



Value-adding auditing  
Visibility for impact  
Viability  
Vision and values driven

**2018-21**

## STRATEGIC PLAN AND BUDGET of the Auditor-General of South Africa



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



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# Strategic plan of the Auditor-General of South Africa for 2018-21



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# 1. PURPOSE OF THIS DOCUMENT

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This strategic plan and budget presents our performance and financial plan, as the Auditor-General of South Africa (AGSA), for the period 1 April 2018 to 31 March 2021 based on the long-term strategy of the organisation. It is the result of an annual planning process that sets targets for the first year and makes projections for the rest of the two-year period.

## 2. OUR CONSTITUTIONAL MANDATE AND FUNCTIONS

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### 2.1 OUR MANDATE AND FUNCTIONS

Chapter 9 of the Constitution of the Republic of South Africa, 1996 (constitution) establishes the AGSA as one of the state institutions supporting constitutional democracy. The constitution entrenches our independence by directing that we are subject only to the constitution and the law. The constitution requires us to be impartial and to exercise our powers and perform our functions without fear, favour or prejudice. Our functions are described in section 188 of the constitution. These functions are further regulated by chapters 2 and 3 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA).

### 2.2 OUR PRODUCTS

Each year, we conduct mandatory (regularity) audits of national and provincial government departments, certain public entities, municipalities and municipal entities (our clients or auditees). Furthermore, we conduct discretionary audits, such as **performance audits, special audits and investigations**.

Our audit reports are made public and are tabled in Parliament, provincial legislatures and municipal councils.

In addition to these audit-specific reports, we publish two general reports each year, in which we analyse the outcomes of the audits at national and provincial levels and at municipal level, respectively.

### 2.3 ACCOUNTABILITY AND REPORTING

We are accountable to the National Assembly, to which we report annually on our activities and the performance of our functions by tabling the main accountability instruments, namely our **strategic plan and budget and our annual report**. The Standing committee on the auditor-general (SCoAG), established in terms of the constitution and the PAA, oversees our performance on behalf of the National Assembly.

### 2.4 OUR ROLE IN THE SOUTH AFRICAN DEMOCRACY

Through our audit activities, we play an important role in enabling accountability and thus promote democratic governance in South Africa. We do this by providing independent assurance to the various legislatures on whether entities that use public funds have managed their financial affairs in line with sound financial principles, have complied with the relevant legal framework and have provided credible information on the achievement of their financial and performance objectives in line with the PAA. In this way, the elected representatives of the South African people are able to hold the executive and accounting authorities, officials and public entities accountable. This provides the rationale for our work in empowering citizens 'to hold the custodians of public resources accountable' in terms of International Standard of Supreme Audit Institutions (ISSAI) 12, **The value and benefits of supreme audit institutions (SAIs) – making a difference to the lives of citizens**.

### 3. OUR VISION, MISSION AND VALUES

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The essence of our organisation as a supreme audit institution (SAI) is expressed in our **vision and mission statements** and our behaviour is guided by **our defined values**.

#### OUR VISION



To be recognised by all our stakeholders as a relevant **SUPREME AUDIT INSTITUTION** that enhances public sector accountability.

#### OUR MISSION



The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling **OVERSIGHT, ACCOUNTABILITY AND GOVERNANCE** in the public sector through auditing, thereby building public confidence. This is our reputation promise.

#### OUR VALUES



- We value, respect and recognise all people
- Our accountability is clear and personal
- We are performance driven
- We work effectively in teams
- We value and own our reputation
- We are proud to be South African

## 4. STRATEGIC COMMITMENTS OF THE AUDITOR-GENERAL

Three years ago, we embarked on an accelerated journey, having a clear picture expressed through our aspirations for the public sector, knowing exactly where we were going and what we wanted to achieve.

### WE ASPIRE TO SEE A PUBLIC SERVICE THAT IS CHARACTERISED BY:



ROBUST FINANCIAL  
AND PERFORMANCE  
MANAGEMENT SYSTEMS

- transparent and stable financial and performance management reporting systems
- budgeting and planning processes that ensure the effective, efficient and economical use of all public resources
- strong internal audit capabilities that provide assurance



OVERSIGHT AND  
ACCOUNTABILITY

- accurate and empowering financial and performance reporting to enable effective oversight
- an appreciation of the role of applying consequences for transgressions and poor performance in restoring the integrity of, and building public confidence in, the system of public administration



COMMITMENT AND  
ETHICAL BEHAVIOUR BY ALL

- visible commitment by all players in the public service to contribute towards the financial health of the country and an improved social reality for our people
- demonstrated ethical behaviour and professionalism in the public sector as cementing characteristics of a capable state, with a public service that consistently does the right thing.



A VALUE-ADDING  
ASSURANCE PROVIDER  
IN THE FORM OF THE  
AUDITOR-GENERAL

- independent and relevant reporting by the AG
- value-adding inputs based on deep insights into the state of the public sector financial and service delivery performance

Each year we managed to progress in our journey, albeit at various speeds, but we were certain of the importance that a competent and value-adding assurance provider for the public sector has on the democracy in our country.

The 2018-21 period will be no different. In fulfilment of this role, we will continue to increase the sophistication of our tools, people, processes and innovation so that we get better at scrutinising public spending while remaining independent.

Our long-term organisational strategy, **the 4V strategy**, remains our preferred way for the achievement of our vision. Our ambition is to build on the achievements and continue with the implementation of the initiatives that we have put in place.

The ultimate goal of our work is **to build confidence in the ability of the public sector to deliver the necessary services of which it is the sole provider in the country and, by association, to build public confidence in the country's democracy.**

OUR COMMITMENTS FOR THE PERIOD 2018-21 ARE STRUCTURED AROUND OUR FOUR LONG-TERM STRATEGIC GOALS:

## STRATEGIC GOALS



### VALUE-ADDING AUDITING

Aimed at providing audit-derived valuable insights to our stakeholders on the status of their internal control and performance environment, accompanied by actionable recommendations, which, if executed, would lead to visible improvements in public sector administration



### VISIBILITY FOR IMPACT

This goal structures our stakeholder engagement programmes in the most effective way to encourage and enable the required improvements in the public sector.



### VIABILITY

This internally focused perspective of our work ensures that we have the necessary resources: enabling legal framework, independent financial resources and the required skills, competencies and culture to execute our mandate economically, efficiently and effectively.



### VISION AND VALUES DRIVEN

Through our work and behaviour, we aim to lead by example and to demonstrate continually that clean administration is achievable.

## VALUE-ADDING AUDITING

Our focus remains on **auditing areas that matter** and **influencing all players in the public sector** to utilise public funds as intended for the benefit of the people of South Africa. In this regard, we will prioritise areas of public spending most relevant to the well-being of citizens.

The programmes outlined in the **2030 national development plan (NDP)** represent our country's goals to reduce poverty and increase the quality of lives of citizens and support the achievement of **the United Nations' sustainable development goals (SDG)**. We will use the insights received through our regularity audits or through the audits of carefully selected goals **to enhance our reporting** on the achievement of the country's SDG targets and to become an authoritative independent voice on the challenges facing the country in planning and implementing the SDGs and reporting on their progress.

As the successful implementation of government programmes aimed at improving the lives of citizens depends on the availability and adequate deployment of public resources, we will persist with **detecting and exposing practices that ultimately result in wastage of public money**. The audits will not only **elevate instances of irregular and unauthorised expenditure**, but will also seek to **establish a direct line of sight from detection of breaches to implementation of consequences**.

Our consistent contribution to transparency, accountability and good governance in the public sector has resulted in increased expectations, even demands, for us to audit various aspects and entities funded by the public purse. We will assist Parliament **to cultivate a culture of consequences** for maladministration or misuse of public money by **utilising all legal mechanisms available to us**.

Our **increased relevance** will also come from providing insights emanating from our **integrated audits**. These will utilise **a broad spectrum of tools and specialist skills** available to us to produce and communicate value-adding insights and **to optimise value for our stakeholders**.

**Examining the real drivers of value in the auditees' activities and deepening our understanding of the auditees' real business** will remain a pillar of our unique value proposition and will allow us to provide richer commentary on the aspects of their performance.

Continuous improvement of our work will enable us to keep up with the speed of changes in the environment. The International Organization of Supreme Audit Institutions (Intosai) underlines the importance of innovation and adaptability for our continuing relevance as Supreme Audit Institutions (SAI). **We will further realise audit efficiencies through the use of computer assisted audit techniques (CAATs) and pursue benefits from better audit sampling and data analysis to improve** the quality of our audit opinions, thus reducing the audit risk.

People "...are the ultimate beneficiaries of public auditing and have expectation for professionalism. It is the SAI's duty to perform the highest quality audits and provide citizens with reports that support transparency, good accountability and trust in government. Only the best work can make a real difference to their lives." This statement, expressed in the Abu Dhabi declaration<sup>1</sup>, epitomises our attitude towards the **technical quality of our audits**. We will **continue to implement various measures** to maintain and, where possible, increase the adherence to audit quality standards.

The conclusion of our audits will result in **delivering impactful reports with simple, clear and relevant messages** to all users of our reports so that the desired improvements in the public administration can be achieved.

## VISIBILITY FOR IMPACT

Our stakeholders expect an increased level of communication about our findings in individual audits as well as forewarnings about the status of the system of public administration as a whole. Engaging stakeholders is an essential element in the achievement of our mandate and in **enabling them and compelling them to act**.

We are persistent in exploring **better and innovative ways of communicating audit matters to our stakeholders**. Our rigorous approach to addressing recurring risks in the form of **well-structured status-of-records and commitments reviews** is expected to provide depth to the discussions on key controls and to build relationships of mutual trust with various stakeholders.

**Educating citizens and empowering them** to hold their elected representatives accountable remains a major commitment and we will be implementing our citizen engagement strategies that we initiated in the previous reporting period.

Internally, we will drive **continual improvements in our engagement tools and building capacity for impactful stakeholder interactions** so that we achieve the best return on the invested effort and time.

Our leading role in the capacity-development efforts of Intosai is widely recognised and praised by peers. As the organisation that currently chairs the capacity building committee (CBC) of Intosai, we perform a vital integrating role by ensuring that the capacity-development effort complements previous and ongoing work. In this way, we will contribute significantly to the advancement of the professionalisation of auditors worldwide and specifically on the African continent. We will further derive value from our international endeavour in the form of knowledge, skills and experience and will utilise the international programmes to share and test our best practices.

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1 The Abu Dhabi declaration was agreed by the International Organisation of Supreme Audit Institutions (INTOSAI) at its meeting in the United Arab Emirates in December 2016 at its Congress (XXII INCOSAI).

[http://www.intosai.org/fileadmin/downloads/downloads/0\\_news/2016/141216\\_EN\\_AbuDhabiDeclaration.pdf.pdf](http://www.intosai.org/fileadmin/downloads/downloads/0_news/2016/141216_EN_AbuDhabiDeclaration.pdf.pdf)

## VIABILITY

Understanding and managing our organisational capitals will continue to be elevated through the **application of integrated thinking** in the organisation. Financial viability remains the utmost priority to the preservation of our independence; thus, we will continually search for efficiencies and optimisation of our processes, will engage all relevant stakeholders with the aim of securing full **payment of audit fees** and **will pursue even better utilisation** of our human capital.

The demands on the skills and competencies of our auditors have grown in line with the continually changing technological and audit risk environment. A **systematic, comprehensive and long-term view on the required employee skills and competencies and organisational capabilities will be crafted** to allow us to respond to such demands and to **develop professional staff, both in audit and support areas** that will enable us to best exercise our mandate.

The training that our auditors receive, together with the vast experience that we possess, will **maintain our attractiveness as an employer of choice**. **Opportunities in auditing state-owned enterprises** will be utilised to develop employees' ability to audit complex environments.

The management of our physical infrastructure, improvements of operational processes, talent management and leadership development will continue to be on the priority list to ensure that we are **well equipped to achieve our aspirations for adding value and impact**.

## VISION AND VALUES DRIVEN

Running our own corporate affairs appropriately, **ensuring high levels of accountability, ethics and effective governance is non-negotiable** so that we are deserving of our independence.

In support of **the transformation objectives of our country** we will further fine-tune our procurement practices, enterprise and supplier development programmes, distribution of contract audit work, employment of people living with disabilities and various other activities to maximise our contribution to transformation.

Our approach to qualifying black chartered accountants (CAs) reflects our commitment to the **transformation of the accounting and auditing profession** in the country. We will contribute to this commitment by using the allocation of audit work to private firms effectively to **support growth and access to economic opportunities of black-owned and transformed firms**.

In conclusion, our audits increase the levels of transparency, accountability and good governance. Thus, our work strengthens the country's democracy, builds public confidence and, ultimately, benefits the receiver of services – the people of South Africa. I believe that the leadership of the organisation has the required courage to overcome the challenges that we face while exercising our mandate. Therefore, our leaders will lead by example in instilling the desired organisational culture to inspire our staff to share our aspirations for the public sector and to contribute successfully to the execution of our strategy.

