, which represents a 7% increment from 2022-23.

Our workforce

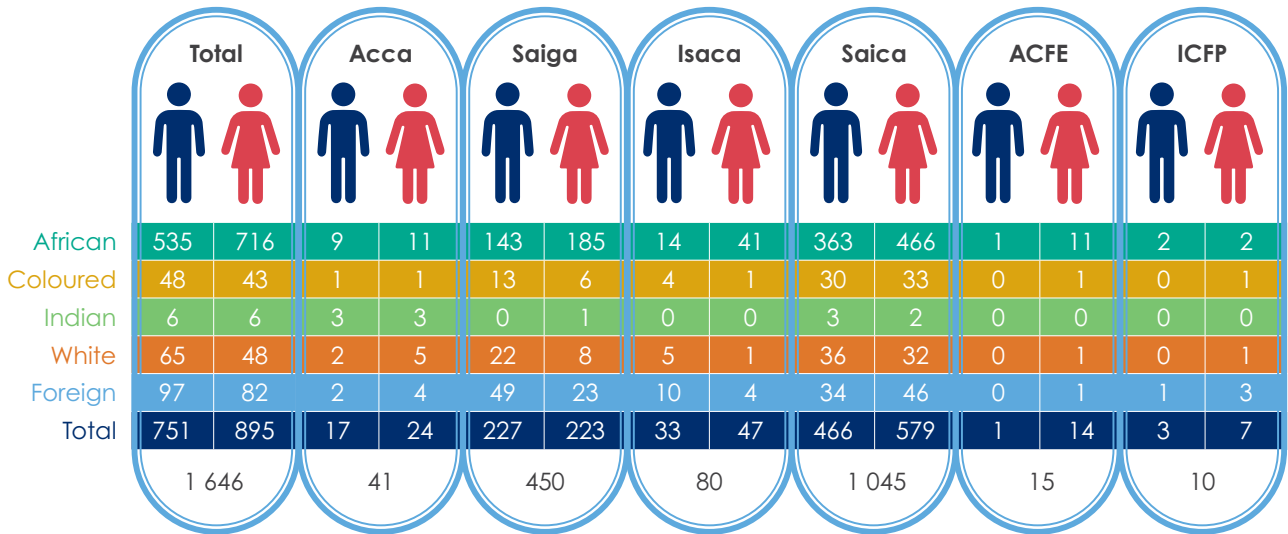
AGSA headcount



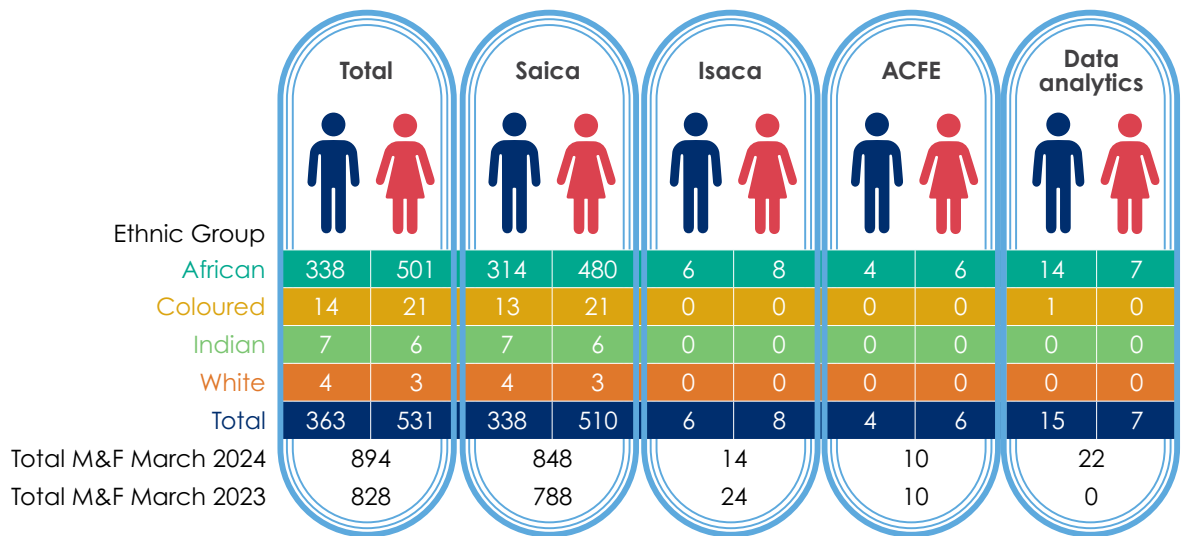
Workforce breakdown



## Employment equity snapshot of audit professionals



## Young professionals in training at the AGSA





## Training programme pass rates and professional development

As at 31 March 2024, we had 1 045 CAs(SA) in our employ. This number consists of 579 females, of which 466 (81%) are African, demonstrating our contribution to the transformation of the audit profession. A total of 2 017 CAs(SA) were produced since the advent of the AGSA trainee auditor scheme. Over the past three years, we have produced 700 CAs(SA), illustrating the impact that we have made in professionalising the organisation and the audit profession.

The Assessment of Professional Competence (APC) is the final test of competence in the CA(SA) journey. In 2023-24, 175 of our candidates passed, at a pass rate of 34%. Our candidates achieved a 48% pass rate in the Initial Test of Competence (ITC) (those writing for the first time achieved a 69% pass rate). Based on the success rate of candidates on their first attempt, we believe a focus on this cohort will have more impact on increasing the number of CAs(SA) we produce. We will implement separate support plans for our repeat candidates.

### Attraction of young professionals

In 2023-24, we recruited 165 young professionals with Certificate in Theory of Accounting (CTA) qualifications, 100 associate general accountants, and 25 data analysts. The addition of data analysts will contribute towards ensuring that we are able to mine meaningful and impactful audit insights. The intake of CTA candidates remains under pressure with the decline of these candidates in the market. Our diversified recruitment approach, however, has enabled us to capacitate audit business units amidst this shortage.

### Retention of our top talent

Our talent attraction focus is evident in our improved occupancy rates, which increased from 83,72% to 87,54%, with the audit portfolio capacitated above 90%.

Our emphasis on leadership development and talent retention is evident in our turnover rate of high-potential employees at 5,2%, which is well below the commitment target of <6% and industry benchmark of 10% to 12%, underscoring our ability to attract and retain top-tier talent.

### Investment and success through AGSA bursary fund

The AGSA's external bursary scheme is a strategic initiative that aims to provide financial assistance to academically capable individuals who otherwise would not be able to access tertiary education due to a lack of adequate financial resource or sustenance of such resources. The scheme seeks to drive the growth and transformation of the accounting profession and thereby share our financial resources and professional knowledge and experience with South Africa's young people, while also transforming the accounting profession in the country.

During the 2023 academic year, we distributed R5 889 585 to 36 active bursars on the AGSA bursary scheme, who achieved a CTA pass rate of 75%, exceeding our internal pass rate of 57%.

### Partnership with Thuthuka bursary fund

The Thuthuka development fund administered by Saica provides all-round, holistic support to talented African and coloured students who want to become CAs(SA). The AGSA-Thuthuka partnership continues to highlight the importance of the AGSA as a formidable training institution in the public sector. We contributed R15 006 247 to Thuthuka for the 2023 academic year, an increase from the R11 497 125 contributed in 2022-23. In return, 45 Thuthuka candidates began their articles with us in 2024.



## Technical training

A highlight of the year was the capacitation of our employees on ISQM, with topics covered including technical audit areas and ISQM and SoQM principles. A total of 3 425 (87,65%) employees successfully completed the mandatory modules. In 2024-25, we will focus on the capacitation of the

MIU, influence training and other priorities aligned to the MYAP.

The table below indicates leadership development programmes that took place in 2023-24, demonstrating our continued focus on leadership development.

## Leadership development programmes

Programmes	Female	Male	African	Coloured	Indian	White
Executive Development Programme (EDP)	11	10	9	5	2	5
Management Development Programme (MDP)	33	22	45	4	3	3
Leaders as coaches programme	49	32	52	2	12	14
The assistant managers induction programme	39	27	66	0	0	0
Senior Managers induction programme	7	3	9	0	0	1
The fundamentals of communication and managing emotions	85	57	123	8	4	3
The time to think partnership training	4	0	4	0	0	0

## Our leadership, culture and change journey

Our journey towards #cultureshift2030 is anchored in strengthening culture and leadership from within and empowering our teams to drive positive

change within the public sector. Our internal culture is rooted in the organisational values, which are:



**We care for each other**



**We do the right thing**



**We build trust**



**We excel in all we do**

Through practices of leader-led conversations and values-in-action initiatives, we aim to foster a culture of trust, collaboration, wellbeing, improving work-life integration, enabling enhanced confidence in managing life demands, and bringing a renewed focus on personal wellness among our teams.

Key highlights for the year included our values-in-action e-learning modules, business unit values workshops and leader-led conversations. These contributed significantly towards laying the groundwork required for bringing about shifts in our internal culture as demonstrated in engagement and culture survey scores.

### Leadership development

We developed a leadership DNA that was approved by exco and socialised with all our executives. The DNA has been translated into a leadership 360-degree assessment tool that was rolled out so that we can use the results to craft leadership development programmes going forward. This will also give us an indication of our current leadership rating baseline. The initial assessment of our executives demonstrates a rating above the internal leadership benchmark.

This process will assist us in crafting specific developments plans for each leader, thereby ensuring that our leadership pipeline remains sustainable.

### AGSA culture index

To begin the robust tracking of engagement and culture levels, we established a baseline for culture initiatives with an impressive 89% participation rate in our engagement and culture survey, paving the way for tangible progress towards our vision of a more inclusive and values-driven organisational culture. This survey gave our employees an opportunity to meaningfully participate in creating the culture that we desire as an organisation.

The next steps will focus on improving our culture index baselines through targeted efforts and initiatives.

### Prioritising employee wellness

We implemented proactive initiatives to support employee wellbeing aimed at addressing mental health matters, work-life balance and other employee wellness concerns.

### Other people-related priorities

#### Transformation, diversity and inclusion

The AGSA has maintained a level 1 B-BBEE certification status for six consecutive years which is a significant accomplishment for any organisation. Achieving this would also demonstrate our dedication to equitable opportunities, inclusive growth and community upliftment. We initiated a comprehensive assessment to evaluate the impact of proposed sector targets on our transformation efforts, allowing the organisation to strategically plan its future transformation initiatives.

#### Employee relations

##### **Commission for Conciliation, Mediation and Arbitration (CCMA) disputes by outcomes**

At the AGSA, we conduct a proactive approach to employee-relationship issues, thereby fostering a positive workplace culture. By identifying and addressing the underlying causes of misconduct, we not only prevent future occurrences but also promote transparency, care, trust and accountability among employees.

Six disputes were referred to the CCMA in 2023-24 (down from seven in the previous year). Four of these were finalised through CCMA settlements with no admission of guilt by the AGSA. One was finalised in favour of the employee and the last one was finalised in favour of the employer. It is worth noting that there were no Labour Court referrals.

#### Strategic partnerships and collaborations

We have forged strategic partnerships and collaborations to drive our influence in the young professional and human resource spaces. These included:

- Through our strategic partnership with Saica, we have maintained low-risk ratings for all 15 training offices.



- We signed a memorandum of agreement with the Finance and Accounting Services Sector Education and Training Authority, unlocking access to vital bursary funds and certification funding for forensic practitioners and data analysts.
- We collaborated with the supreme audit institutions of Uganda and Zimbabwe on thought leadership and the exchange of human resource best practices.

We encourage integration and partnership between business units within the organisation. In 2023-24, this collaboration focused on digital marketing and resulted in significant growth in the cultivation of employee brand ambassadors, enhanced candidate experiences and the impactful contribution of the AGSA's employer brand initiatives.

## Conclusion

This year saw many improvements within the people and organisational spaces. The findings of our culture survey provided an encouraging assessment of the impact of our culture interventions over the past few years. On the APC pass rate, where we saw performance below our target, we put interventions in place for 2024-25 and beyond. It is our intention that these will see us improve our pass rate in the coming years.

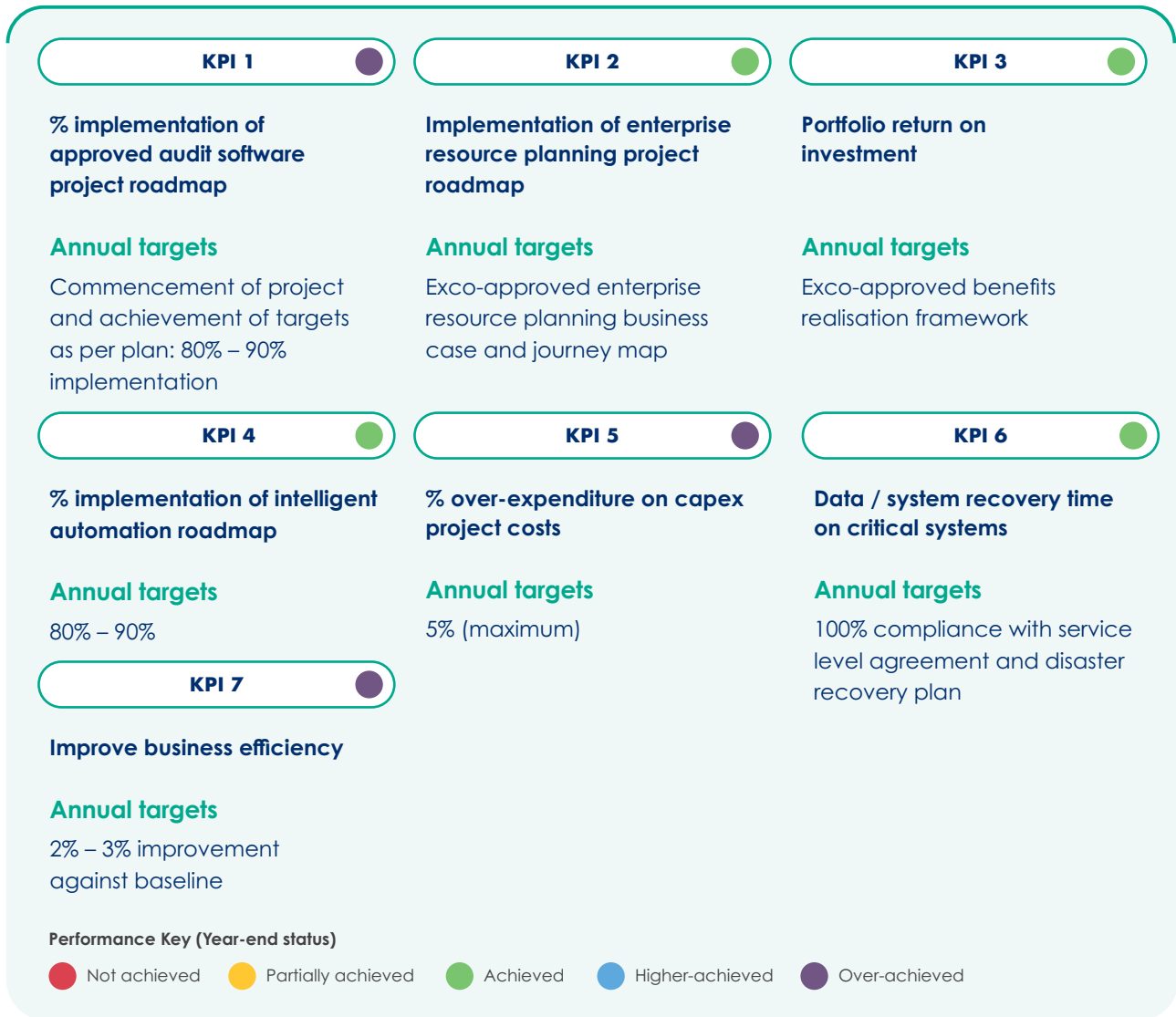
Going forward, our aim is to build on our successes to uphold the AGSA as an employer of choice and a place where talent grows professionally while contributing to the betterment of the country and its people.



## Strategic goal 6: Efficiently

Strategic intent: Unlock latent capacity in the existing resource base and lower the cost and effort with which we derive each marginal unit of quality, insight, influence and enforcement. Also acquire, develop and maintain the quantity, quality and configuration of resources and capabilities to achieve and sustain our desired levels of impact

### 2023-24 performance priorities



## Digital transformation

Our strategy, and specifically the efficiently strategic goal, calls for us to digitally transform and acquire technologies that markedly improve efficiencies and save on the cost and effort of doing our business. In response, we began upgrading our digital capabilities to realise efficiency gains in the short term, and to align the organisation to the needs and requirements of the present and the future. We have performed well in driving this digital transformation aspiration. The bigger picture in driving digital transformation was to improve our business and audit efficiencies in a sustainable and future-fit manner. In the financial year under review, we set a solid foundation for the rest of our long-term digital transformation journey.