## KIMI MAKWETU

Auditor-General

## 5. OVERVIEW BY THE DEPUTY AUDITOR-GENERAL

The good work done every day by employees of the AGSA has not remained unnoticed by the oversight structures and the people of South Africa. In the recent months, our audit insight has been receiving much attention and although this is the only reward we desire, we have realised that more will be expected from us going forward.

As the accounting officer of the AGSA, my role is to ensure that our staff are aligned behind the strategy outlined by the AG and that auditors are equipped with the requisite methodologies, tools and support skills so that we continue to increase the value delivered to our stakeholders.

TABLE 1. THE WAYS WE ADD VALUE TO STAKEHOLDERS

### WE DELIVER VALUE TO:

- **THE PEOPLE OF SOUTH AFRICA BY**

listening to the conversations in the public sector on areas of importance, acting in the public interest and selecting areas of audit that have a direct impact on the well-being of our people

making public the results of our audit work, which enables people to hold their elected representatives and the custodians of public resources accountable

being a model organisation and demonstrating that clean administration and transformation are achievable

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

- **THE LEGISLATURES BY**

being a credible source of relevant, independent and objective insight based on independent, professional judgement and sound analysis

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.

- **THE EXECUTIVE BY**

identifying instances of mismanagement and their root causes, and recommending improvements tailored to the business of the auditee

- **THE AUDITING AND ACCOUNTING PROFESSIONS BY**

allocating contract audit work to a multitude of firms

capacitating them with skilled and qualified professionals

creating a pipeline of black chartered accountants (CAs) to transform them and economically empower black audit firms

- **OUR EMPLOYEES BY**

creating meaningful employment and career development opportunities

providing fair, transparent, market-related and equitable remuneration and benefits

We execute our mandate in a complex external environment characterised by a number of factors that have the potential to influence our work. Our routine of identifying and analysing the major external trends and their potential impact on the organisation has allowed us through the years to position ourselves adequately so that we can best execute our constitutional mandate.

Overall, we continue to operate in largely similar conditions as in the last few years, and two new visible trends have emerged: **the intensified public and oversight bodies' discourse on poor governance and lack of consequence management** in the public sector and the **recent failures of established companies to uphold ethical principles** in their work.

Both trends highlight the risk of ethical breaches and present us with an opportunity to demonstrate our ethical leadership. In response to these trends, we have formulated a new strategic objective and designed initiatives to continuously raise awareness of and prevent ethical breaches so that we **safeguard the ethical character of our organisation**. We, the leadership of the Auditor-General of South Africa, are committed to conduct ourselves to the highest ethical standards in order to foster an enabling environment for and promote ethical behaviour by all our executives and employees. Leading by example in this aspect will allow us to maintain our credibility as an SAI.

An existing trend resulting from the need for consequence management has remained persisted in our environment: **the noticeable pushback from the auditees to our audit opinions**. In response, we will persist with maintaining and, where required, increasing our focus on the technical quality of our audits. The measures we implemented in the previous reporting period had the desired impact and allowed us to reach the targeted quality of audits. We are determined not to allow any slip of attention to this important aspect of our work.

The slow economic growth currently being experienced results in a situation in which everyone needs to achieve more with less. The increase in the number of auditees that operate under financial distress presents a challenge to the collection of audit fees and, hence, a serious threat to our financial sustainability. Engagements with national and provincial leadership, specifically with the National Treasury, will be required to ensure that we remain financially independent.

The slow economic growth and the series of credit rating downgrades result in rising costs of production, increased unemployment and suppression of aggregate spending, thus leaving a smaller portion of the country's budget to service delivery. The challenges experienced by the country directly affect our work. The selection of appropriate and actual audit topics and auditees will ensure our relevancy; hence, going forward, we will be reviewing our audit portfolio on an annual basis.

These worsened economic conditions, in a combination with various factors such as fast urbanisation, lack of skills at local government level and others, result in an increasing number of auditees being unable to pay their audit fees, which threatens our financial viability and independence. We have been addressing the situation by maximising revenue collection through various initiatives and by optimising our operations to reduce the cost of auditing. The impact of these measures has plateaued, thus leaving us with the option to continue revising our operational models and extracting further efficiencies while elevating the instances of non-payment with the relevant executive and oversight authorities.

The perennial lack of auditing and other professional skills required for the execution of our mandate necessitates continuous effort in talent management to stabilise our pipeline and to supply skills to the profession and the country. The execution of our people strategy will continue as envisaged with emphasis on improving our trainee auditor scheme to ensure that it yields well-qualified professionals. The development of talent will be supported by an adequate leadership culture. While we will be seeking to continue instilling high performance in our workforce in the short term, we intend to define the desired culture that will allow us to operate better in the medium and longer terms. Similarly, to the elevated focus on ethics, this ambition will be supported by **a new strategic objective on creating an enabling leadership and culture to drive strategy execution**.

Lastly, the yet insufficient growth in the number of black CAs and even slower transformation of the auditing profession strengthen our resolve to utilise the distribution of contract audit work and other organisational practices relating to procurement and economic growth to have a positive influence on the required changes. We will be guided by the prescripts of the newly signed CA Charter as well by our own transformation strategy that we initiated in 2016.

We relish the tests that the environment throws at us, as we are confident that we have the required calibre of leaders and staff to continue executing their daily tasks with the necessary rigour and integrity. We look forward to every opportunity to deliver value to our auditees and stakeholders, thus supporting the democracy in our beloved country.

## **TSAKANI RATSELA**

Deputy Auditor-General

## 6. OUR APPROACH TO SUSTAINABILITY

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What defines us as an SAI is our firm understanding that we can only exist in a sustainable society. Our position is based on the simple idea that all natural, human, social, economic and other systems need to be maintained, nourished or renewed in order to last. This position is supported by the view of the **King IV report: Code of corporate governance**<sup>2</sup> that organisations are sovereign juristic persons in the broader society in which they operate and as such are dependent on the same broader society for their survival (Institute of Directors South Africa, 2016).

We strive to be recognised as a model institution that makes a difference to the lives of individuals and organisations; thus we are eager to record our position on sustainability issues and our commitment to be an exemplary corporate citizen. By being a corporate citizen, we aim to demonstrate to our stakeholders that our future is intertwined with the future of the South African economy and people and the natural environment in which we all live. In summary, as a responsible corporate citizen we intend to maintain our sustainability and to respond to the changing societal demands while promoting sustainable development nationally and globally.

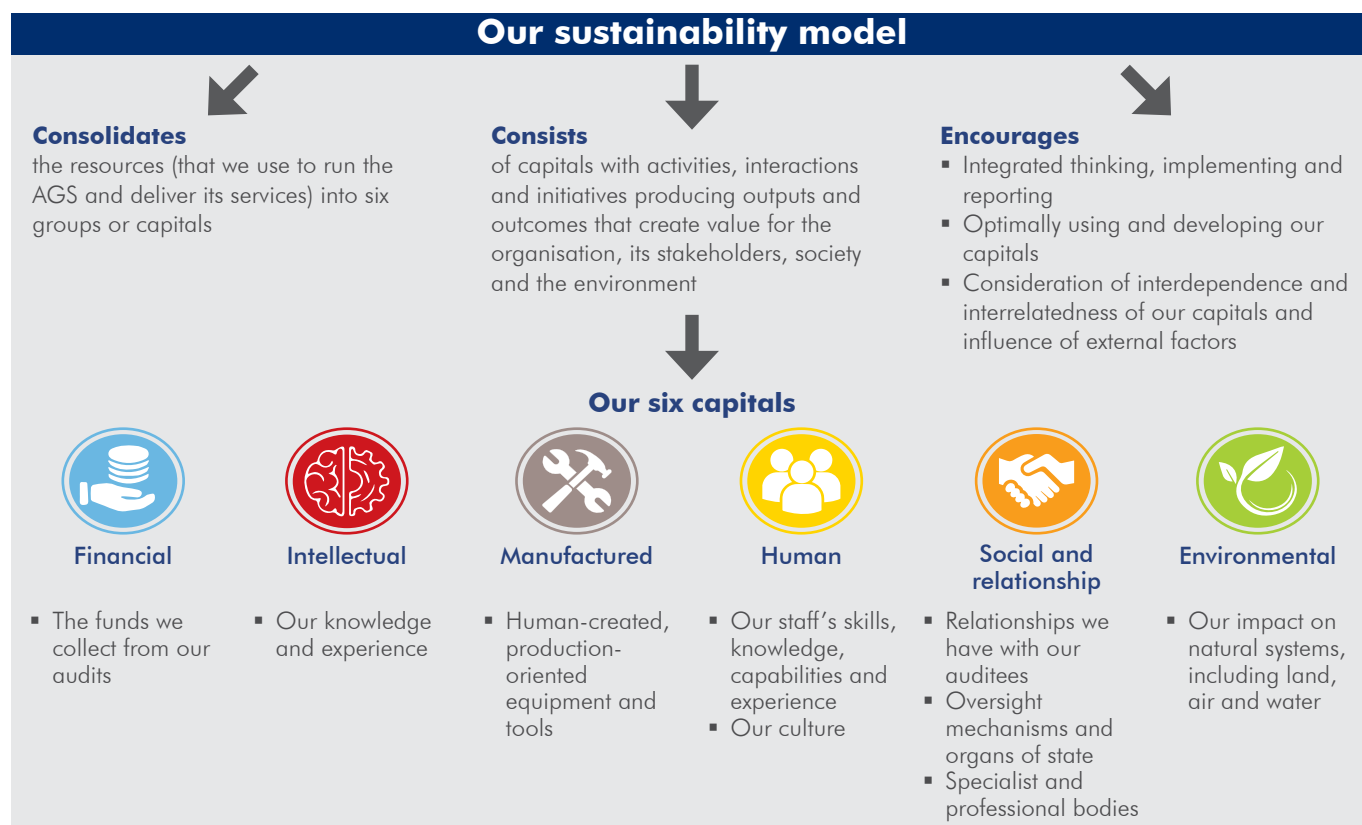
Our considerations are also consistent with the intention of the UN Resolution A/66/209 (adopted by the General Assembly), which states that SAs have an important role in promoting the efficiency, accountability, effectiveness and transparency of public administration, which is conducive to the achievement of national development objectives and priorities. Similarly, we subscribe to the recommendations of INTOSAI, which emphasise the importance of sustainability and the principles of good governance, transparency and accountability.

Our sustainability model summarises our resources (grouped along the lines of financial, manufactured, human, social and relational, and environmental capitals) and the way we create value for the stakeholders. We continue to review and refine the model to include all sustainability elements that are relevant to the survival of the organisation. Such considerations require our leadership and all of our staff to think in an integrated way. The practice of integrated thinking is steadily being institutionalised in the organisation and this has allowed us to be more effective in managing most of our capitals.

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2 Institute of Directors South Africa, 2016. King IV Report on Corporate Governance for South Africa

TABLE 3. OUR ORGANISATIONAL CAPITALS USED TO EXECUTE OUR STRATEGY



The management of our manufactured, financial, human and social capitals has been well entrenched in the strategy of the organisation as evidenced by our four strategic goals. We also regularly track the use of natural resources and in the previous financial year, we managed to implement a tracking mechanism for our environmental capital. We are determined to seek ways and to improve the management of our intellectual capital, which is a main pillar in our value proposition to stakeholders. While we are utilising it on a daily basis, we will be attempting to document it, understand it better and utilise it fully for the benefit of the organisation and the country.

As our understanding of our sustainability grows, the interrelatedness and trade-offs of our capitals and the impact of the external environments on them become more noticeable. Therefore, we will continue our sustainability journey and strive to quantify the elements of our model so that we can measure and track their improvements or depletion over time.

# 7. STRATEGIC GOALS

## 7.1 VALUE-ADDING AUDITING

| STRATEGIC OBJECTIVES              |                                   |
|-----------------------------------|-----------------------------------|
| Demonstrate value-adding auditing | Ensure high quality of our audits |

Providing value to our stakeholders through our audit work as described in the previous sections remains our passion and we continually search for ways to increase it.

We assess our value through the continued relevance of our work and the strength and depth of our audit messages so that we build trust in the work of the public sector. Our audits will serve to provide insight on the way public funds are managed and how our audit findings and recommendations can assist in improving public sector performance for the benefit of South Africans.

TABLE 4: LINK BETWEEN GOVERNMENT PRIORITIES AND AGSA AUDIT FOCUS AREAS



The selection of our audit focus areas is guided by the government priorities defined through various strategic documents such as the National Development Plan 2030 (NDP), the Medium Term Strategic Framework (MTSF) and others, as depicted in table 4. For the short term, we continue to focus on **education, health, infrastructure (water and sanitation) and human settlements**. We will remain flexible in the selection of audit topics as other areas might become relevant throughout the duration of this strategic plan.

Our engagement with the sustainable development goals (SDGs) will be multipronged. Our immediate action will be to enhance the reporting on the progress of various SDGs in South Africa by using insights from our regularity audits. The second approach will be to audit our country’s preparedness to report on the realisation of the goals. Lastly, we consider an audit of the SDG5 – gender equality – as a theme that will provide us with a view across all goals on the Agenda 2030.

Conducting such audit work will align us closely with the main principle of ISSAI12, i.e. SAs exist to contribute value and benefits for the citizens in their countries.

TABLE 5: THE SUSTAINABLE DEVELOPMENT GOALS 2030

# SUSTAINABLE DEVELOPMENT GOALS



It is important to note our own contribution to the SDGs is mostly through high-quality audits (as per ISSAIs) and is related to our own transparency, accountability and credibility as described in SDG16.

## OBJECTIVE 1: DEMONSTRATE VALUE-ADDING AUDITING

| PERFORMANCE MEASURE   | TARGETS  |  |  |
|---|--|--|--|
|   | 2018-19  | 2019-20  | 2020-21  |
| % implementation of actions to improve our stakeholders' perception on our added value  | 80% – 100% of the actions for the financial year | 80% – 100% of the actions for the financial year | 80% – 100% of the actions for the financial year |
| Tool  | Project implementation plans                     |  |  |
| Auditor-general's assessment of the organisation's performance on value-adding auditing | Achieved organisational objectives               | Achieved organisational objectives               | Achieved organisational objectives               |
| Tool  | Auditor-general's view of performance            |  |  |

Considering that a number of initiatives intended to increase our relevance and value provided to stakeholders were put in place only recently, the majority of our work and approaches will remain the same with the aim of solidifying the platform that we have been building in the quest of achieving our Vision 2024.

We will continue to refine our newly revised, internationally benchmarked audit methodology through the experience gained in its implementation in the latest audit cycles. The audit of predetermined objectives (AoPO) misstatement conditions and the financial materiality change will be phased in. The concept of value chains analysis that allows us to view the activities of each auditee in a holistic way and to gain deeper understanding of the value required to be delivered at each audit was

piloted substantively and we expect that it will be fully integrated in the audit methodology. The next critical improvement will be the classification and the definition of scope for low-risk audits and small to medium audits with high unbillable hours.

While implementing and refining the methodology, we will be **continuously monitoring and quantifying the realised efficiencies** and improving the overall audit experience.

Whereas we have achieved significant progress in **the integration of our audit lines, which remains the standard approach to auditing**, we will strive to iron out the last challenges experienced with the integration such as the possibility that not all specialised audit work might be billed. We will continue to **increase the sum of specialist expertise available to us** either within the organisation or through outsourcing, as such expertise and expert insights create a significant difference in the value provided to stakeholders.

Given the underperforming of the number of state-owned entities, **annual reviews of our audit portfolios** will take place to ensure that we focus on those with greater risk and potential to impact negatively on the lives of citizens.

In cases where we opt not to conduct audits ourselves, i.e. our section 4(3) audits, we will **increase our oversight** so that these assignments meet both the standards and expectations of our stakeholders and the requirements of the auditor-general for quality and depth of the audits.

As the technological understanding of our auditees increases each year, the **use of CAATs remains imperative** in order to improve audit sampling and to highlight areas of concern. Such areas might be further probed by investigation techniques.

A new initiative on **laying the groundwork for alignment** of the organisation with the envisaged amendments of our governing legislation, the PAA, will be prioritised to ensure that all relevant functions are ready for the implementation of the amended act once assented to.

Ultimately, the audits we conduct will encourage noticeable improvement in the levels of transparency, accountability and good governance in all spheres of government.

## OBJECTIVE 2: ENSURE HIGH QUALITY OF OUR AUDITS

| PERFORMANCE MEASURE                                 | TARGETS  |                                  |                                  |
|---|--|----------------------------------|----------------------------------|
|   | 2018-19  | 2019-20                          | 2020-21                          |
| % adherence to quality standards: audit engagements | 80% – 90% (C1, C2 and C3 rating)                               | 80% – 90% (C1, C2 and C3 rating) | 80% – 90% (C1, C2 and C3 rating) |
| Tool  | Quality control assessment committee's confirmation of results |                                  |                                  |

We will continue to make public the results from the assessment of the technical quality of our audits as we are firmly committed to adhere to the highest quality standards.

After falling just short in the achievement of the QC targets in the prior period, we significantly increased our attention to the **pre-issuance review process, enforcement of the application of standards on finalising the audit files** and strengthened the **link of the quality scores to the organisation's reward system**, which allowed us to reach the desired level. Our leadership will continue to monitor the implementation of all measures aimed at consistently achieving our quality targets.

## WHAT WE WILL DO TO ACHIEVE OUR OBJECTIVES FOR VALUE-ADDING AUDITING

| STRATEGIC INITIATIVE  | 2018-21 ENABLERS   |
|---|--|
| Institutionalise mechanisms and structures for developing deep knowledge of auditees and adding value to stakeholders | <ol style="list-style-type: none"> <li>1. Continue to implement and <b>refine our audit methodology</b></li> <li>2. <b>Develop rotation-based/light-scope audit models</b> for low-risk audits and small to medium audits with high unbillable hours</li> <li>3. Continue to <b>intensify the use of CAATs</b></li> <li>4. Develop an understanding of and <b>apply data analysis</b> to reduce the audit risk and increase efficiencies</li> <li>5. Enhance <b>reporting on the SDGs</b></li> <li>6. Prepare the organisation for alignment with the <b>amendments of the PAA</b> once assented to. This includes advocating of the amendments to stakeholders</li> </ol> |
| Implement our section 4(3) strategy   | <ol style="list-style-type: none"> <li>1. <b>Annually</b> review and update our audit portfolio</li> <li>2. Continue our <b>strict oversight of the governance of section 4(3)</b> audits</li> </ol>   |
| Continuously improve the quality of our audits  | <ol style="list-style-type: none"> <li>1. Implement various measures to improve audit quality</li> <li>2. Introduce the use of <b>audit quality indicators</b></li> </ol>  |

## 7.2 VISIBILITY FOR IMPACT

| STRATEGIC OBJECTIVES                              |                                      |
|---|--------------------------------------|
| <i>Achieve impact through visibility programs</i> | <i>Engage actively with citizens</i> |

The social and relationship capital of our organisation is based on the wealth of information and insight we gather as a result of our work. Ultimately, our aim is to increase this capital by utilising the knowledge we possess to the benefit of our stakeholders.

Our visibility programmes will stay **focused on influencing change and obtaining the best return on investment** in the form of timely and effective corrective actions by auditees. While we always **aim to broaden the engagement on audit outcomes**, having clear plans for engagement with specific stakeholders based on the selected criteria will provide structure and systemic approach to our efforts.

Where willingness to improve is not evident, we will **escalate the resolution of issues through oversight bodies**. Over the last year or two, we experienced increasing support from the portfolio committees, which led to Scopa calling for consequences for mismanagement of public funds. This encourages us to **tailor the packaging and presentation of audit outcomes further** to enable the committees to perform their oversight role.

The **implementation of our proactive status of records and recommendations reviews** found resonance with auditees during piloting and early implementation stages, and our intention is to institutionalise it and build on it so that improvements in audit outcomes are observed.

On the international front, as the chair of the Intosai CBC, we will facilitate the identification of challenges and opportunities for capacity development of Intosai members, strengthen structured professional development and facilitate access to solutions. We will provide support to the initiatives of the African Organisation of English-speaking Supreme Audit Institutions (Afrosai-E) on professional development of auditors on the African continent.

### OBJECTIVE 1: ACHIEVE IMPACT THROUGH VISIBILITY PROGRAMMES

| PERFORMANCE MEASURE  | TARGET  |   |   |
|--|---|---|---|
|  | 2018-19   | 2019-20   | 2020-21   |
| % implementation of actions to improve our stakeholders' perception on our visibility programmes | 80% – 100% of the actions for the financial year          | 80% – 100% of the actions for the financial year          | 80% – 100% of the actions for the financial year          |
| Tool   | Project implementation plan                               |   |   |
| Auditor-general's assessment of the organisation's performance on visibility                     | Achieved organisational objectives                        | Achieved organisational objectives                        | Achieved organisational objectives                        |
| Tool   | Auditor General's view of performance                     |   |   |
| % rollout of status of records review  | 80% – 100% of the planned rollouts for the financial year | 80% – 100% of the planned rollouts for the financial year | 80% – 100% of the planned rollouts for the financial year |
| Tool   | Project implementation plan                               |   |   |

The **initiatives that are underway will be completed during this planned period**. We will seek continuous enhancement of the existing programmes to ensure increased impact based on the response from our stakeholders.

The success of the engagements will be enabled by tools that support the planning, execution, tracking and evaluation of the success of those engagements, and by establishing a practical and effective way in which we become knowledgeable about the stakeholders' expectations and their experience of the interactions.

The main effort for the three-year period will be to **achieve the objectives of the review of the status of records management and commitments implementation** in the public sector. All other efforts will be subject to this overarching initiative.

We will provide **thought leadership on matters related to controls, risk management and service delivery**, and invite discussions that **will aim to co-create solutions for improvements** in the public sector.

**Increasing the skills of our staff and building their confidence in presenting audit messages** remain ongoing priorities in entrenching the required culture of engagement and collaboration with our stakeholders.

## OBJECTIVE 2: ENGAGE ACTIVELY WITH CITIZENS

We have noted the **growing interest of citizens** in the audit outcomes as a result of our work. Considering that the reason for our existence is to **strengthen democracy and to build public confidence**, we have the responsibility of ensuring that the messages reach the citizens.

There are a variety of means available to us from the traditional printed material to structured engagements and social media conversations and will pursue the most appropriate ones by giving consideration to the preference of our citizens.

Interactions with various civil society groups will allow us to demonstrate our thought leadership and to create ambassadors for our messages and mandate.

### WHAT WE WILL DO TO ACHIEVE OUR OBJECTIVES FOR VISIBILITY FOR IMPACT

| STRATEGIC INITIATIVE  | ENABLERS  |
|---|---|
| Ensure high-quality, practical and effective engagements with constitutional stakeholders | <ol style="list-style-type: none"> <li>1. Implement systematically and consistently the status of records and commitments reviews for enhanced engagements with stakeholders.</li> <li>2. Implement our external thought leadership programme.</li> </ol>   |
| Continue to implement our citizen engagement strategy                                     | <ol style="list-style-type: none"> <li>1. Increase the <b>reach and impact of engagement</b> on our mandate and role through: <ul style="list-style-type: none"> <li>✓ enhancing community reach</li> <li>✓ appropriate social media presence</li> <li>✓ synergies with Parliament to engage citizens.</li> </ul> </li> <li>2. Enhance <b>stakeholder awareness and understanding of audit outcomes</b> by: <ul style="list-style-type: none"> <li>✓ improving responsible media coverage of audit outcomes</li> <li>✓ deepening the engagement with professional associations and industry organisations.</li> </ul> </li> </ol> |
| Continue to implement an international participation programme                            | <ol style="list-style-type: none"> <li>1. Implement the CBC strategy effectively and contribute to the work of specialist Intosai groups by providing strategic leadership and further enhancing our international reputation.</li> <li>2. Provide effective support to Afrosai-E and collaborate with African SAls on various programmes.</li> </ol>   |

## 7.3 VIABILITY

| STRATEGIC OBJECTIVES  |  |
|---|--|
| Maintain financial viability and legal independence                   | Attract, develop and retain great talent |
| Create an enabling culture and leadership to drive strategy execution | Increase operational efficiencies        |

This strategic goal deals with the management of our financial, intellectual and human capitals of our business model.

The concept of viability considers in an integrated way the elements that sustain our organisation and allows it to remain independent, namely our legal status that allows us to choose the size and extent of our audits; our administrative autonomy to select and develop our own human resource capacity, systems and processes; and the financial independence to generate income that can fund the human resources and tools necessary to execute our mandate. In this way, we are fully aligned with the spirit and the pillars of SAI independence as articulated in the Lima Declaration, 1977.

We are determined to **safeguard our legal independence** by adhering closely to the provisions of the Constitution and the Public Audit Act. By executing our mandate in the most economical, efficient and effective way, we not only create value for both our internal and external stakeholders, but we also **protect our financial independence**. Thus, we will continue to strengthen our financial model and the ability to collect revenue within a reasonable period of time by applying the most effective mechanisms.

Our ability to attract and retain the best calibre of staff and develop the required skills, capabilities and competencies enhances our unique value proposition as an organisation. In order **to look after our administrative autonomy**, we have prioritised talent management and training, talent retention and staff engagement to ensure that we have the required human capital for the realisation of our 4V strategy.