In addition to continuing and expanding the work done thus far, we also ensured that everyone within the organisation is aligned and walking the journey together, which is key to the continued success of our digital transformation and bigger efficiency journey. Our leadership agreed that this means having a targeted and consistent change management process that will support high adoption and usage of our technological tools.

### Digitally enhancing audit processes for greater efficiency and cost effectiveness

In just the few years since we began focusing on digitally-enabled audit it is heartening to see the programme's immense progress. The audit software programme (ASP) is the result of our tireless work to re-platform our strategic business operations to meet the dynamic demands of the modern audit landscape.

The ASP, which aims to replace TeamMate as our core audit software, represents a pivotal movement for our organisation, embodying our commitment to staying at the forefront of industry trends and delivering unparalleled value to our auditees and stakeholders. It is more than just a technological upgrade; it is part of our bigger organisational focus on creating audit efficiencies and giving our audit teams the tools they require to continuously improve on their products.

The project is also testament to our adaptability in an ever-evolving business environment.

This is not the end of the journey, but the beginning of our innovation and digital transformation. We have ensured that we find suitable strategic partners to deliver on this journey. On the organisational front, we established a team of diverse experts to oversee the implementation of this incredible project.

The ASP consists of several projects, including:

- 1 Audit process management (TeamMate replacement ushering in a unified platform for all audit software)
- 2 Audit portfolio management (central auditee database, audit budget management, audit project management, and resource planning)
- 3 AGSA Kopano (collaboration with auditees)
- 4 SMIS (stakeholder engagements)

We expect the ASP to greatly reduce manual audit processes, bringing enhanced efficiencies and productivity for the AGSA.

Considering the significant capital investment required for digital transformation capital projects aimed at achieving operational efficiencies, our priority must be to allocate the savings derived towards investing and raising capital.

We will annually request that Scoag approve our retention of the net surplus, in line with the PAA, for reinvestment in digital transformation capital projects. While our funding model has been financially sound in funding operations and minor capex projects in the past, it has been unable to fund major capex projects. Our proposal will address this challenge.

### Building strong technological foundation through enterprise resource planning roadmap

Our internal processes are mostly manual, requiring extensive effort and resulting in data not being used effectively. We also have a challenge with our legacy enterprise resource planning system, due the

system not lending itself to modernising our processes and not supporting the new ways of working. We recognised that to address these issues, there was a need for an integrated system to efficiently manage human capital, financial and procurement functions. We invested significant time and resources to understanding what good looks like (WGLL) when it comes to enterprise resource planning, before we embarked on this journey. The WGLL report recommended a sequenced approach that will focus on and prioritise key functions.

We developed a comprehensive business case and conceptual architecture for the enterprise resource planning project. This business case was thoroughly interrogated and approved by exco. In the coming financial years, we will implement the enterprise resource planning business case in a phased approach as per the approved roadmap. The phased approach will consider the investments made and the current work on the ASP.

### **Introducing culture of return on investment through benefits realisation**

In 2023-24, we developed a benefits realisation framework for our strategic technological investments, which defines the benefits management processes, responsibilities and reporting guidelines. It will ensure that we assess all new projects for both qualitative and quantitative benefits to the organisation. We will continue to implement and closely monitor the framework to ensure that we successfully deliver sustainable results on this project.

### **Digitising organisational processes through intelligent automation**

We have intentionally made an effort to digitise some manual processes to improve efficiencies in the organisation. This journey began by assessing internal processes. In 2023-24, we identified 10 processes that need to be implemented across the organisation. We were successful in implementing six robots and eight applications as part of the intelligent automation drive. The benefits of these automations will be realised from the 2024-25 financial year.

### **Sound management of capex budget**

We paid close attention to the capex spending, given the need to drive digital transformation. However, technological advancement does not come cheap. Therefore, it was important to closely monitor capex to avoid any wastage of limited financial resources. We are proud to report that we did not exceed the planned capex spend for the financial year.

### **Availability and use of critical systems**

During the year, we focused on the availability of critical systems. We surpassed our set target of 96% by achieving 99,05% on the availability of systems. This ensured that we had no significant disruption of business operations. We have ensured that services provided by our strategic IT service providers and our own AGSA technology systems and applications consistently maintained high availability throughout the year, ensuring stable performance. We are continually monitoring challenges around PeopleSoft to ensure that there is no negative impact to business. The stop gap measure of upgrading the PeopleSoft platform (PeopleTools) is also in progress until we fully replace PeopleSoft in the future.

### **Continuous fight against cybercrimes**

The world is witnessing a rise in cyber-related incidents. As IT improves and the reliance on technology increases, the frequency and severity of cyber-incidents escalate. The impact is felt by many organisations and the AGSA is not immune to the effects.

We have developed our information and cybersecurity plan based on adopting the ISO 27001 framework. The plan allows for continuous assessment and improvement of our overall security posture. Of the 24 initiatives planned for the year, 21 (87,5%) were achieved as per the approved plan. The remaining three initiatives are still in progress. We have also on-boarded a strategic partner for managed security services in our proactive fight against cyber-incidents.



Our employees have a critical role to play in protecting the organisation against possible attacks. Therefore, we have proactively educated them on the importance of cybersecurity by hosting cybersecurity awareness webinars, placing physical awareness posters in our buildings, and sending regular awareness emails to staff. Lastly, the partner for an automated security awareness solution was approved and this tool will be rolled out in the 2024-25 financial year.

## Conclusion

2023-24 saw us begin to make implementation progress on our major digital transformation initiatives. In addition to the ASP, we also began piloting some of our key digital transformation projects. These included Data Snipper and AGSA Kopano.

In 2024-25, the aim is to expand on these projects. We will also pilot the first part of our ASP with our audit business units and help our teams to feel the impact and benefit of the efficiencies that the programme has promised.

As we continue the journey of making our business processes more efficient by leveraging advanced technologies, we will also focus on implementing the following:

- Strengthening our cybersecurity processes and systems to protect ourselves from increasing cybercrimes.
- Continued implementation of our robotic process automation
- Enterprise architecture and plans in terms of the Control Objectives for Information and Related Technologies framework to improve our technological services.







# 05



# GOVERNANCE REPORTS

AG's report on the evaluation of the AGSA's SoQM	96
Independent Assurance Practitioner's Limited Assurance Report to Parliament on Selected Key Sustainability Indicators	98
Audit committee report	101
Remuneration committee report	104

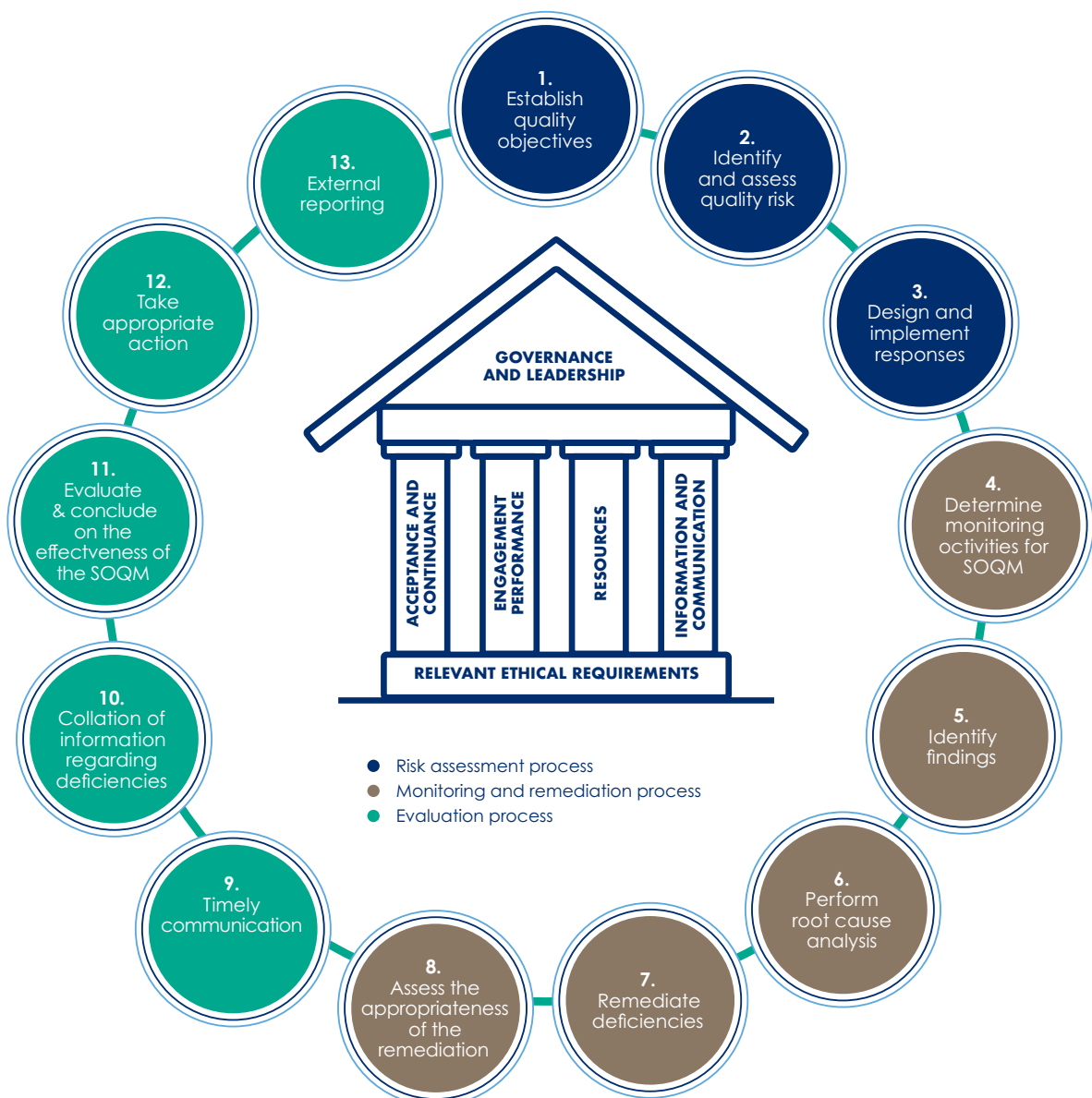
# AG'S REPORT ON THE EVALUATION OF THE AGSA'S SOQM AS AT 30 NOVEMBER 2023

## Introduction

As communicated in the previous year's integrated annual report (2022-23), the AGSA adopted ISQM 1 (the standard) effective from 15 December 2022. To comply with the standard, the AGSA designed and implemented its SoQM.

In line with paragraph 13 of the standard<sup>1</sup>, the inaugural evaluation of the AGSA's SoQM was performed on **30 November 2023**.

This report supports the communication requirements of paragraph 33(d)(ii) of ISQM 1<sup>2</sup>. I am pleased to report on the conclusion reached from my evaluation of the AGSA's SoQM, as required by the standard.



## Responsibilities of the auditor-general and deputy auditor-general for the AGSA's SoQM

As the auditor-general, I assume ultimate responsibility and accountability for the AGSA's SoQM in line with the AGSA's audit mandate from the Public Audit Act 25 of 2004 (PAA).

The deputy auditor-general, who has a direct line of communication to me, is assigned operational responsibility. The deputy auditor-general has, in turn, assigned certain operational responsibilities for the components of the SoQM to individuals with sufficient and appropriate experience and knowledge, as well as the necessary authority, to assume the operational responsibilities.

## Evaluating the operating effectiveness of the AGSA's SoQM

Paragraph 53 of the standard states: The individual(s) assigned ultimate responsibility and accountability for the SoQM shall evaluate, on behalf of the firm, the SoQM. The evaluation shall be undertaken as of a point in time, and performed at least annually.

In line with the guidance provided in the standard<sup>3</sup> I conducted the evaluation of the AGSA, supported by the QMAC, on 30 November 2023.

In evaluating the SoQM, we considered the outcomes of the monitoring and remediation process. In using these results, the following was taken into account:

- The severity and pervasiveness of identified deficiencies, and the effect on achieving the SoQM objectives
- Whether remedial actions have been designed and implemented by the firm, and whether the remedial actions, taken until the time of the evaluation, are effective

- Whether we have appropriately corrected the effect of identified deficiencies on the SoQM.

## Conclusion reached on the evaluation of SoQM

Based on the evidence considered, I am satisfied that the AGSA's SoQM provides the firm with reasonable assurance that:


- the AGSA and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements
- engagement reports issued by the AGSA or engagement managers or any other delegated signatories are appropriate in the circumstances.

## Context of the conclusion

In discharging my allocated responsibilities of ultimate accountability and responsibility for the AGSA's SoQM:

- I considered the committee's recommendation, as resolved at the QMAC meeting held on 30 November 2023
- Applied my professional judgement on the supporting evidence submitted from the AGSA's quality management processes.

I believe that the SoQM evidence I have received is sufficient and appropriate to provide a basis for my conclusion.



Signed:

23 September 2024  
Lynnwood

<sup>1</sup> Paragraph 13 of ISQM 1: "Systems of quality management in compliance with this ISQM are required to be designed and implemented by December 15, 2022, and the evaluation of the system of quality management required by paragraphs 53–54 of this ISQM is required to be performed within one year following December 15, 2022."

<sup>2</sup> Paragraph 33(d)(iii) of ISQM 1: "Information is communicated externally when required by law, regulation or professional standards, or to support external parties' understanding of the system of quality management."

<sup>3</sup> The individual(s) assigned ultimate responsibility and accountability for the system of quality management may be assisted by other individuals in performing the evaluation. Nevertheless, the individual(s) assigned ultimate responsibility and accountability for the system of quality management remains responsible and accountable for the evaluation.

# INDEPENDENT ASSURANCE PRACTITIONER'S LIMITED ASSURANCE REPORT TO PARLIAMENT ON SELECTED KEY SUSTAINABILITY INDICATORS

## Report on selected key sustainability indicators

We have undertaken a limited assurance engagement on selected key sustainability indicators, as described below, and presented in the 2023-24 Integrated annual report of the Auditor-General South Africa (AGSA) for the year ended 31 March 2024 (the report).

## Subject matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected key sustainability indicators, prepared in accordance with the Global Reporting Initiative (GRI) G4 Standards.

Category	Key Sustainability Indicators	Scope of Coverage
<b>Economic</b>	Application of the funding model. Amounts and initiatives in respect of: <ul style="list-style-type: none"> <li>• Trainee auditors scheme</li> <li>• Preferential procurement</li> <li>• Corporate social investment</li> </ul>	Republic of South Africa
<b>Social</b>	Amounts and initiatives in respect of: <ul style="list-style-type: none"> <li>• Bursaries and scholarships</li> <li>• Rural schools programme</li> <li>• Social responsibility programmes</li> <li>• Enterprise and supplier development</li> </ul>	Republic of South Africa
<b>Cultural</b>	Disclosures in respect of: <ul style="list-style-type: none"> <li>• Employee profile</li> <li>• Diversity</li> <li>• Staff turnover</li> <li>• Ethics training initiatives</li> <li>• Employee wellness programmes</li> <li>• Employee relations</li> </ul>	Auditor-General of South Africa
<b>Stakeholder engagements</b>	Disclosures in respect of: <ul style="list-style-type: none"> <li>• Employees</li> <li>• Auditees</li> <li>• Constitutional stakeholders</li> <li>• Media</li> <li>• Professional bodies</li> <li>• Regulatory bodies</li> <li>• Citizenry</li> <li>• International stakeholders</li> </ul>	Republic of South Africa

*Crowe JHB is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe JHB and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Crowe JHB. © 2024 Crowe JHB*



## Deputy auditor-general's responsibilities

The Deputy Auditor-General (DAG) is responsible for the selection, preparation and presentation of the selected key sustainability indicators in accordance with the GRI G4 Standards. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The DAG is also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected key sustainability indicators and for ensuring that those criteria are publicly available to the Report users.

## Our independence and quality control

We have complied with the independence and all other ethical requirements of the Code of Professional Conduct for Registered Auditors, issued by the Independent Regulatory Board for Auditors (IRBA), that is consistent with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Crowe JHB applies the International Standard on Quality Management 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Auditors responsibility

Our responsibility is to express a limited assurance conclusion on the selected key sustainability indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected key sustainability indicators are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of AGSA's use of GRI G4 Standards as the basis of preparation for the selected key sustainability indicators, assessing the risks of material misstatement of the selected key sustainability indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected key sustainability indicators.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected key sustainability indicators;
- Performed a controls walkthrough of identified key controls;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the DAG in the preparation of the selected key sustainability indicators; and
- Evaluated whether the selected key sustainability indicators presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at AGSA.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether AGSA's selected key sustainability indicators have been prepared, in all material respects, in accordance with GRI G4 Standards.