### OBJECTIVE 1: MAINTAIN FINANCIAL VIABILITY AND LEGAL INDEPENDENCE

| PERFORMANCE MEASURE                                      | TARGETS   |            |            |
|--|---|------------|------------|
|  | 2018-19   | 2019-20    | 2020-21    |
| Net surplus (sustainability margin) as % of audit income | 1% – 4%   | 1% – 4%    | 1% – 4%    |
| Level of safety (cash margin)                            | 2-4 months  | 2-4 months | 2-4 months |
| Tool   | Income statement<br>Note: debt collection measure will remain at BU level |            |            |

**Debt management and audit fee collection remain our main financial priority** to ensure a stable cash flow and adequate surplus margins sufficient to finance our operations.

We continue to seek ways of reducing operational costs. The **limit on headcount growth** will remain in place as well as other **austerity measures**. The monitoring of the implementation of the audit methodology will be done systematically and consistently to ensure that we derive the desired **audit efficiencies and reduction of audit hours, where possible**.

An audit affordability effort aimed at **curbing audit fees** by tailoring the audit scope for financially distressed municipalities, museums, TVETs and other small auditees such as funds and boards will be maintained. The leadership will ensure that **high audit quality standards** are not compromised.

As discussed earlier in our document, the growing concern from the public in general about the lack of **consequence management** in the public sector, especially where **irregular, fruitless and wasteful and unauthorised expenditure** has been reported by the AG has resulted in a request by Standing Committee on Auditor-General for us to review our mandate to ensure that the recommendations in our audit reports are taken seriously. We will conclude our statutory review and focus our attention on preparing the organisation to implement the extended powers provided by the Public Audit Amendment Act, 2017, once promulgated. We will also intensify our strategic collaborations with other organs of state and chapter 9 institutions that have the power to investigate matters that do not fall within our mandate or audit scope to ensure complementing one another's role in supporting our country's democracy.

## OBJECTIVE 2: ATTRACT, DEVELOP AND RETAIN GREAT TALENT

| PERFORMANCE MEASURE  | TARGETS                                    |  |                                 |
|--|--|--|---------------------------------|
|  | 2018-19                                    | 2019-20                                    | 2020-21                         |
| % voluntary turnover of high potential individuals, executives and senior managers | 8%-10%                                     | 8%-10%                                     | 8%-10%                          |
| Tool   | ERP report                                 |  |                                 |
| % improvement of CA(SA) board exam   | 20% vs 2017-18 pass rate                   | 10% vs 2018-19 pass rate                   | 10% vs 2019-20 pass rate        |
| Tool   | Saica exam results                         |  |                                 |
| % implementation of staff engagement initiatives                                   | 80% - 100% of actions planned for the year | 80% - 100% of actions planned for the year | Conduct staff engagement survey |
| Tool   | Project implementation plans               |  |                                 |

We will continue to **implement the people strategy** with a greater emphasis on talent management, improvement of our pipeline and creating long-term career paths. **Attraction and retention of the needed skills** and rigorous implementation of **succession planning** measures, especially at senior management and business executive level, will ensure business continuity and increased value proposition to employees and will enable us to remain an employer of choice, both for remuneration and benefits and for development opportunities and career growth.

In that regard, we will **fast track the implementation of the total reward programmes** aimed at enhancing cost management, compliance and overall human resource effectiveness.

Our centre for mentoring and coaching will work to institutionalise and enhance these practices within the organisation aiming to empower our leadership to cultivate the desired organisational culture and employee engagement.

The **staff engagement index**, conducted in the previous reporting period, provided the baseline levels of motivation and commitment among our staff. Addressing the challenges identified through the survey will guide our work in creating an environment conducive to enabling our people to perform at their full potential, **improving their productivity** and enabling the achievement of our strategic objectives as outlined in the 4V strategy.

Our contribution to the transformation of the auditing and accounting profession will be driven under our invigorated **trainee auditor (TA) scheme**. The goal of the TA scheme is to support our vision by qualifying **250 CAs in one academic year in 2020**.

### OBJECTIVE 3: CREATE AN ENABLING CULTURE & LEADERSHIP TO DRIVE STRATEGY EXECUTION

| PERFORMANCE MEASURE   | TARGETS  |                            |                            |
|---|--|----------------------------|----------------------------|
|   | 2018-19  | 2019-20                    | 2020-21                    |
| Develop and implement a culture improvement strategy / plan | Define the desired culture, establish a baseline and develop a plan for action | Implement the culture plan | Implement the culture plan |
| Tool  | Project implementation plans   |                            |                            |

This is a new strategic objective that is still in its embryonic stage. The culture mapping done recently will be the basis for the development of the **long-term organisational culture strategy** that will be implemented in the next three years. We aim to inspire our staff to uphold the values of the organisation which will be exemplified by our leadership. As we progress in defining the desired culture that will assist us in meeting future challenges, we will become more specific about the ways we instil it.

### OBJECTIVE 4: INCREASE OPERATIONAL EFFICIENCIES

| PERFORMANCE MEASURE                | TARGETS  |  |  |
|------------------------------------|--|--|--|
|                                    | 2018-19  | 2019-20  | 2020-21  |
| Optimisation of business processes | 80% - 100% of actions planned for the financial year | 80% - 100% of actions planned for the financial year | 80% - 100% of actions planned for the financial year |
| Tool                               | Project-tracking tool                                |  |  |

The prevailing economic environment and our financial challenges necessitate that we find innovative ways of enhancing **operational efficiencies**. Such efficiencies will be sought in all areas of operation to ensure continuous improvement.

We will build on the investment done recently in our IT infrastructure and tools to ensure continuously that these are adequate for the execution of our mandate.

Resource planning and optimisation will remain a priority for the long term. The same approach will be applied to all our processes, both in the audit team and in the support services.

Information management and security has been identified as one of the strategic risks and we will maintain strict information management to safeguard information that is in our custody.

Knowledge sharing (internal thought leadership) will be streamlined to allow our staff regular access to the latest thinking and information in our line of work.

## WHAT WE WILL DO TO ACHIEVE OUR OBJECTIVES FOR VIABILITY

| STRATEGIC INITIATIVES FOR VIABILITY   |  |
|---|--|
| STRATEGIC INITIATIVE  | 2018-21 ENABLERS   |
| Implement and regularly review strategic initiatives to ensure our financial viability  | <ol style="list-style-type: none"> <li>1. Intensify cost-optimisation tactics such as: <ul style="list-style-type: none"> <li>✓ continued monitoring of the moratorium on recruitment</li> <li>✓ strategic sourcing on leases and major procurement/contract items</li> <li>✓ implementation of cost-saving measures across the organisation</li> </ul> </li> <li>2. Assessment of our resource model</li> </ol>   |
| Pursue effective debt collection  | <ol style="list-style-type: none"> <li>1. Continue to implement ring-fencing and litigation and other debt-management strategies</li> <li>2. Quantify and monitor efficiencies realised from the implementation of the revised audit methodology</li> </ol>  |
| Regularly review available legal instruments to support the execution of our mandate and to promote consequence management in the public sector | <ol style="list-style-type: none"> <li>1. Continue to utilise memoranda of understanding with other organs of state to complement our effort in driving consequence management in the public sector</li> <li>2. Optimise opportunities for consequence management presented by the audit directive</li> <li>3. Utilise regulations and other methods of augmenting our mandate</li> </ol>  |
| Continue to implement our People strategy   | <ol style="list-style-type: none"> <li>1. Create a magnetic employer brand that attracts and motivates the best</li> <li>2. Implement actions to improve the AGSA's position on the Universum's Ideal Employer ranking</li> <li>3. Build clear paths and options for horizontal and vertical growth for all employees</li> <li>4. Improve talent management and desired skills retention</li> <li>5. Drive a healthy performance management process</li> </ol> |
| Implement our TA strategy   | <ol style="list-style-type: none"> <li>1. Strengthen our pipeline for the intake of trainees with a CTA qualification</li> <li>2. Improve the TA support programmes</li> <li>3. Strengthen the role of the business executive and the training officer</li> <li>4. Conduct internal assessments and strengthen support for the training offices so that they can maintain (or improve where required) their SAICA accreditation</li> </ol>                     |
| Address gaps identified through the staff engagement survey   | <ol style="list-style-type: none"> <li>1. Implement action plans to address gaps identified through the staff engagement survey (to be developed at the end of 2017-18)</li> </ol>   |

| STRATEGIC INITIATIVES FOR VIABILITY                                       |  |
|---|--|
| STRATEGIC INITIATIVE  | 2018-21 ENABLERS   |
| <b>Develop and implement a culture strategy / plan</b>                    | <ol style="list-style-type: none"> <li>1. Develop and apply a leadership competency framework</li> <li>2. Finalise the development of a culture plan</li> <li>3. Implement actions as per the culture plan (year two of this strategic plan)</li> <li>4. Observe desired improvements in behaviour (year three of this strategic plan)</li> <li>5. Drive leadership conversations on team effectiveness</li> </ol> |
| <b>Continuously enhance our IT solutions and organisational processes</b> | <ol style="list-style-type: none"> <li>1. Finalise the business cases for the next ERP solution (including high-level implementation plan)</li> <li>2. Review the business case for new audit software that also supports reporting and stakeholder engagement. Enable decision-making for the way forward</li> <li>3. Continuous integration of organisational data and applications</li> </ol>                   |
| <b>Information security and information management</b>                    | <ol style="list-style-type: none"> <li>1. Implement an information security framework and plan</li> <li>2. Implement an information management framework and solutions</li> <li>3. Intensify knowledge sharing across the organisation</li> </ol>  |

## 7.4 VISION AND VALUES DRIVEN

| STRATEGIC OBJECTIVES                                       |   |
|--|---|
| <i>Drive the AGSA's transformation programme</i>           | <i>Demonstrate clean administration</i> |
| <i>Safeguard the ethical character of our organisation</i> |   |

We are committed to continue demonstrating that clean administration and societal transformation is not only achievable, but is also a desirable state for all our stakeholders. We see running an exemplary administration and practising good governance as our licence to engage and recommend actions for improvement to our auditees.

The organisation is well geared to deal with the risk of possible lapses in ethical conduct by allocating the accountability for it to our executive leadership. In order to protect the institution and our staff we are increasing our focus on ethics by making it a separate strategic objective for this three-year period.

We respond to the transformation objectives of our country, namely economic growth, poverty alleviation and equality, through our extensive skills development programmes, procurement practices for contributing to the operational and financial capabilities of designated businesses (e.g. emerging micro enterprises, qualifying small enterprises, black women owned and others), employing people living with disabilities and participating in various charitable activities.

We use the vehicle of the broad-based black economic empowerment (B-BBEE) to drive our effort on transformation. In line with our expectations that **the newly signed CA Charter will be promulgated** by the start of this strategic plan, our main focus will be on aligning the organisation to the provisions of the sector codes while achieving our desired contributor level.

We will continue to lead by example in the area of **strategic planning and integrated reporting** in order to encourage organisations and entities in the public sector to practice these disciplines, which in turn will lead to better performance in the sector.

### OBJECTIVE 1: DRIVE THE AGSA'S TRANSFORMATION PROGRAMME

| PERFORMANCE MEASURE | TARGETS               |         |         |
|---------------------|-----------------------|---------|---------|
|                     | 2018-19               | 2019-20 | 2020-21 |
| <b>B-BBEE Level</b> | Level 2               | Level 2 | Level 2 |
| <b>Tool</b>         | External verification |         |         |

Our comprehensive transformation strategy developed in the previous performance periods will guide us in addressing the identified areas for improvement, with the overall aim of maintaining our status as a broad-based black economic empowerment (B-BBEE) level 2 contributor.

We will work tirelessly to grow our employees to perform to their full potential by embedding a culture that embraces diverse skills, encourages inclusivity and is underpinned by fairness and consistency, which are the main pillars of transformation.

Our passion for the **development and the advancement of black chartered accountants** remains the cornerstone of our support to the transformation process in and the growth of the auditing, accounting and other financial disciplines. Our trainee auditor scheme and our principles in distributing audit work to private firms have been playing a significant role in increasing the number of black CAs and we will continue to strengthen both to ensure maximum contribution.

One of the successes we had in the last two years was the establishment of our enterprise and supplier development programme. We plan to **expand this programme to assist a larger number of small black audit firms** to stand on their feet and become suppliers of auditing skills to us.

We aim to enhance our **management of employment equity further** by ensuring that while we appoint people from diverse backgrounds, we also address diversity-related issues that may result from it. Improving **attitudinal challenges** around including people living with **disability in the workforce** will continue to be a key focus area for the organisation.

## OBJECTIVE 2: DEMONSTRATE CLEAN ADMINISTRATION

| PERFORMANCE MEASURE    | TARGETS               |             |             |
|------------------------|-----------------------|-------------|-------------|
|                        | 2018-19               | 2019-20     | 2020-21     |
| External audit opinion | Clean audit           | Clean audit | Clean audit |
| Tool                   | External audit report |             |             |

We recognise that our reputation is dependent on our **adherence to standards of excellence in our everyday behaviour** and in all our governance processes and systems. We will continue to **maintain exemplary internal controls**, thus preserving the institution's own unblemished track record of clean audit opinions.