## Limited assurance conclusion

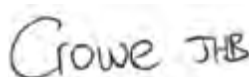
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected key sustainability indicators as set out in the subject matter paragraph above for the year ended 31 March 2024 are not prepared, in all material respects, in accordance with GRI G4 Standards.

## Other matters

The maintenance and integrity of the AGSA's website is the responsibility of AGSA management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on AGSA's website.

## Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected key sustainability information to the AGSA in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than AGSA, for our work, for this report, or for the conclusion we have reached.



**Raakesh Khandoo**

Partner  
Registered Auditor

Rivonia  
31 July 2024

# AUDIT COMMITTEE REPORT

## Introduction

This audit committee (the committee) report is based on the requirements of section 40(6)(a) of the Public Audit Act 25 of 2004 (the PAA) and the committee's terms of reference.

The committee is pleased to present its report for the 2023-24 performance year, to the Standing Committee on the Auditor-General (Scoag) and all other stakeholders of the Auditor-General of South Africa (AGSA).

## Committee governance

The committee is a statutory oversight structure, constituted in terms of section 40 of the PAA and appointed by the Auditor-General (AG). It is accountable to both the AG and Scoag.

The composition of the committee is outlined in section 2 of this report. In line with the PAA, all members of the committee are independent of the AGSA. Furthermore, the members have periodically declared their independence and that they are free of any conflict of interest in discharging their statutory duties throughout the reporting period.

The committee's terms of reference, which are in line with best practice are reviewed annually and are approved by the AG. In support of the terms of reference, the committee compiles an annual work plan that guides its activities.

The committee conducted its affairs and discharged its responsibilities to enable it to conclude that:

- the system of internal controls over financial reporting was adequate and operated effectively
- risk management processes were adequate and effective
- the organisation has the necessary skills, experience and financial expertise to perform its duties.

## Activities of the committee

### External audit and evaluation of the annual financial statements

The committee assessed the external auditor's independence, Crowe JHB (Crowe) as required by section 39(2)(b) of the PAA and is satisfied that their objectivity was not impaired.

As regards the external audit, the committee performed its duties including:

- considered the audit approach and audit risks in approving the external audit plan
- reviewed the financial statements and concurred with management that the AGSA is a going concern
- considered the appropriateness of the accounting policies, accounting treatments, any significant unusual transactions and judgement areas, and also reviewed compliance with International Financial Reporting Standards and the PAA
- reviewed the annual financial statements
- considered the management report received from the external auditors and reviewed the summary of unadjusted differences
- reviewed both audit reports on the annual financial statements and on performance against predetermined objectives
- monitored the provision of non-audit services to ensure they are within stipulated thresholds so as not to compromise the independence of the external auditors
- met separately with the external auditors, in the absence of management, to ascertain that the quality, credibility, and effectiveness of the external audit process was maintained
- received confirmation that no pressure was exerted on the auditors to suppress any findings nor were there any scope limitations placed on their work
- reviewed the integrated annual report (IAR) and considered relevant factors and risks that may impact on the integrity of information in the IAR



After reviewing the management representation letters addressed to Crowe, the committee recommended that the deputy auditor-general (DAG) sign the annual financial statements and that the AG and DAG sign the IAR.

Having considered the independence of Crowe, the committee recommends their re-appointment for the 2024-25 financial year. In line with the rotation policy of the AGSA and of Crowe, Mr Khandoo who has served as the engagement partner for seven years, will rotate off. As such Mr Gary Kartsounis will be the new engagement partner. According to section 39(1) of the PAA, Scoag has the authority to appoint the external auditor and does so on an annual basis.

### Internal audit

SNG-Grant Thornton (SNG-GT) are the internal auditors of the AGSA and have completed the second year of their contract period. The internal auditors presented an audit plan that operates on a three year rolling basis, within which all key finance functions of the organisation are covered at least once during the three year cycle.

In accordance with its terms of reference and the internal audit charter, the committee:

- reviewed and approved the annual internal audit plan and the internal audit charter
- considered reports from the internal auditors on the work performed throughout the year and their annual written assessment
- met separately with the internal auditors in the absence of management to ascertain that the independence, quality, credibility, and effectiveness of the internal audit process was maintained and received confirmation that no restrictions nor pressure were put on them to suppress audit findings.

The committee is assured that, considering the work done in the current year by the internal auditors, the system of internal control in place at the AGSA is adequate and is operating effectively.

### Risk management

Under the stewardship of a chief risk officer, the Risk and Ethics business unit (R&E) is responsible for coordinating the risk management function in the AGSA.

The committee exercised oversight on:

- the strategic risks of the organisation including the mitigation strategies
- the strategic risk profile as well as risk appetite statement for the period under review, and monitored the organisation's performance in relation to the appetite measures defined, for the financial periods, 2023-24
- the assurance received from the internal auditors on the risk management function, financial and internal control environment, including fraud risk and compliance management systems
- the combined assurance report, prepared in line with the 2023-24 combined assurance matrix, and satisfied themselves that the assurance obtained by all assurance providers in line with the approved combined assurance plan for all significant risk areas is adequate.

Furthermore, the committee considered and approved the combined assurance plan for the 2024-25 performance period.

The committee is satisfied with its oversight over the adequacy and effectiveness of risk management processes employed by the organisation throughout the financial year to manage risks to an acceptable level.

### Assessment of the finance function and the chief financial officer

The committee considered the composition, experience and skills set of the finance function, as well as the performance and expertise of the chief financial officer and is satisfied that all were appropriate to fulfil their responsibilities.



## Key focus areas

During the 2023-24 performance period, the committee's focus was on supporting the executive committee in the implementation of the #cultureshift strategy and on the information technology function.

Cybersecurity remains an area of focus for the organisation, given the inherent risk associated with our legacy systems. The AGSA has crafted a comprehensive digitisation strategy which is the blueprint to modernise the environment and also assist in managing the cybersecurity risk. In the short term, there are mitigating controls in place to address high risks, while the digitisation strategy addresses sustainable solutions through medium to longer term programmes.

In preparation for the 2024-25 performance period, the committee continues to provide oversight and monitor IT security related risks. The committee augments its capacity to provide oversight through continuous improvement opportunities such as the attendance of cybersecurity workshop, implementation of ISO 27001 international standards for information security management

and the addition of IT skills and solid experience to the committee. Strengthening the committee with these capabilities and knowledge supports the continuing organisational work to close off on all ICT/cyber security-related audit outcomes.

Furthermore, the committee will continue to pay attention to the implementation of strategic initiatives, given the ongoing implementation of the #cultureshift2030 strategy.

## Conclusion

The committee concludes that the system of internal controls over financial reporting, the risk management activities, as well as the combined assurance processes of the AGSA, are adequate and operating effectively. The committee will continue to focus on the IT environment, given the heightened IT risk, where the controls were deemed partially effective.

Finally, the committee is satisfied that it has adequately discharged its responsibilities as outlined in various statutory and other governance documents during the current financial year.

# REMUNERATION COMMITTEE'S REPORT

## Background

The auditor-general is responsible for determining the terms and conditions of employment of all employees in the organisation, in accordance with section 34(3) of the PAA. The remuneration committee (remco) was established to provide specialised advice to the auditor-general on remuneration and related issues, while the final decision-making rests with the auditor-general. The AGSA's remco was established as an oversight governance structure with the primary purpose of ensuring that the organisation's remuneration principles, policies and practices are fair and transparent to promote the achievement of strategic objectives.

## Remuneration committee membership

To ensure adherence to good governance practices, the members of the remuneration committee are appointed for a period of three years subject to an annual review. In the 2023-24 financial year, there were some changes in the remuneration committee resulting in the appointment S Cele effective from 1 August 2023. Furthermore, Ms M Nkeli's term as the chairperson ended 31 March 2024, we thank her for her valuable service during her tenure.

The remuneration committee for the 2023-24 financial year consisted of the following members:

- Mpho Nkeli (Outgoing Chairperson – Term ended 31 March 2024)
- Tantaswa Fubu (Deputy Chairperson)
- Sifiso Cele (appointed effective from 1 August 2023)
- Nazlie Samodien (member) and
- Vonani Chauke (Deputy Auditor-General as a member)

## An overview of the main provisions of the remuneration policy

The organisation has developed a remuneration policy, procedures and processes that are made available to all employees. Any amendments to the policy principles are communicated to employees following consultations (where applicable).

The AGSA's approach to recognising and rewarding employees is based on a total reward philosophy in which the benefits of working for the AGSA are considered in their entirety, considering a whole range of financial and non-financial benefits, rewards and the working environment. The total reward policy has been designed to support the achievement of the organisational objectives, reinforce organisational values and behaviours, as well as recognise outstanding contributions made by individuals and teams.

The implementation of the policy principles is executed in accordance with the provisions of the organisation's management approval framework (MAF), the performance management framework and the following total reward philosophy principles:

- AGSA is committed to rewarding employees in line with our values and objectives.
- We want to attract the best talent that shares our vision of being an institution that enhances public sector accountability and services the nation in public service.
- We are committed to assisting our employees in fully understanding our remuneration packages and offerings.
- We want to offer our employees a clear growth path that encourages them to build rewarding careers with us.
- We believe in paying for qualifications, skills and experience that add benefit to our organisation.
- We want to ensure that our employees are rewarded for good performance and behaviour that instils trust, care and ethics.
- We want to promote a healthy work-life balance for our employees which includes recognition and flexible work arrangements.



## Internal and external factors that influenced remuneration

Remuneration considerations and decisions are based on a combination of external and internal factors, which are:

- Sustainability of the organisation – budget considerations and financial affordability
- Market relativity and industry market positioning
- Attraction, retention and employee engagement considerations

- Strengthening performance culture
- Consumer price index (CPI) / inflation
- Economic outlook

## Key areas of focus by the remuneration committee

The people strategy was tabled and recommended by remco. This strategy is underpinned by five strategic imperatives as reflected in the figure below:

## AGSA People Strategic pillars

### 1 CAPABILITIES AND CAPACITATION

Architecting future-fit capabilities

#### Operating model

Operating model that builds capacity and fosters integration

#### Skills

Skills and capabilities that support the aspiration

### 2 CULTURE AND LEADERSHIP

Strengthening culture and leadership from within, to change the public sector

#### Culture

The plan for achieving #CultureShift2023: Core values, behaviours and practices that support the aspiration

#### Leadership

Leadership style and culture that evolves to support the aspiration

### 3 EMPLOYEE EXPERIENCE

Enhancing the employee lived experience

#### Employee lived experience

Nurturing an integrated and aligned experience

#### Talent

Attracting and retaining the right talent to support the aspiration

### 4 FUNCTIONAL EXCELLENCE

A future-ready People Function that serves functional excellence

#### Systems and Processes

Processes, procedures and people infrastructure that support the aspiration



### 5 STRATEGIC ENABLERS

Strategic partnerships & change that move us closer to CultureShift 2023

#### Partnerships and Collaboration

A network of partnerships to enable strategic execution across all pillars

#### Organisational resilience and change

Building a resilient AGSA through an enhanced change management capability

A workshop was facilitated to ensure that guidance was provided to focus on the people agenda.

In the same year under review, the following areas were attended to by Remco:

- Organisation-wide remuneration review and benchmarking
- Reward philosophy and strategy
- Medical aid benchmarking and analysis
- AG and DAG remuneration
- Non-executive directors (NED) fees
- Salary increase proposal for 2023-24 financial year

Remco also gave recommendations on the revised performance management framework, which mainly aims to achieve the following:

- Drive collective accountability through a focus on team's as well as individual's performance.
- Support and encourage mobility/career development and advancement of our people.
- Provide support to employees to perform and develop to higher levels of performance in the now and future.
- Improve the culture of dialogue, honest, constructive and forward-focused conversations in the organisation.
- Encourage and hold leaders accountable for managing performance and developing talent.
- Create a gateway for recognition and rewarding of excellent performance.

The committee reviewed and recommended the implementation of project Lungisa that was aimed at reconfiguring the corporate support function for future-fitness. Post this project, the AGSA implemented healing sessions across all portfolios, including those that were not directly affected as a commitment to the value of care.

## Performance bonus

Remco reviewed the exco recommended performance bonus proposal and after consideration of the proposal, Remco resolved to recommend that the AG to pay the recommended proposal of the total performance bonus, which is aligned to the performance bonus provision of R285 million in the budget for the 2023-24 financial year.

## Use of remuneration consultants

While the organisation strives to use its internal resources to deliver on remuneration initiatives, it should be noted that there have been areas of specialty where external remuneration experts/consultants have been used due to the nature of benchmarking required. These include the following:

- Market benchmarking – an area of specialty that can only be provided by service providers that are accredited as salary survey providers for the purposes of, among other things, developing pay scales, considering salary adjustment projections and best practices on executive remuneration.
- Group risk benefits (i.e., group life, disability, funeral cover as well as the group pension fund) are all administered through the use of external service providers. These functions require specialist expertise and in-depth knowledge of various financial regulations and legislation.
- Job evaluation – the organisation uses the services of external service providers for its job evaluation processes.
- Review of the AGSA's remuneration philosophy and strategy.
- Review of the AGSA external committee members remuneration.

## Remuneration to members of external governance structures and executive management during the reporting period

- The AGSA has adopted a retainer fee approach. This approach entails that external committee members for governance structures will no longer be remunerated as per the Saica rate but rather a retainer fee will be paid to each member quarterly.
- The AGSA remunerates its executives in terms of the AGSA remuneration policy and the details of executives' remuneration are reported as per section 25.1 (Key management personnel compensation) of the integrated annual report.



## Conclusion

The committee remains committed to provide guidance and advise on total reward and recognition strategies, principles, and decision, to align employee motivation with the organisation's strategy. The committee appreciated that staff remained committed to achieving the goals of the organisation.

We wish to also thank the outgoing chairperson Ms Nkeli and expressed gratitude to her for her leadership and service to the AGSA and the country.



**Tantaswa Fubu**  
Remuneration committee Chairperson





# 6

# FINANCIAL STATEMENTS

<b>Deputy auditor-general's responsibilities and approval</b>	<b>110</b>
Independent auditor's report to Parliament	111
Statement of financial position	116
Statement of surplus or deficit and other comprehensive income	117
Statement of changes in equity	118
Statement of cash flows	119
Notes to the financial statements	120
Accounting policies	120



# DEPUTY AUDITOR-GENERAL'S RESPONSIBILITIES AND APPROVAL

As the deputy auditor-general I am required by the Public Audit Act 25 of 2004 (PAA) to maintain adequate accounting records and am responsible for the content and integrity of the financial statements and related financial information.

It is my responsibility to ensure that the financial statements fairly present the financial position of the Auditor-General of South Africa (AGSA) as at the end of the financial year and the results of its operations, changes in equity and cash flows for the year then ended. The financial statements conform to the International Financial Reporting Standards (IFRS) and the PAA, and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. External auditors are engaged to express an independent opinion on the financial statements.

I acknowledge that I am ultimately responsible for the system of internal financial control established by the AGSA and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, the AGSA, after consultation with the parliamentary oversight committee, sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include properly delegating responsibilities within a clearly defined framework, effective accounting procedures and adequately segregating duties to ensure an acceptable level of risk. These controls are monitored throughout the AGSA and all employees are required to maintain the highest ethical standards to ensure the AGSA's business is conducted in a manner that, in all reasonable circumstances, is above reproach.

The AGSA's risk management focus is to identify, assess, manage and monitor all known forms of

risk across the organisation. While operational risk cannot be eliminated, we try to minimise it by defining our risk appetite and ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

I am of the opinion, based on the information and explanations provided by management, that the system of internal control provides reasonable assurance that the financial records may be relied on to prepare the financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

I have reviewed the AGSA's cash flow forecast for the year to 31 July 2025 and, in the light of this review and the current financial position, I am satisfied that the AGSA has, or has access to, adequate resources to continue operating as a going concern for the foreseeable future. The going concern basis assumes that the AGSA will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

I am not aware of any matter or circumstance arising since the end of the financial year that will materially affect these financial statements.

The financial statements set out on pages 116 to 163, prepared on the going concern basis, were approved and signed by me on 31 July 2024 on behalf of the AGSA.



**Vonani Chauke**  
Deputy Auditor-General

# INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AND REPORT ON PREDETERMINED OBJECTIVES

### Opinion

We have audited the financial statements of the Auditor-General of South Africa (AGSA) as set out on pages 3 to 42, which comprise the statement of financial position as at 31 March 2024, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the AGSA as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our

responsibilities under those standards are further described in the Auditors Responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Crowe JHB is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe JHB and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Crowe JHB. © 2024 Crowe JHB*

## KEY AUDIT MATTER

### EXPECTED CREDIT LOSSES ALLOWANCE ON TRADE RECEIVABLES (IFRS 9)

In terms of the accounting standard on financial instruments, IFRS 9 Financial instruments, the standard requires an expected credit loss model to be used in impairing financial assets.

This model requires the AGSA to account for expected credit losses (ECL) and changes thereto at each reporting date, to reflect changes in credit risk since initial recognition of the financial assets.

As at 31 March 2024 gross trade receivables amounted to R1.2 billion against which an expected credit loss (ECL) of R231 million was raised.

As included in notes 5 and 26, the ECL on trade receivables amounting to R231 million (2023: R219 million) has been considered to be an area where the most significant judgements were required as it incorporates forward looking information into the ECL model as prepared by management, and additional overlays with respect to the current macro-economic environment.

The AGSA has elected to apply the simplified approach for measuring the loss allowance at an amount equal to lifetime credit losses for trade receivables.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

These various scenarios constructed were probability weighted to determine the final debtors book impairment.

Due to the size of the balance, the complexity and the judgement inherent in the calculation of the related ECL allowance it resulted in a key audit matter.

Refer to note 1.4 (Trade and other receivables) and note 26.2 (Credit risk) to the annual financial statements for the related disclosure.

## KEY AUDIT MATTER

Our audit procedures comprised, amongst others:

- We performed procedures in order to assist our understanding of the methodology applied by management in their IFRS 9 model;
- We agreed the source data used in the modelling to supporting documentation on a sample basis to assess accuracy and validity;
- We involved our independent specialists to test assumptions and calculations used in the ECL. This included, but not limited to, performing the following:
  - An assessment of the credit model against the developed methodology to confirm the methodology is appropriately applied in calculating the ECL allowance;
  - Reperformed the modelling at period end including the appropriateness of forward- looking macro-economic information;
  - An assessment of the reasonableness of the overlays that management calculated to determine the potential impact of the current macro-economic environment and other legislation on the allowance;
  - Sensitivity analysis on scenarios and probability weightings applied to these scenarios used to determine the impact of current macro-economic environment on the allowance.
- We assessed the disclosures in the annual financial statements relating to the expected credit losses on trade receivables in terms of the disclosure requirements of IFRS 9: Financial instruments and IFRS 7: Financial instruments disclosures.

We evaluated the accounting policy and we are satisfied that is consistent with the requirement of IFRS 9.

Based on the procedures performed above, we are satisfied that the expected credit losses on trade and other receivables were reasonable and in line with our expectation and appropriately disclosed.



## Other information

The Deputy Auditor-General (DAG) is responsible for the other information. The other information comprises the Annual Report which includes the Audit Committee's Report and the Remuneration Committee's Report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the deputy auditor-general and the audit committee

In terms of section 43 of the PAA the DAG is responsible for the preparation and fair presentation of these financial statements in accordance with the IFRS and for such internal control as is determined as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the DAG is responsible for assessing the AGSA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The audit committee is responsible for overseeing the AGSA's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our 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 our 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.

As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We 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 our 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 by management.
- Conclude on the appropriateness of the DAG's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the AGSA's ability to continue as a

going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained to the date of our auditor's report. However, future events or conditions may cause the AGSA to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the DAG and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and

significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the DAG and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Crowe JHB has been the auditor of the AGSA for seven years.

---

## REPORT ON PREDETERMINED OBJECTIVES

### Introduction

We have audited the report on performance against predetermined objectives of the AGSA for the year ended 31 March 2024, as set out on pages 48 to 93 of the integrated annual report 2023-2024.

### The deputy auditor-general's responsibilities

The DAG is responsible for the preparation and fair presentation of the report on performance against predetermined objectives as required by the PAA, and for such internal controls as determined necessary to enable the preparation of a report on performance against predetermined objectives that is useful and reliable.

### Auditor's responsibility

As required by the PAA, our responsibility is to express an audit conclusion on the report on performance against predetermined objectives.

### Assurance work performed

We conducted our audit in accordance with the International Standards on Assurance Engagements (ISAE) 3000 (Revised): Assurance engagements other than audits or reviews of historical financial information.

We report on whether we have received all the information and explanations required to conduct the engagement, or if we became aware of additional information, the omission of which may result in the report on performance against predetermined objectives being materially misstated or misleading.

We provide reasonable assurance with respect to the usefulness of the information contained in the annual performance report.

We further provide reasonable assurance with respect to the reliability of the following selected material objectives as set out in the annual performance report:

- Shift public sector culture
- Insight



- Influence
- Enforcement
- Efficiently
- Sustainability

The criteria used as a basis for the audit conclusion are as follows:

## Usefulness of information

**Presentation:** Performance against predetermined objectives is reported using the relevant provisions from the Public Audit Act.

**Consistency:** Objectives, indicators and targets are consistent between the 2023-2026 Strategic plan and budget and the 2023-2024 IAR as required by the Public Audit Act.

**Measurability:** Indicators are well defined and verifiable, and targets are specific, measurable and time bound, as required by best practice.

**Relevance:** The indicators relate logically and directly to aspects of the AGSA's mandate and the realisation of strategic goals and objectives, as required by the Public Audit Act and the 2023-2026 Strategic plan and budget tabled in Parliament.

## Reliability of information

**Validity:** Reported performance has occurred and relates to the AGSA.

**Accuracy:** Amounts, numbers and other data relating to reported performance have been recorded and reported correctly.

**Completeness:** All actual performance that should have been recorded has been included in the report on performance against predetermined objectives.

The audit involves performing procedures to obtain audit evidence about the usefulness of the annual performance report and reliability of the objectives as set out in the annual performance report. The procedures selected depend on the auditor's judgement, including our assessment of the risks of

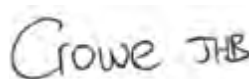
material misstatement of the annual performance report. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some, even material, misstatements may not be detected, even though the audit is properly planned and performed in accordance with the ISAE 3000 (Revised). The procedures performed include the following:

- Understanding and testing the internal policies, procedures and controls relating to the management of, and reporting on, performance information.
- Evaluating and testing processes, systems, controls and review of documentation in place at a detailed level to support the generation, collation, aggregation, monitoring and reporting of the performance indicators and targets.
- Evaluating, testing and confirmation of the existence and consistency of planned and reported performance information as well as the presentation and disclosure thereof in accordance with applicable requirements and guidance.
- Conducting detailed audit testing and obtaining sufficient appropriate audit evidence to verify the validity, accuracy and completeness of reported indicators and targets.

We believe that the evidence obtained from the work performed provides an appropriate basis for the reasonable assurance conclusions expressed below.

## Conclusion

On the basis of our procedures described in this report, we conclude that in our opinion the report on performance against predetermined objectives is fairly stated, in all material respects, in accordance with the predetermined criteria.



**Raakesh Khandoo**  
Partner  
Registered Auditor  
Rivonia  
31 July 2024

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

		2024	2023
	Notes	R'000	R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	118 549	112 341
Intangible assets	3	33 797	13 972
Right-of-use assets	4	233 333	323 005
<b>Current assets</b>			
Trade and other receivables	5	996 208	912 711
Cash and cash equivalents	6	1 154 503	706 529
<b>Total assets</b>		<b>2 536 390</b>	<b>2 068 558</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Reserves</b>			
General reserve	7	1 126 782	863 621
Special audit services reserve	8	4 964	4 964
Accumulated surplus	9	370 256	263 161
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	10	243 483	343 918
Post-retirement benefit obligations	11	10 923	11 808
Provisions	12	19 791	19 790
Trade and other payables	13	5 373	3 708
<b>Current liabilities</b>			
Lease liabilities	10	100 818	92 333
Post-retirement benefit obligations	11	1 078	1 096
Provisions	12	1 913	3 742
Trade and other payables	13	651 009	460 417
<b>Total equity and liabilities</b>		<b>2 536 390</b>	<b>2 068 558</b>



# STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 R'000	2023 R'000
<b>Revenue</b>	14	4 850 526	4 582 578
Local services rendered		4 848 614	4 582 578
International services rendered		1 912	–
<b>Direct audit cost</b>		(2 925 363)	(3 015 485)
Recoverable staff cost	15	(2 054 714)	(1 921 080)
Contract work	16	(648 575)	(900 792)
Subsistence and travel	17	(222 074)	(193 613)
<b>Gross profit</b>		<b>1 925 163</b>	<b>1 567 093</b>
Government grant and other income	18	44 717	47 275
<b>Contributions to overheads</b>		<b>1 969 880</b>	<b>1 614 368</b>
<b>Operating expenditure</b>		(1 713 882)	(1 404 908)
Non-recoverable staff cost	15	(1 196 191)	(883 970)
Depreciation expense – property, plant and equipment	2	(36 252)	(49 579)
Amortisation expense – intangible assets	3	(5 246)	(1 766)
Depreciation expense – right-of-use assets	4	(92 958)	(99 982)
Adjustment of allowance for impairment of receivables	5	(15 950)	–
Other operational expenditure	19	(367 253)	(368 275)
Post-retirement benefit obligations – current service cost and loss on settlement	11	(32)	(1 336)
<b>Operating surplus before finance charges</b>		<b>255 998</b>	<b>209 460</b>
Interest income	21	155 225	102 714
Interest expense	21	(42 122)	(52 439)
<b>Surplus for the year</b>		<b>369 101</b>	<b>259 735</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to surplus or deficit			
Post-retirement benefit obligations – actuarial gains	11	1 155	3 426
<b>Total comprehensive surplus for the year</b>		<b>370 256</b>	<b>263 161</b>



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	General reserve R'000	Special audit services reserve R'000	Accumulated (deficit) / surplus R'000	Total equity R'000
<b>Balance at 31 March 2022</b>	<b>823 366</b>	<b>4 964</b>	<b>40 255</b>	<b>868 585</b>
Transfer of accumulated deficit to reserves	40 255	–	(40 255)	–
Total comprehensive surplus	–	–	263 161	263 161
Surplus for the year	–	–	259 735	259 735
Other comprehensive income				
– Actuarial gains	–	–	3 426	3 426
<b>Balance at 31 March 2023</b>	<b>863 621</b>	<b>4 964</b>	<b>263 161</b>	<b>1 131 746</b>
Transfer of accumulated surplus to reserves	263 161	–	(263 161)	–
Total comprehensive surplus	–	–	370 256	370 256
Surplus for the year	–	–	369 101	369 101
Other comprehensive income				
– Actuarial gains	–	–	1 155	1 155
<b>Balance at 31 March 2024</b>	<b>1 126 782</b>	<b>4 964</b>	<b>370 256</b>	<b>1 502 002</b>
Notes	7	8	9	



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 R'000	2023 R'000
<b>Cash flows from operating activities</b>			
Cash receipts from auditees	22.1	4 830 703	4 597 470
Total direct audit cost payments	22.2	(2 947 617)	(3 092 844)
Operational expenditure payments	22.3	(1 314 803)	(1 435 807)
Interest received	21	85 961	49 498
Interest paid	21	(40 644)	(49 246)
<b>Net cash inflow from operating activities</b>		<b>613 600</b>	<b>69 071</b>
<b>Cash flows from investing activities</b>			
Cash payments for property, plant and equipment	2	(46 070)	(44 766)
Cash payments for intangible assets	3	(25 071)	(2 020)
Proceeds from sale of property, plant and equipment	2	1 834	971
<b>Net cash outflow from investing activities</b>		<b>(69 307)</b>	<b>(45 815)</b>
<b>Cash flow from financing activities</b>			
Payment of lease liabilities	10	(96 319)	(87 071)
<b>Net cash outflow from financing activities</b>		<b>(96 319)</b>	<b>(87 071)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>447 974</b>	<b>(63 815)</b>
Cash and cash equivalents at the beginning of the year		706 529	770 344
Cash and cash equivalents at the end of the year	6	<b>1 154 503</b>	<b>706 529</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Accounting policies

### 1. Presentation of financial statements

The financial statements have been prepared on the going concern basis in accordance with the IFRS issued by the IFRS Foundation, and in line with the requirements of the PAA. The financial statements are presented in South African rand, which is the AGSA's functional currency. All financial information has been rounded to the nearest thousand unless stated otherwise. The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at amortised cost or unless stated otherwise, and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous year, unless otherwise stated.

#### 1.1 New standards and interpretations

Standards, amendments and interpretations relevant to the operations of the AGSA not yet effective and not early adopted:

Standard / Interpretation	Effective date	Details	Impact
IAS 1 – Presentation of financial statements	1 Jan 2024	Classification of liabilities as current or non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	No impact on the AGSA financial statements
IFRS 18 – Presentation and disclosure in financial statements	1 Jan 2027	Replaces IAS 1 Presentation of financial statements. It carries forward many requirements from IAS 1 unchanged and introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies: <ul style="list-style-type: none"><li>• Improved comparability in the statement of profit or loss through the introduction of three defined categories for income and expenses – operating, investing and financing – to improve the structure of the income statement, and a requirement for all companies to provide new defined subtotals, including operating profit.</li><li>• Enhanced transparency of management-defined performance measures with a requirement for companies to disclose explanations of those company-specific measures that are related to the income statement.</li><li>• More useful grouping of information in the financial statements through enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for companies to provide more transparency about operating expenses.</li></ul>	Impact on the AGSA financial statements to be determined



# NOTES TO THE FINANCIAL STATEMENTS

## 1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the AGSA holds for its own use and which are expected to be used for more than one year. An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the AGSA, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of the asset and costs incurred subsequently to add to or replace part of it, if it is probable that future economic benefits associated with the replacement will flow to the AGSA and the cost can be measured reliably. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

Estimates are mainly based on historical information relating to use, and the intended use, of the asset. Depreciation is calculated on the straight-line method to write off the cost, less residual value, of each asset over its estimated useful life as follows:

Item	Useful life	
	2024	2023
Computer equipment	8 – 12 years	8 – 12 years
Notebooks	4 years	3 years
Motor vehicles	7 – 12 years	7 – 12 years
Furniture and fittings	6 – 23 years	6 – 23 years
Office equipment	5 – 15 years	5 – 15 years
Leasehold improvements	Over the period of the lease	Over the period of the lease

The depreciation charge for each period is recognised in surplus or deficit.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any changes to residual values, useful lives and depreciation methods are accounted for on a prospective basis.

To review property, plant and equipment for possible impairment, changes in useful lives and changes in residual values at the end of each financial year, reference is made to historical information and the intended use of assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

## 1.3 Intangible assets

### Computer software

An intangible asset is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are initially recognised at cost.

Acquired computer software licences are carried at cost less any accumulated amortisation and any impairment losses. Estimates relating to useful lives are mainly based on historical information relating to the use of the assets. Amortisation on these costs is provided to write down the intangible assets, on a straight-line basis, over their useful lives as follows:

Item	Useful life (current and comparative period)
Computer software – purchased	8 – 14 years
Licences	8 – 10 years

The amortisation charge for each period is recognised in surplus or deficit.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the AGSA and that will generate probable economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include outsourced services, software development employee costs and overheads directly attributed to preparing the asset for use. Other development expenditures are recognised as an expense as incurred.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any changes to residual values, useful lives and amortisation methods are accounted for on a prospective basis.

To review intangible assets for possible impairment, changes in useful lives and changes in residual values at the end of each financial year, reference is made to historical information and the intended use of assets.

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. The gain or loss arising from the derecognition of an intangible asset, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, is included in surplus or deficit when the item is derecognised.



# NOTES TO THE FINANCIAL STATEMENTS

## 1.4 Trade and other receivables

### Receivables measured at amortised cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through providing services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less allowance for impairment.

### Allowance for impairment of receivables

An allowance for impairment of trade receivables accounts for expected credit losses, and changes thereto, to reflect changes in credit risk since initial recognition of financial assets. The calculation of the amount to be allowed for impairment of receivables requires the use of estimates and judgements.

IFRS 9 requires an expected credit loss model to be used in impairing financial assets. This model requires the AGSA to account for expected credit losses and changes thereto at each reporting date, to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit loss event to have occurred before impairments are recognised. The AGSA has elected to apply the simplified approach for measuring the loss allowance at an amount equal to lifetime credit losses for trade receivables. For trade receivables, which are reported net, such amounts are recorded in a separate allowance account with the loss being recognised within operational expenditure in surplus or deficit. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the allowance. Reversals of impairment losses are recognised in surplus or deficit.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

### Amortised cost of ringfenced debtors

The amortised cost of ringfenced debtors is calculated using the prescribed interest rate and the remaining periods of the outstanding ringfenced agreements. Since the amount was insignificant and considered immaterial, no adjustment was made to the amount owed by ringfenced debtors.

### Derecognition of financial assets

The AGSA derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. Gains or losses arising from changes in financial assets carried at amortised cost are recognised in surplus or deficit when the financial asset is derecognised or impaired, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

## 1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and deposits held at call that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially recognised at fair value, and are subsequently carried at amortised cost using the effective interest method.