## OBJECTIVE 3: SAFEGUARD THE ETHICAL CHARACTER OF THE ORGANISATION

| PERFORMANCE MEASURE  | TARGETS       |         |         |
|--|---------------|---------|---------|
|  | 2018-19       | 2019-20 | 2020-21 |
| % decisive and timely action against reported ethical breaches | 100%          | 100%    | 100%    |
| Tool   | Ethics report |         |         |

The inclusion of this new strategic objective serves to confirm that **ethics will continue to receive undivided support and dedication from the leadership** across the organisation in response to the increased environmental trend and risk of ethical breaches.

We will exploit the most effective platforms **to enhance awareness and appreciation of the ethical principles** the AGSA has adopted and committed to live by. Active engagements with the executive leadership, empowering and capacitating them not only to lead from the front, but also to act consistently against ethical misconduct will be intensified.

## WHAT WE WILL DO TO ACHIEVE OUR OBJECTIVES FOR VISION AND VALUES DRIVEN

| STRATEGIC INITIATIVE   | ENABLERS   |
|--|--|
| Continue to implement our transformation strategy by growing our people and supporting our suppliers and our communities                             | <ol style="list-style-type: none"> <li>1. Alignment with the provisions of the CA Charter</li> <li>2. Review the CWC allocation model, including rotation of firms</li> <li>3. Continue to increase the number of black employees living with disabilities</li> <li>4. Further strengthen our enterprise and supplier development programme</li> </ol> |
| Continuously enhance ownership and accountability of business process owners   | <ol style="list-style-type: none"> <li>1. Continuously review processes and tools to ensure their adequacy and responsiveness to changes in the environment</li> <li>2. Continue to monitor controls performance</li> </ol>  |
| Cultivate an environment that enables the desired ethical behaviour  | <ol style="list-style-type: none"> <li>1. Roll out the revised ethics policy</li> <li>2. Enhance the complaints management process and roll out a whistle-blowing mechanism</li> <li>3. Enable the leadership with knowledge and information to deal decisively with ethical breaches</li> </ol>   |
| Demonstrate quality and transparency of reporting in our accountability instruments (the integrated annual report and the strategic plan and budget) | <ol style="list-style-type: none"> <li>1. Practice integrated strategic thinking and reporting</li> <li>2. Increase awareness of the concept of sustainability within the organisation</li> <li>3. Enhance the understanding of our capitals among the leadership</li> </ol>   |



# **ANNEXURE A**

**The AGSA's Balanced  
Scorecard 2018-21**



## ANNEXURE A

### THE AGSA'S BALANCED SCORECARD 2018-21

| STRATEGIC GOAL | WEIGHT | OBJECTIVE                                    | PERFORMANCE MEASURE  | TARGETS  |  |  |
|----------------|--------|--|--|--|--|--|
|                |        |  |  | 2018-19  | 2019-20  | 2020-21  |
| Value-add      | 20%    | Demonstrate value-adding auditing            | % implementation of actions to improve our stakeholders' perception on our added value           | 80% – 100% of the actions for the financial year           | 80% – 100% of the actions for the financial year           | 80% – 100% of the actions for the financial year           |
|                |        |  | Auditor-general's assessment of the organisation's performance on value-adding auditing          | Achieved organisational objectives                         | Achieved organisational objectives                         | Achieved organisational objectives                         |
|                |        | Ensure high quality of audits                | % adherence to quality standards: audit engagements  | 80% – 90% (C1, C2 and C3 rating)                           | 80% – 90% (C1, C2 and C3 rating)                           | 80% – 90% (C1, C2 and C3 rating)                           |
| Visibility     | 20%    | Achieve impact through visibility programmes | % implementation of actions to improve our stakeholders' perception on our visibility programmes | 80% – 100% of the actions for the financial year           | 80% – 100% of the actions for the financial year           | 80% – 100% of the actions for the financial year           |
|                |        |  | Auditor-general's assessment of the organisation's performance on visibility                     | Achieved organisational objectives                         | Achieved organisational objectives                         | Achieved organisational objectives                         |
|                |        |  | % roll out of status of records review   | 80% – 100% of the planned roll-outs for the financial year | 80% – 100% of the planned roll-outs for the financial year | 80% – 100% of the planned roll-outs for the financial year |

## ANNEXURE A

| STRATEGIC GOAL           | WEIGHT | OBJECTIVE   | PERFORMANCE MEASURE  | TARGETS  |  |  |
|--------------------------|--------|---|--|--|--|--|
|                          |        |   |  | 2018-19  | 2019-20                                    | 2020-21                                    |
| Viability                | 40%    | Maintain financial viability and legal independence                   | % net surplus (sustainability margin) as % of audit income                       | 1% – 4%  | 1% – 4%                                    | 1% – 4%                                    |
|                          |        |   | Level of safety (cash margin)  | 2-4 months   | 2-4 months                                 | 2-4 months                                 |
|                          |        | Attract, develop, and retain great talent                             | Voluntary turnover of high-potential individuals, executives and senior managers | 8%-10%   | 8%-10%                                     | 8%-10%                                     |
|                          |        |   | % improvement of CA(SA) board exam   | 20% vs 2017-18 pass rate   | 10% vs 2018-19 pass rate                   | 10% vs 2019-20 pass rate                   |
|                          |        |   | % implementation of staff engagement initiatives                                 | 80% - 100% of actions planned for the year                                     | 80% - 100% of actions planned for the year | Conduct staff engagement survey            |
|                          |        | Create an enabling culture and leadership to drive strategy execution | Develop and implement a culture improvement strategy                             | Define the desired culture, establish a baseline and develop a plan for action | Implement the culture plan                 | Implement the culture plan                 |
|                          |        | Increase operational efficiencies                                     | Optimisation of business processes   | 80% - 100% of actions planned for the year                                     | 80% - 100% of actions planned for the year | 80% - 100% of actions planned for the year |
|                          |        |   |  |  |  |  |
| Values and vision driven | 20%    | Drive the AGSA's transformation programme                             | BBBEE level  | Level 2  | Level 2                                    | Level 2                                    |
|                          |        | Demonstrate clean administration                                      | External audit opinion   | Clean audit  | Clean audit                                | Clean audit                                |
|                          |        | Safeguard the ethical character of the organisation                   | % decisive and timely actions against reported ethical breaches                  | 100%   | 100%                                       | 100 %                                      |

[illegible]

# **ANNEXURE B**

Budget of the  
Auditor-General of  
South Africa  
for 2018-21

## ANNEXURE B

### PROJECTED STATEMENT OF COMPREHENSIVE INCOME (ACTUAL, BUDGET AND FORECAST)

|  | ACTUAL         | BUDGET         | BUDGET         | FORECAST       | FORECAST       |
|--|----------------|----------------|----------------|----------------|----------------|
|  | 2016-17        | 2017-18        | 2018-19        | 2019-20        | 2020-21        |
|  | RM             | RM             | RM             | RM             | RM             |
| <b>AUDIT INCOME</b>                        | <b>2 977,2</b> | <b>3 276,8</b> | <b>3 381,9</b> | <b>3 590,6</b> | <b>3 806,2</b> |
| Own hours                                  | 2 252,2        | 2 525,3        | 2 644,0        | 2 898,1        | 3 085,4        |
| S&T recoverable                            | 147,4          | 158,3          | 152,8          | 153,1          | 162,3          |
| Contract work                              | 583,6          | 599,2          | 591,1          | 545,4          | 565,3          |
| Present value of revenue adjustment        | (6,0)          | (6,0)          | (6,0)          | (6,0)          | (6,8)          |
| <b>DIRECT AUDIT EXPENDITURE</b>            | <b>2 058,2</b> | <b>2 222,0</b> | <b>2 254,6</b> | <b>2 308,4</b> | <b>2 457,9</b> |
| Personnel expenditure                      | 1 334,5        | 1 465,5        | 1 516,5        | 1 624,5        | 1 738,2        |
| S&T recoverable                            | 147,4          | 158,3          | 152,9          | 153,1          | 162,3          |
| Contract work                              | 583,6          | 606,5          | 593,5          | 539,1          | 565,3          |
| Present value of contract work adjustments | (7,3)          | (8,3)          | (8,3)          | (8,3)          | (7,9)          |
| <i>Contract work % of audit income</i>     | <i>19,6%</i>   | <i>18,3%</i>   | <i>17,5%</i>   | <i>15,2%</i>   | <i>14,9%</i>   |
| <b>GROSS PROFIT</b>                        | <b>919,0</b>   | <b>1 054,8</b> | <b>1 127,3</b> | <b>1 282,2</b> | <b>1 348,3</b> |
| <b>Own hours gross profit</b>              | <b>917,7</b>   | <b>1 059,8</b> | <b>1 127,5</b> | <b>1 273,6</b> | <b>1 347,2</b> |
| <i>Gross margin % of audit income</i>      | <i>30,87%</i>  | <i>32,19%</i>  | <i>33,33%</i>  | <i>35,71%</i>  | <i>35,42%</i>  |
| <b>Other income</b>                        | <b>81,8</b>    | <b>67,9</b>    | <b>70,5</b>    | <b>70,5</b>    | <b>72,9</b>    |
| Interest                                   | 63,2           | 34,7           | 35,6           | 35,6           | 37,1           |
| Present value adjustments and other        | 18,6           | 33,2           | 34,9           | 34,9           | 35,8           |
| <b>Contribution to overheads</b>           | <b>1 000,8</b> | <b>1 122,7</b> | <b>1 197,8</b> | <b>1 352,7</b> | <b>1 421,2</b> |
| <b>OVERHEAD EXPENSES</b>                   | <b>969,6</b>   | <b>1 012,5</b> | <b>1 121,3</b> | <b>1 247,4</b> | <b>1 315,4</b> |
| <i>Overhead as % of audit income</i>       | <i>32,57%</i>  | <i>30,90%</i>  | <i>33,16%</i>  | <i>34,74%</i>  | <i>34,56%</i>  |
| <b>Depreciation</b>                        | <b>45,8</b>    | <b>42,6</b>    | <b>34,2</b>    | <b>34,2</b>    | <b>30,8</b>    |
| <b>NET SURPLUS</b>                         | <b>(14,6)</b>  | <b>67,6</b>    | <b>42,3</b>    | <b>71,1</b>    | <b>75,0</b>    |
| <i>Net surplus as a % of audit income</i>  | <i>-0,49%</i>  | <i>2,06%</i>   | <i>1,25%</i>   | <i>1,98%</i>   | <i>1,97%</i>   |

## ANNEXURE B

### PROJECTED STATEMENT OF FINANCIAL POSITION (ACTUAL, BUDGET AND FORECAST)

|   | ACTUAL<br>2016-17<br>RM | BUDGET<br>2017-18<br>RM | BUDGET<br>2018-19<br>RM | FORECAST<br>2019-20<br>RM | FORECAST<br>2020-21<br>RM |
|---|-------------------------|-------------------------|-------------------------|---------------------------|---------------------------|
| <b>EQUITY AND LIABILITIES</b>                         |                         |                         |                         |                           |                           |
| <b>Equity</b>   | <b>786,1</b>            | <b>853,7</b>            | <b>896,0</b>            | <b>967,1</b>              | <b>1 042,1</b>            |
| General reserve                                       | 795,7                   | 795,7                   | 795,7                   | 795,7                     | 795,7                     |
| Special audit services fund                           | 5,0                     | 5,0                     | 5,0                     | 5,0                       | 5,0                       |
| Retained earnings                                     | -                       | (14,6)                  | 53,0                    | 95,3                      | 166,4                     |
| Net surplus for the year                              | (14,6)                  | 67,6                    | 42,3                    | 71,1                      | 75,0                      |
| <b>NON-CURRENT LIABILITIES</b>                        | <b>63,6</b>             | <b>64,5</b>             | <b>65,7</b>             | <b>66,2</b>               | <b>67,1</b>               |
| Retirement benefit obligation - Medical aid liability | 63,6                    | 64,5                    | 65,7                    | 66,2                      | 67,1                      |
| <b>CURRENT LIABILITIES</b>                            | <b>509,6</b>            | <b>524,0</b>            | <b>558,1</b>            | <b>588,2</b>              | <b>612,2</b>              |
| Trade and other payables                              | 396,7                   | 403,4                   | 415,8                   | 422,6                     | 421,0                     |
| Leave liability                                       | 112,9                   | 120,6                   | 142,3                   | 165,6                     | 191,2                     |
|   | <b>1 359,3</b>          | <b>1 442,2</b>          | <b>1 519,8</b>          | <b>1 621,5</b>            | <b>1 721,4</b>            |
| <b>EMPLOYMENT OF CAPITAL</b>                          |                         |                         |                         |                           |                           |
| <b>Non-current assets</b>                             | <b>134,8</b>            | <b>151,5</b>            | <b>171,0</b>            | <b>191,5</b>              | <b>214,3</b>              |
| Property, plant and equipment                         | 134,8                   | 151,5                   | 171,0                   | 191,5                     | 214,3                     |
| <b>INVESTMENTS</b>                                    | <b>287,3</b>            | <b>308,5</b>            | <b>330,1</b>            | <b>351,7</b>              | <b>373,1</b>              |
| <b>Current assets</b>                                 | <b>937,2</b>            | <b>982,2</b>            | <b>1 018,7</b>          | <b>1 078,3</b>            | <b>1 134,0</b>            |
| Trade and other debtors                               | 671,2                   | 717,9                   | 692,8                   | 711,2                     | 724,0                     |
| Bank and cash   | 266,0                   | 264,3                   | 325,9                   | 367,1                     | 410,0                     |
|   | <b>1 359,3</b>          | <b>1 442,2</b>          | <b>1 519,8</b>          | <b>1 621,5</b>            | <b>1 721,4</b>            |

#### WORKING CAPITAL ASSUMPTIONS

1. Trade and other payables are calculated on a 30-day payment period from date of approval on the AGSA payment system.
2. Trade debtors are calculated based on the following days outstanding: 2015 to 2018: 75% - 80% recovery within 30 days for the national departments and 55% - 80% recovery within 30 days for provincial departments.