## 1.6 General reserve

The general reserve relates to the retention of accumulated surpluses that is transferred to the general reserve in the statement of financial position. The reserve can be used for working capital, capital investment programmes on the digitisation of the AGSA and general reserve requirements of the AGSA.

## 1.7 Special audit services reserve

The special audit services reserve is a fund set aside to finance special investigations or audits, where the AGSA may be unable to recover the costs from a specific auditee. Increases in and utilisation of the reserve is recognised through the statement of surplus or deficit and other comprehensive income.

## 1.8 Leases

At inception of a contract, the AGSA assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the AGSA assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified,
- the AGSA has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use, and
- the AGSA has the right to direct the use of the asset. The AGSA has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the AGSA has the right to direct the use of the asset if either:
  - the AGSA has the right to operate the asset, or
  - the AGSA designed the asset in a way that predetermined how and for what purpose it will be used.

Some lease contracts include both lease and non-lease components. The AGSA has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in surplus or deficit as they are incurred.

For the leases of land and buildings, the AGSA has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.



# NOTES TO THE FINANCIAL STATEMENTS

## 1.8 Leases (continued)

The AGSA recognises a right-of-use asset and a lease liability at the lease commencement date for most leases. However, the AGSA has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (e.g. office equipment) and for short-term leases (leases that at commencement date have lease terms of 12 months or less). The AGSA recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### Lease liability

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the AGSA's incremental borrowing rate. Generally the AGSA uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the fixed lease payments and lease payments in an optional renewal period if the AGSA is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate or if the AGSA changes its assessment of whether it will exercise a renewal option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero.

Interest costs are charged to the statement of surplus or deficit and other comprehensive income over the lease period so as to produce a constant periodic interest on the remaining balance of the liability for each period.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest expense (refer to note 21).

### Estimating incremental borrowing rate used for leases

Where the interest rate implicit in the lease cannot be readily determined, the AGSA uses the incremental borrowing rate, which is the rate that the AGSA would have to pay to borrow the funds to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

### Determining the lease term of contracts with renewal options

For lease contracts that include an option to renew the lease for a further period, management considers all facts and circumstances to determine whether it is likely that an extension option will be exercised. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The AGSA applies judgement in assessing whether it is reasonably likely that extension options will be exercised. Factors considered include past history of renewing leases, how far in the future an option occurs and the AGSA's business plan.



# NOTES TO THE FINANCIAL STATEMENTS

## 1.8 Leases (continued)

The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and that is within the control of the AGSA.

### Right-of-use assets

The right-of-use assets are presented as a separate line in the statement of financial position. Lease payments included in the measurement of the lease liability comprise the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred, any estimated costs to restore the underlying asset when the AGSA incurs an obligation to do so and less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The depreciation charge for each period is recognised in surplus or deficit. For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Useful life (current and comparative period)
Office buildings	2 to 12 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The gain or loss arising from the derecognition of a right-of-use asset is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of a right-of-use asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

## 1.9 Provisions

Provisions are recognised when the AGSA has a present obligation (legal or constructive) as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure taking risks and uncertainties into account. Provisions are discounted where the time value of money is material using a rate that reflects current market assessments of the time value of money.



# NOTES TO THE FINANCIAL STATEMENTS

## 1.9 Provisions (continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the provision will be reversed.

## 1.10 Financial liabilities

Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

### **Derecognition of financial liabilities**

The AGSA derecognises financial liabilities when, and only when, the AGSA's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

## 1.11 Revenue

The AGSA generates revenue by rendering audit services to the public sector. The AGSA has three main revenue streams:

- Own hours – audit services performed by the AGSA
- Contracted work recoverable – audit services contracted out to third parties and performed on behalf of the AGSA
- Subsistence and travel – amounts recovered from auditees for the costs of the AGSA audit staff's subsistence and travelling while performing their duties.

Revenue is recognised for the three revenue streams mentioned above, over time as the services are rendered and is measured based on the consideration specified in a contract with an auditee to the extent that the amounts are collectable. Revenue consists of amounts net of value-added tax. In terms of the PAA, amounts are due and payable within 30 days of the invoice date.

In accordance with IFRS 15, management is required to make an assessment of the collectability of amounts recorded as revenue. When management identifies that there is doubt on the collectability of revenue, that portion of revenue is only recognised when the amount is received by the AGSA. This adjustment does not affect the legal nature of the transaction; any amounts invoiced to auditees remain due and payable in the ordinary course of business and payable in terms of the PAA within 30 days of invoice. The AGSA is entitled under law to pursue the collection of any debts owed and due to the AGSA.

IFRS 15 establishes a single, comprehensive and robust framework for the recognition, measurement and disclosure of revenue. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

# NOTES TO THE FINANCIAL STATEMENTS

## 1.11 Revenue (continued)

In determining the collectability of amounts recorded as revenue, management has taken into account the payment history of the related auditees over the past 2 – 3 years when no payments have been received, or whether current circumstances suggest that an auditee will not be able to meet its obligation to the AGSA. These amounts will only be recognised as revenue once they have been received by the AGSA.

## 1.12 Employee benefits

### Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of bonus payments is recognised as an expense when there is a constructive obligation to make such payments as a result of past performance.

### Pension plan – defined contribution plan

Contributions to a pension plan of the employee's choice, in respect of service in a particular period, are included in the employee's total cost of employment and are charged to surplus or deficit in the year to which they relate as part of the cost of employment. Certain employees on the staff rules terms and conditions, who transitioned under the Audit Arrangements Act 122 of 1992, chose to retain membership of the Government Employees Pension Fund (GEPF). The AGSA has no legal or constructive obligation in respect of normal retirements to pay further contributions if the GEPF does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and previous periods. With respect to early retirements, the AGSA is required to incur the cost of early retirement penalties.

### Post-retirement medical care benefits – defined benefit plan

The AGSA provides post-retirement medical care benefits to certain employees and their legally recognised spouse at time of death. The entitlement to post-retirement medical care benefits is based on the employee being on the staff rules terms and conditions, remaining in service up to retirement age of 65 (or when reaching 50 in the case of early retirement) and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using the projected unit credit method. Actuarial gains and losses arising from experience adjustments are recognised in other comprehensive income in the statement of surplus or deficit and other comprehensive income in the period in which they occur. Interest cost and service cost are recognised in surplus or deficit in the period in which they occur. The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation. Valuations of these obligations are carried out annually by independent qualified actuaries.



# NOTES TO THE FINANCIAL STATEMENTS

## 1.12 Employee benefits (continued)

The costs and liabilities of the post-retirement medical care benefits are determined using methods relying on actuarial estimates and assumptions. Advice on the appropriateness of the assumptions is taken from independent actuaries. Changes in the assumptions used may have a significant effect on the statement of surplus or deficit and other comprehensive income, and statement of financial position.

### Leave liability

The AGSA calculates the value of leave not taken at year-end based on the guaranteed package or basic salary, dependent on the category of leave. The value of leave is recognised in the statement of financial position as a short-term employee benefit.

## 1.13 Government grants

Government grants are accounted for through the statement of financial position and statement of surplus or deficit and other comprehensive income in accordance with IAS 20. Grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants received as a compensation for costs already incurred or for immediate financial support, with no future related costs, are recognised as income in the period in which they are receivable. Grants related to future obligations are presented as deferred income in the statement of financial position. This will be amortised as and when the expenses are incurred.

## 1.14 Interest income

Interest is recognised based on the effective interest rate, which takes into account the effective yield on the asset over the period it is expected to be held.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 Property, plant and equipment

2024	Cost	Accumulated depreciation	Carrying amount
	R'000	R'000	R'000
Computer equipment	70 208	(65 228)	4 980
Notebooks	124 508	(71 642)	52 866
Motor vehicles	7 705	(3 917)	3 788
Office equipment	5 187	(4 697)	490
Furniture and fittings	64 306	(56 784)	7 522
Leasehold improvements	84 129	(35 226)	48 903
	<b>356 043</b>	<b>(237 494)</b>	<b>118 549</b>

The carrying amounts are reconciled as follows:	Balance at the beginning of the year	Additions [1]	Disposals	Depreciation	Balance at the end of the year
	R'000	R'000	R'000	R'000	R'000
Computer equipment	3 639	3 510	148	(2 317)	4 980
Notebooks	53 794	24 183	(1 582)	(23 529)	52 866
Motor vehicles	4 168	–	–	(380)	3 788
Office equipment	531	588	(32)	(597)	490
Furniture and fittings	7 462	1 166	–	(1 106)	7 522
Leasehold improvements	42 747	14 479	–	(8 323)	48 903
	<b>112 341</b>	<b>43 926</b>	<b>(1 466)</b>	<b>(36 252)</b>	<b>118 549</b>

The useful lives of property, plant and equipment was revised during the year (refer to note 30).

	2024 R'000
Proceeds on disposal of property, plant and equipment	<b>1 834</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 2 Property, plant and equipment (continued)

2023	Cost	Accumulated depreciation	Carrying amount
	R'000	R'000	R'000
Computer equipment	68 118	(64 479)	3 639
Notebooks	129 809	(76 015)	53 794
Motor vehicles	7 705	(3 537)	4 168
Office equipment	4 820	(4 289)	531
Furniture and fittings	63 397	(55 935)	7 462
Leasehold improvements	69 650	(26 903)	42 747
	<b>343 499</b>	<b>(231 158)</b>	<b>112 341</b>

<i>The carrying amounts are reconciled as follows:</i>	Balance at the beginning of the year	Additions [1]	Disposals	Depreciation	Balance at the end of the year
	R'000	R'000	R'000	R'000	R'000
Computer equipment	7 620	2 610	(551)	(6 040)	3 639
Notebooks	50 195	32 992	(628)	(28 765)	53 794
Motor vehicles	4 306	–	–	(138)	4 168
Office equipment	1 348	703	(1 259)	(261)	531
Furniture and fittings	8 915	538	(150)	(1 841)	7 462
Leasehold improvements	52 429	2 852	–	(12 534)	42 747
	<b>124 813</b>	<b>39 695</b>	<b>(2 588)</b>	<b>(49 579)</b>	<b>112 341</b>

[1] Included in additions is R134 000 (2023: R2 278 000) accrued at year end but not yet paid.

	2023 R'000
Proceeds on disposal of property, plant and equipment	<b>971</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Intangible assets

	Cost	Accumulated amortisation	Carrying amount
	R'000	R'000	R'000
<b>2024</b>			
Computer software – purchased	29 824	(11 553)	18 271
Licenses	42 257	(34 503)	7 754
Intangible assets under development [2]	7 772	–	7 772
	<b>79 853</b>	<b>(46 056)</b>	<b>33 797</b>

	Balance at the beginning of the year	Additions	Disposals	Amortisation	Balance at the end of the year
	R'000	R'000	R'000	R'000	R'000
<i>The carrying amounts are reconciled as follows:</i>					
Computer software – purchased	10 211	10 516	–	(2 456)	18 271
Licenses	3 761	6 783	–	(2 790)	7 754
Intangible assets under development [2]	–	7 772	–	–	7 772
	<b>13 972</b>	<b>25 071</b>	<b>–</b>	<b>(5 246)</b>	<b>33 797</b>

- [2] The AGSA has been investing in digital transformation initiatives during the financial year, which include the acquisition and development of new computer software. These initiatives are aimed at replacing existing audit software and introducing new digital tools to enhance the AGSA's operations.

	Cost	Accumulated amortisation	Carrying amount
	R'000	R'000	R'000
<b>2023</b>			
Computer software – purchased	19 308	(9 097)	10 211
Licenses	35 474	(31 713)	3 761
	<b>54 782</b>	<b>(40 810)</b>	<b>13 972</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 3 Intangible assets (continued)

	Balance at the beginning of the year	Additions	Disposals	Amortisation	Balance at the end of the year
<i>The carrying amounts are reconciled as follows:</i>	R'000	R'000	R'000	R'000	R'000
Computer software – purchased	9 355	2 020	–	(1 164)	10 211
Licenses	4 363	–	–	(602)	3 761
	<b>13 718</b>	<b>2 020</b>	<b>–</b>	<b>(1 766)</b>	<b>13 972</b>

## 4 Right-of-use assets

	Cost	Accumulated depreciation	Carrying amount
<i>2024</i>	R'000	R'000	R'000
Office buildings	<b>621 385</b>	<b>(388 052)</b>	<b>233 333</b>

	Balance at the beginning of the year	New leases	Adjustments for lease modifications	Disposals	Depreciation	Balance at the end of the year
<i>The carrying amounts are reconciled as follows:</i>	R'000	R'000	R'000	R'000	R'000	R'000
Office buildings	<b>323 005</b>	<b>909</b>	<b>2 377</b>	<b>–</b>	<b>(92 958)</b>	<b>233 333</b>

	Cost	Accumulated depreciation	Carrying amount
<i>2023</i>	R'000	R'000	R'000
Office buildings	<b>628 793</b>	<b>(305 788)</b>	<b>323 005</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 4 Right-of-use assets (continued)

<i>The carrying amounts are reconciled as follows:</i>	Balance at the beginning of the year	New leases	Adjustments for lease modifications	Disposals	Depreciation	Balance at the end of the year
	R'000	R'000	R'000	R'000	R'000	R'000
Office buildings	401 940	20 238	809	–	(99 982)	323 005

The AGSA leases all the premises occupied by its head office and regionally based staff in the major centres of the country. The table below describes the nature of the AGSA's leasing activities by type of right-of-use asset recognised:

Office buildings	Remaining lease term	Extension option	Option to purchase	Variable payment linked to an index	Termination option
Eastern Cape	2 months	No	No	No	No
Free State	111 months	Yes	No	No	No
Gauteng	50 months	No	No	No	No
Head Office	23 months	Yes	No	No	No
KwaZulu-Natal	85 months	Yes	No	No	No
Limpopo	53 months	No	No	No	No
Mpumalanga	12 months	Yes	No	No	No
Northern Cape	53 months	No	No	No	No
North West	39 months	Yes	No	No	No
Western Cape	9 months	Yes	No	No	No

The Eastern Cape lease will be extended for a period of 3 months, whereafter a new building will be sourced. The Western Cape lease will be extended at the end of the current term.

The AGSA leases office equipment that are low-value assets. The lease payments are recognised in surplus or deficit on a straight-line basis over the period of the lease (refer to note 10).

# NOTES TO THE FINANCIAL STATEMENTS

	2024 R'000	2023 R'000
<b>5 Trade and other receivables</b>		
Trade receivables (refer to note 26.2)	1 165 305	1 080 003
Allowance for impairment of receivables [3]	<b>(231 807)</b>	<b>(219 642)</b>
Net trade receivables	933 498	860 361
Staff debtors	12 675	7 250
Prepayments	49 828	44 889
Other debtors	207	211
Balance at the end of the year (refer to note 26.3)	<b>996 208</b>	<b>912 711</b>
[3] Allowance for impairment of receivables		
Balance at the beginning of the year	(219 642)	(213 322)
Amount written off during the year	3 785	18 213
Adjustment of allowance for impairment of receivables (refer to note 22.3)	(15 950)	(24 533)
Balance at the end of the year (refer to note 26.2)	<b>(231 807)</b>	<b>(219 642)</b>

In determining the recoverability of trade receivables, the AGSA considered the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

## 6 Cash and cash equivalents

Investment reserved for specific liabilities [4]	219 627	189 830
Overnight call account	259 942	35 058
Notice deposits	228 580	209 262
Current bank account	446 354	272 379
Balance at the end of the year (refer to notes 26.3 and 26.4)	<b>1 154 503</b>	<b>706 529</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 6 Cash and cash equivalents (continued)

	2024	2023
	R'000	R'000
[4] Investment reserved for specific liabilities		
The liabilities covered by this investment include the following:		
Post-retirement medical care benefits (refer to note 11) [5]	12 001	12 904
13th cheque accrual (refer to note 13) [6]	8 393	8 424
Leave pay accrual (refer to note 13) [7]	177 908	190 010
Repayment to former TBVC states employees – deductions of salary over-payments	195	195
	<b>198 497</b>	<b>211 533</b>

[5] The future service liability for post-retirement medical care benefits totalling R177 000 (2023: R222 000) is not included in the investment reserved for specific liabilities. Future service costs are recognised when the services are delivered by the employees during the employment terms.

[6] Employees have the option of structuring their packages to include a 13th cheque (equal to one month's basic salary) that is paid in their birthday month. The accrual relates to the bonus portion of the packages due to employees at 31 March 2024.

[7] Only R136 620 581 (2023: R139 769 673) of the leave pay accrual is ringfenced through the investment reserved for specific liabilities. The balance of R41 287 074 (2023: R50 240 388) is covered through the current account as this can be encashed within the current year.