## ANNEXURE B

### PROJECTED CASH FLOW STATEMENT (BUDGET AND FORECAST)

|                       | BUDGET        | BUDGET        | FORECAST      | FORECAST      |
|-----------------------|---------------|---------------|---------------|---------------|
|                       | 31 MARCH 2018 | 31 MARCH 2019 | 31 MARCH 2020 | 31 MARCH 2021 |
|                       | RM            | RM            | RM            | RM            |
| Opening bank balance  | 266,0         | 264,3         | 325,9         | 367,1         |
| Cash inflow           | 3 567,5       | 3 753,2       | 4 038,8       | 4 200,4       |
| Audit income          | 3 538,9       | 3 724,2       | 4 009,0       | 4 169,4       |
| Other income          | 28,6          | 29,0          | 29,8          | 31,0          |
| Cash outflow          | 3 569,2       | 3 691,6       | 3 997,6       | 4 157,5       |
| Operating expenditure | 3 497,5       | 3 623,6       | 3 927,7       | 4 084,8       |
| Capital expenditure   | 71,7          | 68,0          | 69,9          | 72,7          |
| Closing bank balance  | 264,3         | 325,9         | 367,1         | 410,0         |

The cash flow balances reflected above exclude investment balances that are ring-fenced for specific commitments. These investment balances are only part of the total investment balances.

# ANNEXURE B

## DETAILED BUDGET

| DESCRIPTION                                 | NOTES | BUDGET        | BUDGET        | FORECAST      | FORECAST      |
|---|-------|---------------|---------------|---------------|---------------|
|   |       | 2017-18       | 2018-19       | 2019-20       | 2020-21       |
|   |       | (A)           | (E)           | (F)           | (G)           |
| <b>AUDIT INCOME</b>                         | 1     | 3 276 760 057 | 3 381 929 283 | 3 590 682 043 | 3 806 122 965 |
| Own hours                                   | 1.1   | 2 525 288 693 | 2 643 964 658 | 2 898 168 998 | 3 085 375 193 |
| Regularity audit                            |       | 2 267 465 261 | 2 387 984 131 | 2 617 577 188 | 2 800 807 592 |
| Specialised audit                           |       | 257 823 432   | 255 980 527   | 280 591 810   | 298 716 538   |
| <b>Contract work</b>                        | 1.2   | 599 174 546   | 591 124 079   | 545 461 481   | 565 268 474   |
| Regularity audit                            |       | 569 497 415   | 565 735 741   | 522 034 317   | 540 990 615   |
| Specialised audit                           |       | 29 677 132    | 25 388 338    | 23 427 164    | 24 277 859    |
| <b>Subsistence and travel</b>               | 1.3   | 158 339 350   | 152 883 077   | 153 094 096   | 162 279 742   |
| <b>Present value of revenue adjustments</b> |       | (6 042 532)   | (6 042 532)   | (6 042 532)   | (6 800 444)   |
| <b>DIRECT AUDIT COST</b>                    |       | 2 222 125 242 | 2 254 582 778 | 2 308 435 478 | 2 457 874 371 |
| Staff remuneration: audit business units    | 2.3   | 1 465 525 976 | 1 516 493 369 | 1 624 486 043 | 1 738 200 066 |
| Contract work - recoverable                 | 1.2   | 606 526 704   | 593 473 119   | 539 122 126   | 565 268 474   |
| Subsistence and travel - recoverable        |       | 158 339 350   | 152 883 077   | 153 094 096   | 162 279 742   |
| Present value of CWC (recoverable)          |       | (8 266 788)   | (8 266 788)   | (8 266 788)   | (7 873 911)   |
| <b>GROSS PROFIT</b>                         |       | 1 054 634 816 | 1 127 346 505 | 1 282 246 565 | 1 348 248 594 |
| <b>GROSS PROFIT PERCENTAGE</b>              |       | 32%           | 33%           | 36%           | 35%           |
| <b>OTHER INCOME</b>                         | 1.4   | 68 104 585    | 70 468 286    | 70 468 286    | 72 920 491    |
| Interest received: Investments              |       | 21 225 681    | 21 648 579    | 21 648 579    | 21 363 949    |
| Interest received: Current account          |       | 13 727 996    | 13 960 000    | 13 960 000    | 15 710 996    |
| Sundry income                               |       | 27 108 376    | 28 817 175    | 28 817 175    | 29 045 103    |
| Present value adjustments – Revenue/Debtors |       | 6 042 532     | 6 042 532     | 6 042 532     | 6 800 444     |
| <b>SURPLUS BEFORE OPERATING COST</b>        |       | 1 122 739 400 | 1 197 814 791 | 1 352 714 851 | 1 421 169 085 |
| <b>OPERATING COST</b>                       |       | 1 012 539 351 | 1 121 285 405 | 1 247 411 470 | 1 315 375 780 |
| <b>Staff remuneration:</b>                  | 2.3.2 | 358 329 353   | 382 430 752   | 469 658 086   | 500 185 861   |
| Support business units                      |       | 358 329 353   | 382 430 752   | 469 658 086   | 502 534 152   |

# ANNEXURE B

## DETAILED BUDGET

| DESCRIPTION                                   | NOTES | BUDGET             | BUDGET             | FORECAST           | FORECAST           |
|---|-------|--------------------|--------------------|--------------------|--------------------|
|   |       | 2017-18            | 2018-19            | 2019-20            | 2020-21            |
|   |       | (A)                | (E)                | (F)                | (G)                |
| <b>Other personnel expenditure</b>            | 2     | <b>173 323 589</b> | <b>217 079 289</b> | <b>244 391 913</b> | <b>256 672 709</b> |
| Leave pay provision                           | 2.1   | 7 660 193          | 21 699 996         | 23 327 496         | 25 579 203         |
| Medical aid provision                         | 2.2   | 4 910 000          | 4 173 349          | 4 486 350          | 4 919 399          |
| Group life scheme                             | 2.4   | 28 564 702         | 38 598 764         | 42 857 458         | 46 286 054         |
| Long service awards & other                   | 2.4   | 105 000            | 167 496            | 196 334            | 197 438            |
| Performance bonus liability                   | 2.6   | 124 171 512        | 144 544 384        | 164 888 875        | 170 383 909        |
| UIF: employer contribution                    | 2.5   | 5 143 210          | 5 142 427          | 5 621 467          | 6 061 715          |
| Workmen's compensation premiums               | 2.5   | 1 505 356          | 1 505 356          | 1 650 070          | 1 774 461          |
| BU recognition scheme                         | 2.4   | 1 263 616          | 1 247 517          | 1 363 864          | 1 470 529          |
| <b>Outsourced services</b>                    |       | <b>27 749 738</b>  | <b>31 475 659</b>  | <b>29 945 819</b>  | <b>28 448 528</b>  |
| Outsourced services - irrecoverable           | 3     | 28 173 262         | 31 899 183         | 30 390 943         | 28 871 396         |
| Present Value of CWC irrecoverable            | 3     | (423 524)          | (423 524)          | (445 124)          | (422 868)          |
| <b>Subsistence and travel - irrecoverable</b> |       | <b>29 218 515</b>  | <b>28 818 677</b>  | <b>31 371 917</b>  | <b>32 783 653</b>  |
| S&T: Irrecoverable                            | 4     | 29 218 515         | 28 818 677         | 31 371 917         | 32 783 653         |
| <b>Accommodation</b>                          |       | <b>115 002 427</b> | <b>123 909 042</b> | <b>127 400 867</b> | <b>139 347 772</b> |
| Rental  | 5     | 74 287 806         | 80 630 579         | 80 529 279         | 88 904 324         |
| Straight-lining of leases                     | 5.1   | (9 574 375)        | (8 893 357)        | (8 893 357)        | (9 782 693)        |
| Operating costs                               |       | 50 288 996         | 52 171 820         | 55 764 944         | 60 226 140         |
| <b>Stakeholder relationship</b>               |       | <b>40 809 919</b>  | <b>38 150 310</b>  | <b>35 963 049</b>  | <b>37 323 865</b>  |
| Liaison                                       | 6.1.1 | 7 431 760          | 8 105 254          | 8 518 622          | 8 859 367          |
| Internal stakeholder relations                | 6.1.2 | 2 706 340          | 2 138 600          | 2 241 783          | 2 331 454          |
| External stakeholder relations                | 6.1.3 | 3 391 700          | 2 429 637          | 2 525 407          | 2 626 423          |
| Culture expenses                              |       | 777 849            | 1 441 947          | 1 515 487          | 1 576 106          |
| Constitutional liaison                        |       | 1 574 739          | 1 410 564          | 1 482 503          | 1 541 803          |
| Non-constitutional liaison                    |       | 1 100 000          | 770 000            | 809 270            | 841 641            |
| CE portfolio leadership sessions              |       | 2 064 493          | 2 166 200          | 2 276 676          | 2 367 743          |
| Senior management workshop                    |       | 2 637 500          | 3 900 000          | -                  | -                  |
| Stakeholder workshops                         |       | 1 590 662          | 1 144 890          | 1 203 279          | 1 251 411          |
| Regional congresses                           | 6.2   | 5 423 456          | 3 942 156          | 4 143 206          | 4 308 935          |
| Foreign visitors                              | 6.3   | 79 992             | 220 000            | 231 220            | 240 469            |
| Overseas travel                               | 6.4   | 5 500 000          | 5 000 001          | 5 255 001          | 5 255 001          |
| International conferences                     |       | 6 531 428          | 5 481 060          | 5 760 594          | 6 123 511          |

# ANNEXURE B

## DETAILED BUDGET

| DESCRIPTION                                   | NOTES | BUDGET      | BUDGET       | FORECAST     | FORECAST     |
|---|-------|-------------|--------------|--------------|--------------|
|   |       | 2017-18     | 2018-19      | 2019-20      | 2020-21      |
|   |       | (A)         | (E)          | (F)          | (G)          |
| <b>Oversight governance</b>                   | 7     | 1 812 546   | 1 981 764    | 2 082 834    | 2 249 461    |
| <b>Audit expenses</b>                         | 8     | 9 734 547   | 9 973 961    | 10 482 633   | 10 901 939   |
| External audit fees                           | 8.1   | 4 606 027   | 4 975 160    | 5 228 893    | 5 438 048    |
| Internal audit costs                          | 8.2   | 5 128 520   | 4 998 802    | 5 253 741    | 5 463 890    |
| <b>Bank charges</b>                           |       | 482 698     | 574 677      | 603 985      | 646 264      |
| <b>Recruitment expenses</b>                   | 9     | 8 622 356   | 7 379 404    | 7 991 628    | 7 592 047    |
| Advertising                                   |       | 850 000     | 1 060 000    | 1 114 060    | 1 058 357    |
| Personnel agency fees                         |       | 4 561 260   | 2 800 000    | 3 178 675    | 3 019 741    |
| Interviews                                    |       | 1 411 104   | 1 519 404    | 1 596 894    | 1 517 049    |
| Transfer & relocation expenses                |       | 1 799 992   | 2 000 000    | 2 102 000    | 1 996 900    |
| <b>Learning and development</b>               | 10    | 101 378 394 | 125 996 181  | 125 239 619  | 128 296 864  |
| Membership fees                               | 10.1  | 19 869 455  | 21 004 162   | 17 871 374   | 18 586 229   |
| Internal training                             | 10.2  | 16 841 985  | 26 541 513   | 25 977 411   | 27 016 507   |
| Conference and seminars                       | 10.2  | 3 345 788   | 4 742 961    | 4 984 852    | 5 184 246    |
| Subsistence and travel: training              | 10.2  | 2 134 974   | 720 000      | 756 720      | 786 989      |
| Study assistance: employees                   | 10.3  | 23 970 063  | 20 640 027   | 21 692 668   | 20 608 035   |
| Study support incentive scheme                |       | 5 477 065   | 5 252 024    | 5 519 877    | 5 740 672    |
| Institutional & learning development projects |       | 1 699 335   | 2 890 162    | 3 037 560    | 3 159 062    |
| Graduates programmes                          | -     |             | 4 843 619    | 4 670 244    | 4 857 053    |
| Bursaries                                     | 10.4  | 16 153 411  | 24 915 743   | 25 634 819   | 26 660 212   |
| Tertiary assistance                           | 10.4  | 3 896 492   | 5 605 509    | 5 891 390    | 6 127 046    |
| Study support incentive scheme                |       | 133 191     | 185 941      | 195 424      | 203 241      |
| Skills development levy                       |       | 17 356 635  | 18 654 520   | 19 517 280   | 20 297 971   |
| Skills development levy – Recovered           |       | (9 500 000) | (10 000 000) | (10 510 000) | (10 930 400) |
| <b>Employee wellness programmes</b>           | 11    | 17 624 584  | 13 772 020   | 15 420 293   | 16 037 104   |
| Employee wellness programmes                  |       | 7 354 584   | 5 292 020    | 5 036 413    | 5 237 869    |
| Employee social responsibility                |       | 1 570 000   | 700 000      | 735 700      | 765 128      |
| AGSA social responsibility (general)          |       | 3 400 000   | 3 000 000    | 4 624 400    | 4 809 376    |
| Enterprise development                        |       | 4 000 000   | 4 000 000    | 4 204 000    | 4 372 160    |
| Corporate social investment                   |       | 1 300 000   | 780 000      | 819 780      | 852 571      |

## ANNEXURE B

| DESCRIPTION  | NOTES | BUDGET            | BUDGET            | FORECAST          | FORECAST          |
|--|-------|-------------------|-------------------|-------------------|-------------------|
|  |       | 2017-18           | 2018-19           | 2019-20           | 2020-21           |
|  |       | (A)               | (E)               | (F)               | (G)               |
| <b>Technological services</b>                        | 12    | <b>60 104 170</b> | <b>68 557 419</b> | <b>72 053 847</b> | <b>74 936 001</b> |
| Computer services                                    | 12.1  | 52 239 172        | 60 878 169        | 63 982 956        | 66 542 274        |
| Hiring of equipment: rental                          | 12.2  | 5 861 221         | 5 828 336         | 6 125 581         | 6 370 604         |
| Hiring of equipment: copy charges                    |       | 2 003 776         | 1 850 914         | 1 945 311         | 2 023 123         |
| <b>Insurance and legal fees</b>                      | 13    | <b>6 113 472</b>  | <b>7 445 839</b>  | <b>7 825 577</b>  | <b>8 138 600</b>  |
| Insurance  |       | 1 613 472         | 2 698 339         | 1 765 680         | 1 836 307         |
| Legal costs  |       | 4 500 000         | 4 747 500         | 4 989 623         | 5 189 207         |
| <b>Office maintenance</b>                            | 14    | <b>42 040 541</b> | <b>43 297 751</b> | <b>45 505 936</b> | <b>47 326 173</b> |
| Cleaning: contracts/services                         |       | 4 914 125         | 5 454 148         | 5 732 309         | 5 961 602         |
| Cleaning: materials                                  |       | 874 028           | 972 612           | 1 022 215         | 1 063 104         |
| Office improvements                                  |       | 1 593 757         | 1 249 452         | 1 313 174         | 1 365 701         |
| Refreshments   |       | 2 804 653         | 3 438 382         | 3 613 739         | 3 758 289         |
| Publications   |       | 3 451 959         | 3 132 827         | 3 292 601         | 3 424 305         |
| Repairs & maintenance: computer equipment & software |       | 840 000           | 516 000           | 542 316           | 564 009           |
| Repairs & maintenance: furniture and equipment       |       | 585 170           | 660 237           | 693 910           | 721 666           |
| Repairs & maintenance: site and buildings            |       | 1 917 427         | 2 166 737         | 2 277 240         | 2 368 330         |
| Repairs & maintenance: office vehicles               |       | 996 079           | 1 361 536         | 1 430 974         | 1 488 213         |
| Printing of audit reports                            |       | 4 596 671         | 2 669 590         | 2 805 739         | 2 917 969         |
| Stationery and printing                              |       | 6 161 595         | 6 107 899         | 6 419 402         | 6 676 178         |
| Artwork & design                                     |       | -                 | 120 000           | 126 120           | 131 165           |
| Present value adjustment                             |       | 12 467 327        | 12 467 327        | 13 103 161        | 13 627 287        |
| Medical examinations                                 |       | 44 993            | -                 | -                 | -                 |
| Warranty costs                                       |       | 792 758           | 2 981 004         | 3 133 035         | 3 258 357         |
| <b>Communication</b>                                 | 15    | <b>13 969 529</b> | <b>14 219 676</b> | <b>14 933 108</b> | <b>15 338 675</b> |
| Cellphone charges                                    | 15.2  | 7 592 555         | 8 094 150         | 8 506 952         | 8 847 230         |
| Postage & courier services                           |       | 1 685 611         | 1 532 893         | 1 611 070         | 1 483 756         |
| Telephone charges                                    | 15.1  | 4 691 363         | 4 592 633         | 4 815 086         | 5 007 689         |
| <b>Other expenses</b>                                |       | <b>6 222 986</b>  | <b>6 222 986</b>  | <b>6 540 358</b>  | <b>6 801 973</b>  |
| Present value of expenditure/ Creditors              |       | (3 777 014)       | (3 777 014)       | (3 969 642)       | (4 128 427)       |
| Bad debts provision                                  |       | 10 000 000        | 10 000 000        | 10 510 000        | 10 930 400        |

## ANNEXURE B

| DESCRIPTION                          | NOTES | BUDGET      | BUDGET     | FORECAST    | FORECAST    |
|--------------------------------------|-------|-------------|------------|-------------|-------------|
|                                      |       | 2017-18     | 2018-19    | 2019-20     | 2020-21     |
|                                      |       | (A)         | (E)        | (F)         | (G)         |
| <b>SURPLUS BEFORE DEPRECIATION</b>   |       | 110 200 050 | 76 529 385 | 105 303 381 | 105 793 305 |
| <b>Depreciation</b>                  | 16    | 42 595 707  | 34 236 148 | 34 236 148  | 30 812 533  |
| Depreciation: motor vehicles         |       | 1 138 073   | 884 803    | 884 803     | 796 322     |
| Depreciation: furniture & equipment  |       | 7 472 163   | 4 549 103  | 4 549 103   | 4 094 193   |
| Depreciation: computer equipment     |       | 18 755 112  | 11 980 676 | 11 980 676  | 10 782 609  |
| Depreciation: computer software      |       | 7 834 613   | 12 283 259 | 12 283 259  | 11 054 933  |
| Depreciation: leasehold improvements |       | 7 395 748   | 4 538 307  | 4 538 307   | 4 084 476   |
| <b>NET SURPLUS</b>                   |       | 67 604 342  | 42 293 238 | 71 067 233  | 74 980 772  |
| <b>Net surplus percentage</b>        |       | 2,06%       | 1,25%      | 1,98%       | 1,97%       |
| <b>CAPITAL BUDGET</b>                | 17    | 89 302 709  | 59 700 396 | 61 700 396  | 69 614 777  |
| Motor vehicles                       | 17.1  | 2 782 000   | 600 000    | 600 000     | 2 400 000   |
| Furniture & equipment                | 17.2  | 5 637 031   | 5 411 396  | 5 411 396   | 14 572 424  |
| Computer equipment                   | 17.4  | 56 887 878  | 43 859 000 | 43 859 000  | 24 428 067  |
| Computer software                    | 17.5  | 17 895 800  | 8 030 000  | 8 030 000   | 18 344 285  |
| Leasehold improvement                | 17.3  | 6 100 000   | 1 800 000  | 3 800 000   | 9 870 001   |
| <b>CAPEX AS A % OF TOTAL INCOME</b>  |       | 2,73%       | 1,77%      | 1,72%       | 1,83%       |

# NOTES ON THE BUDGET

## 1. INCOME

| BUDGET ITEM                          | REF. | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE         |           |
|--------------------------------------|------|-------------------|-------------------|----------------|-----------|
|                                      |      | R'000             | R'000             | R'000          | %         |
|                                      |      | (1)               | (3)               | (3)-(1)        | (3)-(1)   |
| Own hours                            | 1.1  | 2 525 289         | 2 643 964         | 118 675        | 5%        |
| Contract work                        | 1.2  | 599 174           | 591 124           | (8 050)        | -1%       |
| Subsistence and travelling           | 1.3  | 158 340           | 152 884           | (5 456)        | -3%       |
| <b>Sub total</b>                     |      | <b>3 282 803</b>  | <b>3 387 972</b>  | <b>105 169</b> | <b>3%</b> |
| Present value of revenue adjustments |      | (6 043)           | (6 043)           | -              | 0%        |
| <b>Total audit income</b>            |      | <b>3 276 760</b>  | <b>3 381 929</b>  | <b>105 169</b> | <b>3%</b> |

### EFFECT OF THE ESTIMATES OF THE AGSA FOR 2018-19 ON TOTAL STATE EXPENDITURE

The total estimated audit costs of R3,38 billion for 2018-19 (2017-18: R3,28 billion) amounts to 0,20 % (2017-18: 0,23 %) of estimated state expenditure of approximately R1,677 trillion for 2018-19. The estimate for 2018-19 represents a 3% increase from the 2017-18 budget and has no material effect on the estimated total state expenditure for 2018-19.

### 1.1. CALCULATION OF OWN HOURS INCOME

The calculation of own hours income takes into account three components, namely:

- number of recoverable staff members (Including vacancies that are planned to be filled (refer to note 1.1.1))
- number of recoverable hours (refer to note 1.1.1 A)
- tariffs (refer to note 1.1.2)

The 2018-19 own hours income has been compiled using the same tariff formula applied in the 2017-18 budget.

# NOTES ON THE BUDGET

## 1.1.1. NUMBER OF STAFF AUDIT BUSINESS UNITS (ABUs) ONLY

| AUDIT STAFF                                      | BUDGET<br>2017-18 | BUDGET<br>2018-19 | CHANGE           |            | COMMENTS   |
|--|-------------------|-------------------|------------------|------------|--|
|  | STAFF<br>NUMBERS  | STAFF<br>NUMBERS  | STAFF<br>NUMBERS | %          |  |
|  | (1)               | (2)               | (2) – (1)        |            |  |
| Business executives                              | 18                | 19                | 1                | 4%         | The increase is due to a new business executive to lead the new business unit focusing on state-owned companies (SOC).   |
| Deputy business executives                       | 17                | 16                | -1               | -6%        | The decrease is due to a planned retirement at the end of 2017-18. A decision has been taken not to fill the position.   |
| Audit senior managers                            | 157               | 159               | 2                | 1%         | The increase is mainly due to additional senior managers to capacitate the new business unit focusing on state-owned companies (SOC).  |
| Senior manager specialists                       | 9                 | 10                | 1                | 11%        | The decrease is driven by the expected efficiencies as a result of the ongoing integration strategy.   |
| Manager specialists                              | 14                | 8                 | -6               | -42%       |  |
| Performance auditors                             | 20                | 18                | -2               | -10%       |  |
| Analysts   | 19                | 14                | -5               | -27%       |  |
| IT auditors                                      | 35                | 35                | 0                | 0%         |  |
| Senior IT auditors                               | 25                | 25                | 0                | 0%         |  |
| Audit managers                                   | 449               | 451               | 2                | 0%         | Increase is due to trainee auditors with a CTA qualification being promoted after passing board exams and with relevant experience.  |
| Assistant managers                               | 572               | 571               | -1               | 0%         |  |
| Audit supervisors                                | 66                | 137               | 71               | 108%       |  |
| Auditors   | 31                | 29                | -2               | -7%        | The decrease in trainee auditors is due to the organisational strategy to employ more trainees with CTA qualification than non-CTA qualified trainees with the aim of optimising audit efficiencies. |
| Audit clerks                                     | 79                | 52                | -27              | -34%       |  |
| Trainee auditors                                 | 1 353             | 1 264             | -89              | -7%        |  |
| <b>Total recoverable audit staff</b>             | <b>2 864</b>      | <b>2 808</b>      | <b>-56</b>       | <b>-2%</b> |  |
| Admin staff: Non-recoverable audit staff in ABUs | 259               | 258               | -1               | 0%         |  |
| <b>Total audit staff</b>                         | <b>3 123</b>      | <b>3 066</b>      | <b>-57</b>       | <b>-2%</b> |  |

# NOTES ON THE BUDGET

## 1.1.1. A. OWN HOURS - RECOVERABLE HOURS AND RATIOS

Recoverable hours are influenced by the recovery rate determined for each staff band within the audit BUs. The level of these recovery rates takes into account sufficient time for essential non-recoverable activities, for example, annual leave, study leave, sick leave, training, management and supervision. The average recovery rate for the 2018-19 budget is 62,22% (2017-18 budget: 60,14%). Refer to the analysis of recovery rates and recoverable hours in the table below. The 2% increase in budgeted recovery rate is because no loss of hours is expected from the new methodology programme.