## 7 General reserve

Balance at the beginning of the year	863 621	823 366
Transfer of accumulated surplus to general reserve (refer to note 9)	263 161	40 255
Balance at the end of the year	<b>1 126 782</b>	<b>863 621</b>

Accumulated surplus that was recommended by the Standing Committee on the Auditor-General (Scoag) and approved by Parliament (in terms of section 38(4) of the PAA) to be retained for working capital, capital investment programmes on the digitisation of the AGSA and general reserve requirements of the AGSA.



# NOTES TO THE FINANCIAL STATEMENTS

	2024 R'000	2023 R'000
<b>8 Special audit services reserve</b>		
Balance at the beginning and end of the year	<b>4 964</b>	<b>4 964</b>
<p>A fund set aside to finance special investigations or audits, for which the AGSA may be unable to recover the costs from a specific auditee. The former audit commission instructed that the reserve should not be increased before further guidance is provided by Scoag, established in terms of section 55(2)(b)(ii) of the Constitution.</p>		
<b>9 Accumulated surplus</b>		
Balance at the beginning of the year	263 161	40 255
Transfer of accumulated surplus to general reserve (refer to note 7)	(263 161)	(40 255)
Total comprehensive surplus for the year	370 256	263 161
Balance at the end of the year	<b>370 256</b>	<b>263 161</b>
<b>10 Lease liabilities</b>		
<b>Maturity analysis of future lease payments (discounted)</b>		
Due within one year	132 642	133 858
Between one and five years	238 204	341 479
More than five years	69 908	98 836
<b>Total future lease payments</b> (refer to note 26.4)	<b>440 754</b>	<b>574 173</b>
Total future finance costs	(96 453)	(137 922)
<b>Lease liabilities</b> (refer to notes 26.3 and 26.4)	<b>344 301</b>	<b>436 251</b>
Non-current portion	243 483	343 918
Current portion	100 818	92 333
<b>Expenses related to leases</b>		
Low-value lease expense – recognition exemption	–	–

The AGSA elected the recognition exemption on low-value leases of office equipment (refer to note 4).

# NOTES TO THE FINANCIAL STATEMENTS

		2024	2023
		R'000	R'000
<b>10</b>	<b>Lease liabilities (continued)</b>		
	<b>Total cash outflows relating to leases</b>		
	<b>Presented under financing activities</b>		
	Cash payments for capital portion of lease liabilities	96 319	87 071
	<b>Presented under operating activities</b>		
	Cash payments for interest portion of lease liabilities	40 644	49 231
	Cash payments for low-value leases	–	–
	<b>Total cash outflow relating to leases</b>	<b>136 963</b>	<b>136 302</b>

The AGSA leases all the premises occupied by its head office and regionally based staff in the major centres of the country. The table below describes the nature of the AGSA's leasing activities by type of right-of-use asset recognised:

Office buildings	Remaining lease term	Extension option	Option to purchase	Variable payment linked to an index	Termination option
Eastern Cape	2 months	No	No	No	No
Free State	111 months	Yes	No	No	No
Gauteng	50 months	No	No	No	No
Head Office	23 months	Yes	No	No	No
KwaZulu-Natal	85 months	Yes	No	No	No
Limpopo	53 months	No	No	No	No
Mpumalanga	12 months	Yes	No	No	No
Northern Cape	53 months	No	No	No	No
North West	39 months	Yes	No	No	No
Western Cape	9 months	Yes	No	No	No

The incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 11,15%. The incremental borrowing rates for new leases and lease modifications entered into after initial recognition are as follows:

2020-21 financial year – between 6,95% and 10,16%

2021-22 financial year – between 5,83% and 5,94%

2022-23 financial year – between 7,55% and 10,91%

2023-24 financial year – between 10,66% and 11,31%



# NOTES TO THE FINANCIAL STATEMENTS

	2024 R'000	2023 R'000
<b>11 Post-retirement benefit obligation</b>		
Post-retirement medical care benefits	<b>12 001</b>	<b>12 904</b>
<b>The liability is reconciled as follows:</b>		
Balance at the beginning of the year	12 904	48 963
Current year provision	263	(34 056)
Current service costs	32	222
Actuarial gain	(1 155)	(3 426)
Remeasurements due to experience adjustments	(772)	(1 496)
Remeasurements due to financial assumptions	(383)	(1 930)
Interest expense adjustment on retirement benefit obligations (refer to note 21)	1 478	3 193
Effect of settlement	(92)	(35 159)
Loss of settlement	–	1 114
Less: Payments made	(1 166)	(2 003)
Balance at the end of the year (refer to note 6)	<b>12 001</b>	<b>12 904</b>
Non-current portion	10 923	11 808
Current portion	1 078	1 096
	<b>12 001</b>	<b>12 904</b>

The obligation in respect of the medical care contributions for post-retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was performed as at 31 March 2024 by Alexander Forbes Financial Services (Pty) Ltd using the projected unit credit method.

The valuation is based on the following most recent principal actuarial assumptions:

The discount rate reflects the timing of benefit payments and is based on market bond yields	13,4%	12,0%
Subsidy increase rate (based on the inflation rate)	7,4%	6,4%
Expected retirement age	63	63
Number of continuation members	94	95
Average age of continuation members	75,0	74,0
Percentage continuation members married	45%	47%
Number of in-service members	9	10
Average age of in-service members	54,5	53,8
Percentage in-service members married	90%	90%
Average years of past service of in-service members	31,7	30,8

# NOTES TO THE FINANCIAL STATEMENTS

## 11 Post-retirement benefit obligation (continued)

### Sensitivity analysis

Below is the recalculated liability, as per the actuarial report, showing the effect of:

A one percentage point decrease or increase in the discount rate;

A one percentage point decrease or increase in the inflation rate;

A one-year decrease or increase in the expected retirement age.

#### 2024

Discount rate	Assumption 13,40%	-1%	+1%
Accrued liability 31 March 2024 (R'000)	12 001	13 004	11,133
% change		8,4%	-7,2%

Inflation rate	Assumption 7,40%	+1%	-1%
Accrued liability 31 March 2024 (R'000)	12 001	13 000	11,126
% change		8,3%	-7,3%

Expected retirement age	Assumption 63 years	1 year younger	1 year older
Accrued liability 31 March 2024 (R'000)	12 001	12 075	11,934
% change		0,6%	-0,6%

#### 2023

Discount rate	Assumption 12,00%	-1%	+1%
Accrued liability 31 March 2023 (R'000)	12 904	14 053	11,916
% change		8,9%	-7,7%

Inflation rate	Assumption 6,40%	+1%	-1%
Accrued liability 31 March 2023 (R'000)	12 904	14 048	11,909
% change		8,9%	-7,7%

Expected retirement age	Assumption 63 years	1 year younger	1 year older
Accrued liability 31 March 2023 (R'000)	12 904	12 983	12,832
% change		0,6%	-0,6%



# NOTES TO THE FINANCIAL STATEMENTS

	2024 R'000	2023 R'000
<b>12 Provisions</b>		
<b>Reinstatement cost [8]</b>		
Opening balance	23 532	22 478
Provision raised	–	1 054
Payments made	(528)	–
Provision reversal	(1 300)	–
Closing balance	<b>21 704</b>	<b>23 532</b>
Non-current portion	19 791	19 790
Current portion	1 913	3 742
	<b>21 704</b>	<b>23 532</b>

[8] Provision for reinstatement costs relating to the AGSA's leased premises.

<b>13 Trade and other payables</b>		
Trade payables [9]	31 879	41 144
Accruals	56 941	120 794
Deferred compensation [10]	5 373	3 708
13th cheque accrual (refer to note 6)	8 394	8 424
Leave pay accrual (refer to note 6)	177 908	190 010
Performance bonus accrual	261 797	–
Staff creditors	3 197	1 576
VAT and PAYE	110 893	98 469
Balance at the end of the year (refer to notes 26.3 and 26.4)	<b>656 382</b>	<b>464 125</b>
Non-current portion	5 373	3 708
Current portion	651 009	460 417
	<b>656 382</b>	<b>464 125</b>

[9] Ageing of trade payables:



# NOTES TO THE FINANCIAL STATEMENTS

## 13 Trade and other payables (continued)

	Total	Current	30-60	60-90	90-120	120+
2024	R'000	R'000	R'000	R'000	R'000	R'000
Trade payables	31 879	16 766	8 616	2 394	1 293	2 810
<b>2023</b>						
Trade payables	41 144	17 005	15 657	2 587	3 324	2 571

[10] The Auditor-General is entitled to a termination benefit (deferred compensation) at the completion of her term. The deferred compensation is accrued over the 7-year term, based on past service.

## 14 Revenue

	2024	2023
	R'000	R'000
Local services rendered [11]	4 848 614	4 582 578
Own hours	3 967 587	3 501 771
Contract work recoverable (refer to note 16)	659 517	887 194
Subsistence and travel recoverable (refer to note 17)	221 510	193 613
International services rendered [12]	1 912	–
Own hours	1 293	–
Contract work recoverable (refer to note 16)	55	–
Subsistence and travel recoverable (refer to note 17)	564	–
	<b>4 850 526</b>	<b>4 582 578</b>

[11] The amount of revenue invoiced but not recognised for the current period is R5 437 000 (2023: R15 905 000) and R34 436 000 (2023: R25 754 000) income previously not recognised was recovered and included in revenue in the current period.

[12] International income relates to the International Centre For Genetic Engineering And Biotechnology (ICGEB), African Organization Of Public Accounts Committees (Afropac) and United Nations Educational, Scientific and Cultural Organization (Unesco) audits.



# NOTES TO THE FINANCIAL STATEMENTS

	2024 R'000	2023 R'000
<b>15 Staff cost</b>		
Management salaries (refer to note 25.1)	40 493	34 907
Other non-recoverable staff salaries	697 079	598 251
Other staff expenditure	307 609	53 408
Performance bonus [13]	256 960	(4 011)
Group life scheme	38 758	46 206
Other employer contributions	11 891	11 213
Course fees and study assistance	86 916	111 580
Adjustment of leave pay accrual	64 075	78 792
Incentive on settlement of post-retirement obligation	19	7 032
<b>Total non-recoverable staff cost</b>	<b>1 196 191</b>	<b>883 970</b>
Recoverable staff cost (part of direct audit cost)	2 054 714	1 921 080
<b>Total staff cost</b>	<b>3 250 905</b>	<b>2 805 050</b>
Average number of staff	3 818	3 727

[13] This amount excludes the performance bonus of R5 million for key management personnel, which is included under management salaries (refer to note 25.1)

## 16 Contract work

Contract work recoverable (refer to note 14)	659 572	887 194
Contract work non-recoverable	(10 997)	13 598
	<b>648 575</b>	<b>900 792</b>

This represents work done by external audit firms on behalf of the AGSA. Work is allocated to audit firms based on a tender process. No mark-up is applied to contract work.

# NOTES TO THE FINANCIAL STATEMENTS

	2024 R'000	2023 R'000
<b>17 Subsistence and travel</b>		
Subsistence and travelling recoverable (refer to note 14)	<b>222 074</b>	<b>193 613</b>
<p>This represents subsistence and travel cost of AGSA staff while performing their duties. No mark-up is applied to subsistence and travel.</p>		
<b>18 Government grant and other income</b>		
Government grant received [14]	43 478	43 478
Sundry income [15]	874	498
Profit on sale of property, plant and equipment (refer to note 22.3)	365	–
Gain on lease modification [16]	–	3 299
	<b>44 717</b>	<b>47 275</b>

[14] Non-refundable grant received from National Treasury to assist with the implementation cost of the revised PAA which has already been incurred.

[15] Sundry income consist mainly of income from the AGSA's gift shop.

[16] The gain on lease modification relates to the reduction of the extension period for the Mpumalanga lease.



# NOTES TO THE FINANCIAL STATEMENTS

	2024	2023
	R'000	R'000
<b>19 Other operational expenditure</b>		
Auditor's remuneration – statutory audit services	5 211	5 044
Adjustment of allowance for impairment of receivables (refer to notes 5 and 22.3) [17]	–	24 533
Fruitless and wasteful expenditure (refer to note 20)	–	130
Governance costs	2 074	1 984
ICT services	115 794	107 580
Internal audit fees	3 423	2 568
Legal costs	15 932	13 056
Loss on disposal of property, plant and equipment (refer to note 22.3)	–	1 617
Service costs – land and buildings	36 310	32 291
Low-value leases – office equipment	3 202	2 621
Other operational expenses (excluding staff cost)	26 166	19 787
Publications	2 072	1 868
Refreshments	4 508	3 707
Repairs and maintenance	15 586	11 053
Bank charges	604	517
Labour and staff relations	872	896
Insurance	2 524	1 746
Outsourced services	47 863	55 240
Recruitment costs	22 327	20 219
Stakeholder relations	30 592	30 671
Stationery and printing	3 774	5 268
Subsistence and travelling non-audit	43 093	34 932
Telephone and postage	11 492	10 734
	<b>367 253</b>	<b>368 275</b>

[17] The adjustment of allowance for impairment of receivables has been moved to the face of the statement of surplus or deficit and other comprehensive income.

## 20 Fruitless and wasteful expenditure

Salary payment into fraudulent bank account (refer to note 19)

–                      **130**

# NOTES TO THE FINANCIAL STATEMENTS

	2024 R'000	2023 R'000
<b>21 Interest</b>		
<b>Interest income</b>		
Interest income on bank and investments	77 172	39 796
Interest on overdue debtors accounts – received	8 789	9 702
	85 961	49 498
Interest on overdue debtors accounts – accrued	69 264	53 216
	<b>155 225</b>	<b>102 714</b>
<b>Interest expense</b>		
Interest on lease liabilities	(40 644)	(49 231)
Interest on overdue accounts	–	(15)
	(40 644)	(49 246)
Interest expense adjustment on retirement benefit obligations (refer to note 11)	(1 478)	(3 193)
	<b>(42 122)</b>	<b>(52 439)</b>
<b>22 Notes to the cash flow statement</b>		
<b>22.1 Cash receipts from auditees</b>		
Revenue	4 850 526	4 582 578
Net (increase) / decrease in trade receivables	(19 823)	14 892
	<b>4 830 703</b>	<b>4 597 470</b>
<b>22.2 Total direct audit cost payments</b>		
Direct audit cost	(2 925 363)	(3 015 485)
Net decrease in trade payables	(22 254)	(77 359)
	<b>(2 947 617)</b>	<b>(3 092 844)</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 22 Notes to the cash flow statement (continued)

	2024	2023
	R'000	R'000
<b>22.3 Operational expenditure payments</b>		
Surplus for the year	369 101	259 735
Adjusted for:		
Revenue	(4 850 526)	(4 582 578)
Direct audit cost	2 925 363	3 015 485
Interest income	(155 225)	(102 714)
Interest expense	42 122	52 439
Depreciation – property, plant and equipment	36 252	49 579
Depreciation – right-of-use assets	92 958	99 982
Amortisation – intangible assets	5 246	1 766
Increase in allowance for impairment of receivables (refer to notes 5)	15 950	24 533
Decrease in 13th cheque accrual	(30)	(240)
(Decrease) / increase in leave pay accrual	(12 102)	11 049
Increase / (decrease) in performance bonus accrual	261 797	(269 692)
Decrease in liability for post-retirement medical care benefits	(1 226)	(35 826)
(Decrease) / increase in accruals	(52 549)	52 990
(Profit) / loss on the disposal of property, plant and equipment (refer to notes 18 and 19)	(365)	1 617
	<b>(1 323 234)</b>	<b>(1 421 875)</b>
Other working capital changes	8 431	(13 932)
(Increase) / decrease in other receivables	(10 360)	(13 862)
Decrease in other payables	18 791	(70)
	<b>(1 314 803)</b>	<b>(1 435 807)</b>
<b>23 Notebook losses</b>		
Notebook computers stolen and written off at the carrying amount: 83 (2023: 42)	<b>673</b>	<b>274</b>

The AGSA policy is to self-insure notebook computers as this has proven to be more economical.

# NOTES TO THE FINANCIAL STATEMENTS

## 24 Commitments

### 24.1 Other commitments

#### Thuthuka

The AGSA has committed to fund 135 undergraduate students for a period of three years while they complete their studies, at a rate per student that is determined every year by the Thuthuka Bursary Fund trustees and on condition that the AGSA can stop its financial contribution by written notice. As the rate per student is determined yearly, the commitment cannot be quantified; however, the yearly commitment at current rates amounts to R16 057 170 (135 students x R118 942 per student).

#### External bursaries

External bursaries are awarded annually to full-time students for undergraduate and postgraduate studies until they complete the qualification and on condition that all subjects are passed. Failed subjects are repeated at the student's own expense. If a student fails repeatedly, the bursary agreement is terminated and the amounts advanced must be repaid to the AGSA, or in certain instances redeemed through employment at the AGSA if the student already has a degree. Due to the uncertainties around the varying costs of studies across the universities and the pass rate, the amount cannot be quantified, but will be managed within the budgeted amount of R5 767 895 for approximately 45 students for the 2024-25 financial year.

	2024 R'000	2023 R'000
<b>24.2 Capital commitments</b>		
Approved and contracted [18]	295 413	-
Source of funding		
Internal resources	295 413	-

[18] Property, plant and equipment and intangible assets approved and contracted for in 2023-24, for implementation in the 2024-25 financial year.



# NOTES TO THE FINANCIAL STATEMENTS

## 25 Related parties

Transactions with related parties are on an arm's length basis at market-related prices.

### 25.1 Key management personnel compensation

Total short-term, long-term and termination benefits paid to management.

2024				Short-term benefits	Long term benefits		
Position	Name	Appoint-ment date	Term end date	Gross remuneration R'000	Perfor-mance bonus R'000	Deferred compen-sation R'000	Total remuneration R'000
Auditor-General	T Maluleke	1 Dec 2020		5 552	–	1 665	7 217
Deputy Auditor-General	V Chauke	1 Jul 2021		4 962	1 488	–	6 450
Head of Audit National	SS Ngoma	1 Jun 2021		4 079	816	–	4 895
Head of Audit Provincial	MM Sedikela	1 Jun 2021		4 079	–	–	4 079
Head of Specialised Audits	T Mahlamvu	1 Jan 2024		1 200	–	–	1 200
Chief Financial Officer	P Sokombela	1 Mar 2022		3 087	617	–	3 704
Chief People Officer	L Miyambu	1 Apr 2023		4 200	642	–	4 842
Chief Risk Officer	MS Segooa	1 Jul 2021		3 605	721	–	4 326
Chief Technology Officer	P Ndarana	1 Jun 2022		3 150	630	–	3 780
Total management compensation				<b>33 914</b>	<b>4 914</b>	<b>1 665</b>	<b>40 493</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 25 Related parties (continued)

### 25.1 Key management personnel compensation (continued)

2023				Short-term benefits		Long term benefits	
Position	Name	Appoint-ment date	Term end date	Gross remuneration R'000	Performance bonus R'000	Deferred compensation R'000	Total remuneration R'000
Auditor-General	T Maluleke	1 Dec 2020		5 432	–	1 629	7 061
Deputy Auditor-General	V Chauke	1 Jul 2021		4 725	–	–	4 725
Head of Audit National	SS Ngoma	1 Jun 2021		3 885	–	–	3 885
Head of Audit Provincial	MM Sedikela	1 Jun 2021		3 885	–	–	3 885
Corporate Executive [19]	JH v Schalkwyk	1 Nov 2010		3 434	–	–	3 434
Head of Specialised Audits	SL Ndaba	1 Jul 2018	31 Aug 2022	1 484	–	–	1 484
Chief Financial Officer	P Sokombela	1 Mar 2022		2 940	–	–	2 940
Chief People Officer	MM Mabaso	1 Aug 2016	27 Sep 2022	1 559	–	–	1 559
Chief Risk Officer	MS Segooa	1 Jul 2021		3 434	–	–	3 434
Chief Technology Officer	P Ndarana	1 Jun 2022		2 500	–	–	2 500
Total management compensation				<b>33 278</b>	<b>–</b>	<b>1 629</b>	<b>34 907</b>

[19] The corporate executive, JH van Schalkwyk, is now part of the leadership committee and does not form part of the executive committee.



# NOTES TO THE FINANCIAL STATEMENTS

## 25 Related parties (continued)

### 25.2 Members of governing boards

Total board fees paid to members of governing boards

Name	Role	Appointment date	Term end date	2024	2023
				R'000	R'000
Mr J Biesman-Simons	Audit Committee	17 Mar 2014	31 Oct 2022	–	364
Ms G Motau	Audit Committee	1 Nov 2022		293	208
Ms CL Roskrige	Audit Committee	17 Mar 2016		323	293
Mr C Mampuru	Audit Committee	1 Dec 2018		323	334
Ms T Maluleke	Quality Control Assessment Committee	1 Jun 2021		–	–
Ms L de Beer	Quality Control Assessment Committee	1 Apr 2015		29	42
Mr J Biesman-Simons	Quality Control Assessment Committee	1 Apr 2013	28 Jun 2022	–	42
Mr V Chauke	Quality Control Assessment Committee	1 Jun 2022		–	–
Ms G Motau	Quality Control Assessment Committee	1 Nov 2022		76	–
Mr Z Wadee	Quality Control Assessment Committee	1 Sep 2023		81	–
Dr M Bussin	Remuneration Committee	17 Mar 2014	30 Jun 2022	–	10
Ms M Nkeli	Remuneration Committee	1 Mar 2021		–	–
Mr B Nkomo	Remuneration Committee	17 Mar 2014	30 Jun 2022	–	5
Ms M Tlhabane	Remuneration Committee	19 May 2020	30 Jun 2022	–	–
Mr VES Cele	Remuneration Committee	1 Aug 2023		121	–
Ms N Samodien	Remuneration Committee	17 Mar 2014		161	13
Mr V Chauke	Remuneration Committee	1 Jul 2021		–	–
Ms T Fubu	Remuneration Committee	1 Jun 2022		174	96
				<b>1 581</b>	<b>1 407</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 26 Financial instruments

The carrying amount of financial assets and liabilities reasonably approximate their fair value due to the short-term nature of the financial instruments.

### 26.1 Market risk

#### Interest rate risk management

The exposure to changes in interest rates relates primarily to the AGSA's current and investment accounts.

#### Interest rate sensitivity

Below are the recalculated financial assets and liabilities showing the effect of:

A one percentage point decrease or increase in the current account interest rate

A one percentage point decrease or increase in the investment account interest rates

#### 2024

Current and investment accounts interest rates	Current balance	+1%	-1%
Net surplus (R'000)	370 256	380 458	360 172
% change		2,8%	-2,7%
Current bank and investment accounts balances (R'000)	1 154 503	1 164 705	1 144 419
% change		0,9%	-0,9%

#### 2023

Current and investment accounts interest rates	Current balance	+1%	-1%
Net surplus (R'000)	263 161	270 138	256 077
% change		2,7%	-2,7%
Current bank and investment accounts balances (R'000)	706 529	713 506	699 445
% change		1,0%	-1,0%



# NOTES TO THE FINANCIAL STATEMENTS

## 26 Financial instruments (continued)

### 26.2 Credit risk

Financial assets that potentially subject the AGSA to concentrations of credit risk consist principally of cash and short-term deposits placed with financial institutions that have the following national short-term credit ratings:

Financial institution	2024 (2023)		
	Fitch	Moody's	S&P
Standard Bank	F1+ (F1+)	P-1 (P-1)	A-1+ (A-1+)
Investec	F1+ (F1+)	P-1 (P-1)	A-1+ (A-1+)
Nedbank	F1+ (F1+)	P-1 (P-1)	A-1+ (A-1+)
First National Bank	F1+ (F1+)	P-1 (P-1)	A-1+ (A-1+)
ABSA	F1+ (F1+)	P-1 (P-1)	A-1+ (A-1+)

Trade receivables are presented net of the allowance for impairment. Credit risk with respect to trade receivables is limited to some degree due to the AGSA's constitutionally conferred audit mandate. However, the AGSA has a significant concentration of credit risk with local government debtors.

All financial assets are unsecured. The carrying amount of financial assets included in the statement of financial position represents the AGSA's exposure to credit risk in relation to these assets.

# NOTES TO THE FINANCIAL STATEMENTS

## 26 Financial instruments (continued)

### 26.2 Credit risk (continued)

#### AGSA expected credit loss rates 2023-24

	Current	30 days	60 days	90 days	120 days	150 days	180 days	181+ days
National	1%	7%	36%	75%	50%	51%	51%	100%
Provincial								
Local	2%	5%	18%	35%	41%	48%	52%	100%
Local municipality	16%	27%	39%	47%	46%	52%	59%	100%
District municipality	4%	7%	13%	21%	25%	32%	41%	100%
Metro	6%	15%	57%	100%	50%	50%	50%	100%
Statutory	5%	11%	27%	40%	40%	44%	46%	100%
Other debtors	4%	10%	25%	37%	40%	47%	55%	100%
Non audit debtors	100%	100%	100%	100%	86%	87%	87%	100%

#### AGSA expected credit loss rates 2022-23

	Current	30 days	60 days	90 days	120 days	150 days	180 days	181+ days
National	1%	5%	28%	61%	45%	45%	45%	100%
Provincial								
Local	2%	5%	19%	34%	36%	43%	47%	100%
Local municipality	16%	27%	39%	46%	46%	53%	61%	100%
District municipality	4%	8%	15%	24%	24%	29%	38%	100%
Metro	2%	8%	45%	80%	45%	45%	45%	100%
Statutory	6%	12%	28%	43%	45%	49%	51%	100%
Other debtors	4%	10%	24%	34%	37%	44%	52%	100%
Non audit debtors	95%	100%	100%	100%	83%	84%	84%	100%



# NOTES TO THE FINANCIAL STATEMENTS

## 26 Financial instruments (continued)

### 26.2 Credit risk (continued)

An analysis of the ageing of trade receivables that are 30 days and over is as follows:

<b>2024 Debtor type</b>	<b>Total</b>	<b>Current</b>	<b>30 – 120</b>	<b>120 – 180</b>	<b>180+</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
National	88 110	83 729	3 408	196	777
Provincial	167 498	158 140	6 103	911	2 344
Local	488 455	111 612	140 954	65 622	170 267
Local municipality	424 487	73 275	129 895	57 668	163 649
District municipality	20 695	5 894	7 310	4 537	2 954
Metro	43 273	32 443	3 749	3 417	3 664
Statutory	51 152	28 698	2 094	5 168	15 192
Other [20]	370 090	185 300	29 030	25 057	130 703
Total trade receivables (refer to note 5)	<b>1 165 305</b>	<b>567 479</b>	<b>181 589</b>	<b>96 954</b>	<b>319 283</b>

<b>2023 Debtor type</b>	<b>Total</b>	<b>Current</b>	<b>30 – 120</b>	<b>120 – 180</b>	<b>180+</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
National	85 523	82 831	2 686	–	6
Provincial	154 453	145 672	3 372	–	5 409
Local	487 497	87 343	165 058	73 000	162 096
Local municipality	426 380	57 275	145 729	64 908	158 468
District municipality	26 692	14 274	8 546	2 885	987
Metro	34 425	15 794	10 783	5 207	2 641
Statutory	65 987	35 693	2 529	5 130	22 635
Other [20]	286 543	170 311	13 443	7 004	95 785
Total trade receivables (refer to note 5)	<b>1 080 003</b>	<b>521 850</b>	<b>187 088</b>	<b>85 134</b>	<b>285 931</b>

R597 826 000 (2023: R558 153 000) of receivables, comprising 51,3% (2023: 51,7%) of total receivables, are in arrears. Local government debtors' arrears is R376 843 000 (2023: R400 154 000), which is 63,0% (2023: 71,7%) of total arrears and 32,3% (2023: 37,1%) of total receivables.

# NOTES TO THE FINANCIAL STATEMENTS

## 26 Financial instruments (continued)

### 26.2 Credit risk (continued)

#### Financial assets subject to credit risk

2024 Debtor type	Trade receivables	Allowance for impairment of receivables	Net trade receivables
	R'000	R'000	R'000
National	88 110	(1 063)	87 047
Provincial	167 498	(7 975)	159 523
Local	488 455	(132 217)	356 238
Local municipality	424 487	(127 578)	296 909
District municipality	20 695	(3 147)	17 548
Metro	43 273	(1 492)	41 781
Statutory	51 152	(7 207)	43 945
Other [20]	370 090	(83 345)	286 745
	<b>1 165 305</b>	<b>(231 807)</b>	<b>933 498</b>

2023 Debtor type	Trade receivables	Allowance for impairment of receivables	Net trade receivables
	R'000	R'000	R'000
National	85 523	(1 623)	83 900
Provincial	154 453	(9 185)	145 268
Local	487 497	(140 862)	346 635
Local municipality	426 380	(132 038)	294 342
District municipality	26 692	(4 326)	22 366
Metro	34 425	(4 498)	29 927
Statutory	65 987	(368)	65 619
Other [20]	286 543	(67 604)	218 939
	<b>1 080 003</b>	<b>(219 642)</b>	<b>860 361</b>

[20] Other receivables include unlisted public entities, municipal entities and utility agency corporations.



# NOTES TO THE FINANCIAL STATEMENTS

## 26 Financial instruments (continued)

### 26.3 Liquidity risk

Liquidity risk is the risk that the AGSA will not be able to meet its financial obligations as they fall due.

The AGSA has adequate cash balances at its disposal and minimal long-term debt, which limits liquidity risk. Budgets and cash flow forecasts are prepared annually to ensure liquidity risks are monitored and controlled.

Maturity profile of financial instruments	Within 1 year	1 to 5 years	Later than 5 years	Total
2024	R'000	R'000	R'000	R'000
<b>Assets</b>				
Trade and other receivables (refer to note 26.4)	946 380	–	–	946 380
Total trade and other receivables (refer to note 5)	996 208	–	–	996 208
Prepayments	(49 828)	–	–	(49 828)
Cash (refer to notes 6 and 26.4)	1 154 503	–	–	1 154 503
Current account	446 354	–	–	446 354
Overnight call account	259 942	–	–	259 942
Notice deposits	448 207	–	–	448 207
<b>Total financial assets</b>	<b>2 100 883</b>	<b>–</b>	<b>–</b>	<b>2 100 883</b>
<b>Liabilities</b>				
Lease liabilities (refer to note 10)	100 818	183 404	60 079	344 301
Trade and other payables (refer to note 26.4)	362 208	–	5 373	367 581
Total trade and other payables (refer to note 13)	651 009	–	5 373	656 382
Leave pay accrual	(177 908)	–	–	(177 908)
VAT and PAYE	(110 893)	–	–	(110 893)
<b>Total financial liabilities</b>	<b>463 026</b>	<b>183 404</b>	<b>65 452</b>	<b>711 882</b>
<b>Net financial assets</b>	<b>1 637 857</b>	<b>(183 404)</b>	<b>(65 452)</b>	<b>1 389 001</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 26 Financial instruments (continued)

### 26.3 Liquidity risk (continued)

2023	Within 1 year R'000	1 to 5 years R'000	Later than 5 years R'000	Total R'000
<b>Assets</b>				
Trade and other receivables (refer to note 26.4)	867 822	–	–	867 822
Total trade and other receivables (refer to note 5)	912 711	–	–	912 711
Prepayments	(44 889)	–	–	(44 889)
Cash (refer to notes 6 and 26.4)	706 529	–	–	706 529
Current account	272 379	–	–	272 379
Overnight call account	35 058	–	–	35 058
Notice deposits	399 092	–	–	399 092
<b>Total financial assets</b>	<b>1 574 351</b>	<b>–</b>	<b>–</b>	<b>1 574 351</b>
<b>Liabilities</b>				
Lease liabilities (refer to note 10)	92 333	262 714	81 204	436 251
Trade and other payables (refer to note 26.4)	171 938	–	3 708	175 646
Total trade and other payables (refer to note 13)	460 417	–	3 708	464 125
Leave pay accrual	(190 010)	–	–	(190 010)
VAT and PAYE	(98 469)	–	–	(98 469)
<b>Total financial liabilities</b>	<b>264 271</b>	<b>262 714</b>	<b>84 912</b>	<b>611 897</b>
<b>Net financial assets</b>	<b>1 310 080</b>	<b>(262 714)</b>	<b>(84 912)</b>	<b>962 454</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 26 Financial instruments (continued)

### 26.4 Classification of financial instruments

Line items presented in the statement of financial position summarised per category of financial instrument

2024

<i>Financial assets</i>	Loans and receivables R'000	Non- financial assets R'000	Total R'000
<i>Financial assets measured at amortised cost</i>			
Trade and other receivables (refer to note 26.3)	946 380	49 828	996 208
Cash and cash equivalents (refer to notes 6 and 26.3)	1 154 503	–	1 154 503
	<b>2 100 883</b>	<b>49 828</b>	<b>2 150 711</b>

<i>Financial liabilities</i>	Financial liabilities R'000	Non- financial liabilities R'000	Total R'000
<i>Financial liabilities measured at amortised cost</i>			
Lease liabilities (refer to note 10)	344 301	–	344 301
Trade and other payables (refer to notes 13 and 26.3)	367 581	288 801	656 382
	<b>711 882</b>	<b>288 801</b>	<b>1 000 683</b>

2023

<i>Financial assets</i>	Loans and receivables R'000	Non- financial assets R'000	Total R'000
<i>Financial assets measured at amortised cost</i>			
Trade and other receivables (refer to note 26.3)	867 822	44 889	912 711
Cash and cash equivalents (refer to notes 6 and 26.3)	706 529	–	706 529
	<b>1 574 351</b>	<b>44 889</b>	<b>1 619 240</b>

<i>Financial liabilities</i>	Financial liabilities R'000	Non- financial liabilities R'000	Total R'000
<i>Financial liabilities measured at amortised cost</i>			
Lease liabilities (refer to note 10)	436 251	–	436 251
Trade and other payables (refer to notes 13 and 26.3)	175 646	288 479	464 125
	<b>611 897</b>	<b>288 479</b>	<b>900 376</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 26 Financial instruments (continued)

### 26.4 Classification of financial instruments (continued)

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities is as follows:

<i>Minimum lease payments due</i>	Within 1 year	1 to 5 years	Later than 5 years
<b>2024</b>			
Lease payments (refer to note 10)	132 642	238 204	69 908
Finance charges	(31 824)	(54 800)	(9 829)
Net present value	<b>100 818</b>	<b>183 404</b>	<b>60 079</b>
<b>2023</b>			
Lease payments (refer to note 10)	133 858	341 479	98 836
Finance charges	(41 525)	(78 765)	(17 632)
Net present value	<b>92 333</b>	<b>262 714</b>	<b>81 204</b>

## 27 Taxation

No provision is made for income tax as the AGSA is exempt in terms of section 10(1)(cA)(i) of the Income Tax Act 58 of 1962.

## 28 Events after the reporting period

No other matters or circumstances arose after the end of the financial year and up to the date of the signing of these financial statements that will materially affect these financial statements.

## 29 Going concern

Based on the AGSA's cash flow forecast for the next 12 months to 31 July 2025 and the year to date performance, the AGSA will continue to operate as a going concern for the foreseeable future.



# NOTES TO THE FINANCIAL STATEMENTS

## 30 Comparative information

The classification of intangible assets were restated for better presentation. The effect of the reclassification in the prior year was as follows:

Effect in the notes Intangible assets (note 3)	2023					
	Restated			Originally disclosed		
	Cost	Accumulated amortisation	Carrying amount	Cost	Accumulated amortisation	Carrying amount
2023	R'000	R'000	R'000	R'000	R'000	R'000
Enterprise resource management system – PeopleSoft				17 288	(9 077)	8 211
Computer software – purchased	19 308	(9 097)	10 211			
Licenses	35 474	(31 713)	3 761	37 494	(31 733)	5 761
	<b>54 782</b>	<b>(40 810)</b>	<b>13 972</b>	<b>54 782</b>	<b>(40 810)</b>	<b>13 972</b>

	Restated				
	Balance at the beginning of the year	Additions	Disposals	Amortisation	Balance at the end of the year
<i>The carrying amounts are reconciled as follows:</i>	R'000	R'000	R'000	R'000	R'000
Computer software – purchased	9 355	2 020	–	(1 164)	10 211
Licenses	4 363	–	–	(602)	3 761
	<b>13 718</b>	<b>2 020</b>	<b>–</b>	<b>(1 766)</b>	<b>13 972</b>

	Originally disclosed				
	Balance at the beginning of the year	Additions	Disposals	Amortisation	Balance at the end of the year
<i>The carrying amounts are reconciled as follows:</i>	R'000	R'000	R'000	R'000	R'000
Computer software – PeopleSoft	9 355	–	–	(1 144)	8 211
Licenses	4 363	2 020	–	(622)	5 761
	<b>13 718</b>	<b>2 020</b>	<b>–</b>	<b>(1 766)</b>	<b>13 972</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 Change in estimates

The useful lives of certain property, plant and equipment were revised during 2023-24. The useful lives used in 2023-24 are as follows:

### Property, plant and equipment

Item	Useful life	
	Revised	Original
Computer equipment	8 – 12 years	8 – 12 years
Notebooks	4 years	3 years
Motor vehicles	7 – 12 years	7 – 12 years
Furniture and fittings	6 – 23 years	6 – 23 years
Office equipment	5 – 15 years	5 – 15 years
Leasehold improvements	Over the period of the lease	Over the period of the lease

The effect of the change in estimate is as follows:

	2024		
	Net impact R'000	After change R'000	Before change R'000
<b>Effect in the statement of financial position</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7 663	118 549	110 886
<b>Effect in the statement of comprehensive income</b>			
Depreciation expense – property, plant and equipment	(7 663)	(36 252)	(43 915)
<b>Effect in the notes</b>			
<b>Property, plant and equipment (note 2)</b>			



# NOTES TO THE FINANCIAL STATEMENTS

## 31 Change in estimates (continued)

2024	After change			Before change		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000
Computer equipment	70 208	(65 228)	4 980	70 208	(65 228)	4 980
Notebooks	124 508	(71 642)	52 866	124 508	(79 305)	45 203
Motor vehicles	7 705	(3 917)	3 788	7 705	(3 917)	3 788
Office equipment	5 187	(4 697)	490	5 187	(4 697)	490
Furniture and fittings	64 306	(56 784)	7 522	64 306	(56 784)	7 522
Leasehold improvements	84 129	(35 226)	48 903	84 129	(35 226)	48 903
	<b>356 043</b>	<b>(237 494)</b>	<b>118 549</b>	<b>356 043</b>	<b>(245 157)</b>	<b>110 886</b>

	After change				
	Balance at the beginning of the year	Additions	Disposals	Depreciation	Balance at the end of the year
<i>The carrying amounts are reconciled as follows:</i>	R'000	R'000	R'000	R'000	R'000
Computer equipment	3 639	3 510	148	(2 317)	4 980
Notebooks	53 794	24 183	(1 582)	(23 529)	52 866
Motor vehicles	4 168	–	–	(380)	3 788
Office equipment	531	588	(32)	(597)	490
Furniture and fittings	7 462	1 166	–	(1 106)	7 522
Leasehold improvements	42 747	14 479	–	(8 323)	48 903
	<b>112 341</b>	<b>43 926</b>	<b>(1 466)</b>	<b>(36 252)</b>	<b>118 549</b>

	Before change				
	Balance at the beginning of the year	Additions	Disposals	Depreciation	Balance at the end of the year
<i>The carrying amounts are reconciled as follows:</i>	R'000	R'000	R'000	R'000	R'000
Computer equipment	3 639	3 510	148	(2 317)	4 980
Notebooks	53 794	24 183	(1 582)	(31 192)	45 203
Motor vehicles	4 168	–	–	(380)	3 788
Office equipment	531	588	(32)	(597)	490
Furniture and fittings	7 462	1 166	–	(1 106)	7 522
Leasehold improvements	42 747	14 479	–	(8 323)	48 903
	<b>112 341</b>	<b>43 926</b>	<b>(1 466)</b>	<b>(43 915)</b>	<b>110 886</b>

07



# ANNEXURES

Abbreviations and Acronyms	166
GRI content index	168
IR framework	170
Sustainable development goals	171



# ABBREVIATIONS AND ACRONYMS

Acronym	Description
ACCA	Association of Chartered Certified Accountants
ACMI	Advisory committee on material irregularities
Afrosai-e	African Organisation of English-speaking SAIs
APAC	Association of Public Accounts Committees
APC	Assessment of Professional Competence
ASP	Audit software project
AQI	Audit quality indicators
ASB	Accounting Standards Board
AWCA	African Women Chartered Accountants
B-BBEE	Broad-based black economic empowerment
CBC	Capacity-building committee
CCMA	Commission for Conciliation, Mediation and Arbitration
CCMA	Commission for Conciliation, Mediation and Arbitration
CSO	Civil society organisations
CTA	Certificate in the Theory of Accounting
D&O	Derelict and ownerless
EAP	Economically active population
EDP	Executive Development Programme
EE	Employment equity
EHWP	Employee health and wellness programme
EME	Exempted micro enterprises
ERP	Enterprise resource planning
ESD	Enterprise and supplier development
EVP	Employee value proposition
Exco	Executive committee
GRAP	Generally Recognised Accounting Practice
GRI	Global Reporting Initiative
HSRC	Human Science Research Council



Acronym	Description
IAASB	International Auditing and Assurance Standards Board
IAASB	International Auditing and Assurance Standards Board's
ICT	Information Communication Technology
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
IRBA	Independent Regulatory Board for Auditors
ISQC 1	International Standard on Quality Control
ISQM	International Standard on Quality Management
ISSAI	International Standards of Supreme audit Institutions
ITC	Initial Test of Competence
LDP	Leadership Development Programme
LDP	Leadership Development Programme
MI	Material irregularity
MTSF	Medium-Term Strategic Framework
NCoP	National Council of Provinces
NLC	National Lotteries Commission
NRF	National Revenue fund
PAA	Public Audit Act 25 of 2004
QCAC	Quality control assessment committee
QMAC	Quality Management Assessment Committee
QSE	Qualifying small enterprises
Remco	Remuneration committee
SACE	South African Council of Engineers
Scoag	Standing Committee on the Auditor-General
Scopa	Standing Committee on Public Accounts
SDG	Sustainable Development Goals
SoQM	System of quality management
SoRR	Status of records review

# GRI CONTENT INDEX

The Guidelines for sustainable reporting of the Global Reporting Initiative (GRI) Standards informed the content and format of the report, which meets the information and reporting requirements in accordance with the 'Core' version.

GRI	Description
<b>GRI 102 2016: General standard disclosures – strategy and analysis</b>	
102-14	Statement from the most senior decision maker of the organisation about the relevance of sustainability to the organisation.
<b>GRI 102 2016: General standard disclosures – organisational profile</b>	
102-1	Name of the organisation
102-2	Activities, brand, products and services of the AGSA
102-3	Location of head office
102-4	National footprint of the AGSA
102-5	Nature of ownership and legal form
102-6	Geographic breakdown, types of customers and beneficiaries
102-7	Scale of the organisation including <ul style="list-style-type: none"> <li>• Number of employees</li> <li>• Number of operations</li> <li>• Net revenue</li> <li>• Quantity of services / products offered</li> </ul>
102-8	Workforce profile <ul style="list-style-type: none"> <li>• Total number of employees (permanent)</li> <li>• Total number of employees (contract)</li> <li>• Workforce by employment contract and gender</li> <li>• State whether a substantial portion of the organisation's work is performed by contractors</li> </ul>
102-9	Description of AGSA's supply chain
102-10	Report any significant changes during the reporting period regarding the organisation's size, structure or supply chain
102-11	Report on whether and how the precautionary approach or principle is addressed by the organisation
102-12	External charters, principles and initiatives that we subscribe to or endorse
102-13	Memberships maintained at an organisational level
<b>GRI 102 2016: General standard disclosures – identified material aspects and boundaries</b>	
102-46	Process for defining the report content and the aspect boundaries
102-47	List of material aspects identified
<b>GRI 102 2016: General standard disclosures – stakeholder engagement</b>	
102-40	List of stakeholder groups identified by the organisation
102-42	Basis for identification and selection of stakeholders
102-43	Organisation's approach to stakeholder management
102-44	Key topics raised through stakeholder engagement



GRI	Description
<b>GRI 102 2016: General standard disclosures – report profile</b>	
102-50	Reporting period
102-51	Date of the most recent report
102-52	Reporting cycle
102-53	Contact point for questions regarding the report
102-54	Claims of reporting in accordance with GRI standards
102-55	GRI content index
102-56	Organisation's policy and practice on seeking external assurance
<b>GRI 102 2016: General standard disclosures – governance</b>	
102-18	Governance structures within the AGSA
102-22	Composition of the highest governance body and its committees
<b>GRI 102 2016: General standard disclosures – ethics and integrity</b>	
102-16	<ul style="list-style-type: none"> <li>The organisation's ethical principle, standards and norms of behaviour such as code of ethics and code of conduct</li> <li>Ethical and independence requirements</li> </ul>
<b>GRI 103 2016: General standard disclosures – disclosures on management approach</b>	
103-2	Labour practices and grievance mechanisms
<b>GRI 401: Specific standard disclosures – labour practices and decent work – employment</b>	
401-1	<ul style="list-style-type: none"> <li>New employee hires</li> <li>Staff turnover</li> </ul>
<b>GRI 403: Specific standard disclosures – labour practices and decent work – occupational health and safety</b>	
403-2	Occupational health - types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
<b>GRI 404: Specific standard disclosures – Labour Practices and Decent Work – Training and Education</b>	
404-1	Average hours of training, per employee and by employee category
405-1	Diversity and equal opportunity <ul style="list-style-type: none"> <li>Workforce by region and gender</li> <li>Workforce by grade, race and gender</li> <li>Workforce by employment contract and gender</li> <li>Workforce profile by race and age</li> <li>Executive committee by race group</li> </ul>
<b>GRI 405: Specific standard disclosures – labour practices and decent work – diversity and equal opportunity</b>	
413-1	Local communities <ul style="list-style-type: none"> <li>Socio-economic development initiatives</li> </ul>

# INTEGRATED REPORTING INDEX

IIRC content elements	Major report sections addressing the elements
<b>Organisational overview and external environment</b>	<ul style="list-style-type: none"> <li>• The auditor-general's message</li> <li>• The deputy auditor general's Overview of performance</li> <li>• Who we are</li> <li>• Value creation process</li> <li>• Strategic risks</li> <li>• Conditions under which we operate</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Corporate Governance Framework</li> <li>• External Charters, principles and initiatives that we subscribe to or endorse</li> </ul>
<b>Business model</b>	<ul style="list-style-type: none"> <li>• Business model</li> <li>• Our value creation model</li> <li>• Value &amp; benefits of supreme audit institutions</li> </ul>
<b>Risks and opportunities</b>	<ul style="list-style-type: none"> <li>• Strategic risks</li> <li>• Our value creation model</li> </ul>
<b>Strategy and resource allocation</b>	<ul style="list-style-type: none"> <li>• The auditor-general's message</li> <li>• The deputy auditor general's overview of performance</li> <li>• Who we are</li> <li>• Value creation process</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>• Organisation's performance against predetermined objectives               <ul style="list-style-type: none"> <li>– Value-adding auditing</li> <li>– Visibility for impact</li> <li>– Viability</li> <li>– Vision and values driven</li> </ul> </li> </ul>
<b>Outlook</b>	<ul style="list-style-type: none"> <li>• The deputy auditor general's overview of performance</li> <li>• In the conclusion of each of the strategic goals:               <ul style="list-style-type: none"> <li>– Value-adding auditing</li> <li>– Visibility for impact</li> <li>– Viability</li> <li>– Vision and values driven</li> </ul> </li> </ul>
<b>Basis of preparation and presentation</b>	<ul style="list-style-type: none"> <li>• Reporting profile</li> </ul>



# SUSTAINABLE DEVELOPMENT GOALS

The sustainable development goals (SDGs) aim to ensure economic prosperity and an improvement in human well-being. Achieving these goals takes sound governance structures.

Our awareness of the SDG priorities in our own reporting is highlighted to demonstrate areas that are influenced by these goals.

No.	SDG	No.	SDG
	<b>Good health and well being</b> Page 54 and page 89		<b>Reduced inequalities</b> Page 22, page 87 and page 89
	<b>Quality education</b> Page 54 and page 87		<b>Sustainable cities and communities</b> Page 53
	<b>Gender equality</b> Page 85 and page 89		<b>Climate action</b> Pages 57-58 and page 71
	<b>Clean water and sanitation</b> Page 54		<b>Life below water</b> Pages 57-58
	<b>Affordable and clean energy</b> Page 54		<b>Life on land</b> Pages 57-58 and page 71
	<b>Decent work and economic growth</b> Page 22, page 31, page 58 and page 87		<b>Peace, justice and strong institutions</b> Page 71 and page 58
	<b>Industry, innovation and infrastructure</b> Page 58, page 66 and pages 91 – 93		<b>Partnerships for the goals</b> Page 7, pages 42-45 and pages 61-67



A U D I T O R - G E N E R A L  
S O U T H A F R I C A

---

**Physical address**

4 Daventry Street,  
Lynnwood Bridge Office Park  
Lynnwood Manor  
Pretoria, SA

**Telephone**

012 426 8000

**Fax to email**

012 426 8257

**Postal address**

PO Box 446  
Pretoria  
0001

**Email**

agsa@agsa.co.za

---



Auditor General of South Africa



@AuditorGen\_SA



Auditor-General of South Africa



[www.agsa.co.za](http://www.agsa.co.za)

---

RP235/2024

ISBN: 978-1-77997-187-6

Title of Publications: AGSA Integrated Annual Report 2023-2024