The calculation of recoverable hours is based on the total available hours, which are equal to 2 000,8 hours per person per year (2017-18: 2 009 hours), multiplied by the recovery rate per band and multiplied by the number of recoverable staff per band per note 1.1.1 above. The decrease is due to fewer public holidays in 2018-19 than in 2017-18.

The detailed analysis of recovery ratio and recoverable hours per band is reflected below:

| BUDGET ITEM                | 2017-18<br>BUDGET<br>RECOVERY<br>RATE PER<br>BAND | 2018-19<br>BUDGET<br>RECOVERY<br>RATE PER<br>BAND | 2017-18            | 2018-19            | CHANGE   |         | COMMENTS  |
|----------------------------|---|---|--------------------|--------------------|----------|---------|---|
|                            |   |   | RECOVERED<br>HOURS | RECOVERED<br>HOURS | HOURS    | %       |   |
|                            |   |   | (1)                | (2)                | (2)-(1)  | (2)-(1) |   |
| Audit staff                |   |   |                    |                    |          |         |   |
| Business executives        | 17%   | 18%   | 6 261              | 6 269              | 8        | 0,1%    | The net decrease in recoverable hours of 63,712 is due to the following:  |
| Deputy business executives | 23%   | 22%   | 8 057              | 7 163              | (894)    | -11,1%  |   |
| Senior managers            | 46%   | 47%   | 153 451            | 150 788            | (2 663)  | -1,7%   | <b>Increase of 75 563 hours due to:</b>   |
| Senior manager specialists | 15%   | 12%   | 2 865              | 2 158              | (707)    | -24,7%  | ▪ new audits  |
| Audit managers             | 59%   | 62%   | 574 824            | 559 921            | (14 903) | -2,6%   | <b>Decrease of 139 275 hours due to:</b>  |
| Manager specialists        | 27%   | 36%   | 8 024              | 5 827              | (2 197)  | -27,4%  | ▪ net movement in CWC and catch-up audits (6 220)   |
| Assistant managers         | 61%   | 65%   | 752 631            | 751 085            | (1 546)  | -0,2%   | ▪ Scope and risk (9 127)  |
| Performance auditors       | 54%   | 55%   | 22 940             | 19 918             | (3 022)  | -13,2%  | ▪ Efficiencies (67 716)   |
| Analysts                   | 53%   | 52%   | 21 402             | 14 372             | (7 030)  | -32,8%  | ▪ Discontinued audits (31 740)  |
| Audit supervisors          | 63%   | 66%   | 85 315             | 184 326            | 99 011   | 116,1%  | ▪ Other (24 472)  |
| Auditors                   | 66%   | 67%   | 41 472             | 38 792             | (2 680)  | -6,5%   | The increases/decreases in recoverable hours within bands are due to the movement of recoverable staff within the bands year on year. |
| IT auditors                | 68%   | 65%   | 46 396             | 45 540             | (856)    | -1,8%   |   |
| Senior IT auditors         | 66%   | 65%   | 34 113             | 32 545             | (1 568)  | -4,6%   |   |
| Audit clerks               | 66%   | 66%   | 106 650            | 69 414             | (37 236) | -34,9%  |   |
| Trainee auditors           | 63%   | 66%   | 1 764 065          | 1 676 636          | (87 429) | -5,0%   |   |
| Total                      |   |   | 3 628 466          | 3 564 754          | (63 712) | -1,8%   |   |

# NOTES ON THE BUDGET

## 1.1.1. B. OWN HOURS - RECOVERABLE HOURS AND RATIOS

| BUDGET ITEM                | 2018-19 RATIOS                       |            |             |          |          |                          |         | 2018-19 BUDGET              |                                    | 2017-18 BUDGET              |                                    |
|----------------------------|--------------------------------------|------------|-------------|----------|----------|--------------------------|---------|-----------------------------|------------------------------------|-----------------------------|------------------------------------|
|                            | ANNUAL & FAMILY RESPONSIBILITY LEAVE | SICK LEAVE | STUDY LEAVE | RESEARCH | TRAINING | MANAGEMENT & SUPERVISION | TOTAL % | TOTAL NON-RECOVERABLE HOURS | NON RECOVERABLE HOURS PER EMPLOYEE | TOTAL NON-RECOVERABLE HOURS | NON RECOVERABLE HOURS PER EMPLOYEE |
| Business executives        | 11%                                  | 4%         | 0%          | 0%       | 6%       | 61%                      | 82%     | 31 172                      | 1 641                              | 27 014                      | 1 501                              |
| Deputy business executives | 11%                                  | 4%         | 0%          | 0%       | 6%       | 56%                      | 77%     | 24 650                      | 1 541                              | 29 415                      | 1 401                              |
| Senior managers            | 11%                                  | 4%         | 0%          | 0%       | 6%       | 29%                      | 51%     | 162 245                     | 1 020                              | 161 929                     | 910                                |
| Senior manager specialists | 11%                                  | 4%         | 0%          | 9%       | 5%       | 21%                      | 51%     | 10 204                      | 1 020                              | -                           | -                                  |
| Audit managers             | 11%                                  | 4%         | 0%          | 4%       | 6%       | 15%                      | 40%     | 360 944                     | 800                                | 332 687                     | 700                                |
| Manager specialists        | 11%                                  | 4%         | 0%          | 0%       | 5%       | 11%                      | 32%     | 5 122                       | 640                                | -                           | -                                  |
| Assistant managers         | 11%                                  | 4%         | 2%          | 0%       | 6%       | 11%                      | 35%     | 399 860                     | 700                                | 415 333                     | 700                                |
| Performance auditors       | 11%                                  | 4%         | 2%          | 3%       | 6%       | 8%                       | 35%     | 12 605                      | 700                                | -                           | -                                  |
| Analysts                   | 11%                                  | 4%         | 2%          | 3%       | 6%       | 8%                       | 35%     | 9 804                       | 700                                | -                           | -                                  |
| Audit supervisors          | 11%                                  | 4%         | 4%          | 0%       | 6%       | 9%                       | 35%     | 95 938                      | 700                                | 56 615                      | 700                                |
| Senior IT auditors         | 11%                                  | 4%         | 4%          | 0%       | 6%       | 9%                       | 35%     | 17 507                      | 700                                | -                           | -                                  |
| Auditors                   | 11%                                  | 4%         | 4%          | 0%       | 6%       | 7%                       | 33%     | 19 148                      | 660                                | 26 875                      | 640                                |
| Audit clerks               | 11%                                  | 4%         | 4%          | 0%       | 6%       | 4%                       | 30%     | 31 212                      | 600                                | 44 792                      | 640                                |
| Trainee auditors           | 11%                                  | 4%         | 8%          | 0%       | 6%       | 4%                       | 34%     | 859 864                     | 680                                | 976 601                     | 681                                |
| IT auditor                 | 11%                                  | 4%         | 6%          | 0%       | 5%       | 4%                       | 31%     | 21 709                      | 620                                | -                           | -                                  |

# NOTES ON THE BUDGET

## 1.1.2. RECOMMENDED TARIFFS

Tariffs are based on average staff costs per band and interval, mark-up factor and recoverable hours per band (staff cost x mark-up factor ÷ recoverable hours). The average 2018-19 budget tariff is R742 per hour (2017-18: R696 per hour) translating into an increase of R46 per hour.

| BUDGET ITEM                | 2017-18<br>BUDGET             | 2018-19<br>BUDGET             | CHANGE                        | COMMENTS   |
|----------------------------|-------------------------------|-------------------------------|-------------------------------|--|
|                            | RAND PER<br>HOUR<br>(AVERAGE) | RAND PER<br>HOUR<br>(AVERAGE) | RAND PER<br>HOUR<br>(AVERAGE) |  |
|                            | (1)                           | (2)                           | (2)-(1)                       |  |
| Audit staff                |                               |                               |                               |  |
| Business executives        | 2 966                         | 3 069                         | 103                           | The tariff increase per hour of R46 or 7% year on year is in line with the budgeted salary increase of 7%. Audit supervisors tariff decreased mainly due to a significant increase in recovered hours as a result of the increase in headcount of 71 (refer to note 1.1.1) |
| Deputy business executives | 3 541                         | 3 750                         | 209                           |  |
| Senior managers            | 2 064                         | 2 176                         | 112                           |  |
| Senior manager specialists | 1 864                         | 2 110                         | 246                           |  |
| Audit managers             | 1 430                         | 1 518                         | 88                            |  |
| Manager specialists        | 1 206                         | 1 377                         | 171                           |  |
| Assistant managers         | 855                           | 932                           | 78                            |  |
| Performance auditors       | 531                           | 567                           | 36                            |  |
| Analysts                   | 478                           | 500                           | 22                            |  |
| Audit supervisors          | 533                           | 515                           | (18)                          |  |
| Senior IT auditors         | 420                           | 499                           | 79                            |  |
| Auditors                   | 467                           | 487                           | 20                            |  |
| Audit clerks               | 312                           | 376                           | 64                            |  |
| Trainee auditors           | 310                           | 311                           | 1                             |  |
| IT auditor                 | 209                           | 240                           | 31                            |  |
| Average                    | 696                           | 742                           | 46                            |  |

## 1.2. CONTRACT WORK MOVEMENT

Given the importance of private audit firms in contributing strategic resources towards the execution of the AGSA's audit work, it is the AGSA's practice to outsource a certain amount of audit work to private audit firms. This also contributes to the auditing profession's transformation by partially allocating work based on the private audit firms' B-BBEE score. In keeping with the previous year's practice, specific provision has been made for additional allocation of audit work to private audit firms to accommodate employee vacancies, especially during peak audit periods (i.e. the Public Finance Management Act and the Municipal Finance Management Act audit cycles).

## NOTES ON THE BUDGET

| BUDGET ITEM              | 2017-18<br>BUDGET | 2018-19<br>BUDGET | COMMENTS   |
|--------------------------|-------------------|-------------------|--|
|                          | R'000             | R'000             |  |
| Enterprise development   | 476 721           | 436 320           | This is in line with the AGSA's practice of outsourcing work to private audit firms. The decrease is due to the take back of some audits from private firms and is informed by excess capacity created by the efficient use of resources and through the pooling of resources within BUs. The take back will not result in additional staff. |
| Pre-issuance             | 57 828            | 51 863            | Review of audit files before the finalisation of audit reports for presentation to auditees.   |
| Vacancies                | 64 625            | 102 941           | Provision for additional contract work to accommodate unforeseen vacancies.  |
| <b>Total</b>             | <b>599 174</b>    | <b>591 124</b>    |  |
| <b>% of total income</b> | <b>18%</b>        | <b>17%</b>        |  |

### 1.3. S&T - RECOVERABLE

| BUDGET ITEM              | REF   | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE         |              |
|--------------------------|-------|-------------------|-------------------|----------------|--------------|
|                          |       | R'000             | R'000             | R'000          | %            |
|                          |       | (1)               | (3)               | (3)-(1)        | (3)-(1)      |
| S&T - recoverable        | 1.3.1 | 158 340           | 152 884           | (5 456)        | -3,4%        |
| <b>Total</b>             |       | <b>158 340</b>    | <b>152 884</b>    | <b>(5 456)</b> | <b>-3,4%</b> |
| <b>% of total income</b> |       | <b>5%</b>         | <b>5%</b>         |                |              |

#### 1.3.1. CHANGE FROM 2017-18 BUDGET TO 2018-19 BUDGET

The S&T calculation is based on the S&T policy rates and the planned trips to conduct audits. The rate per kilometre applied is R4,80 (2017-18: R 4,80 per kilometre). The decrease of R5 million is due to the consolidation of trips and in line with the AGSA drive to contain audit cost.

### 1.4. OTHER INCOME

| BUDGET ITEM                        | REF   | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE       |             |
|------------------------------------|-------|-------------------|-------------------|--------------|-------------|
|                                    |       | R'000             | R'000             | R'000        | %           |
|                                    |       | (1)               | (3)               | (3)-(1)      | (3)-(1)     |
| Interest received: Investments     | 1.4.1 | 21 226            | 21 649            | 423          | 2,0%        |
| Interest received: Current account |       | 13 728            | 13 960            | 232          | 1,7%        |
| Sundry income                      | 1.4.2 | 27 108            | 28 817            | 1 710        | 6,3%        |
| <b>Total</b>                       |       | <b>62 062</b>     | <b>64 426</b>     | <b>2 365</b> | <b>3,8%</b> |

# NOTES ON THE BUDGET

## 1.4.1. INTEREST RECEIVED

The increase in interest on both investments (Public Investment Cooperation, Investec, money market and notice deposit accounts) and current account is due to the planned growth in cash balance as a result of the heightened collections efforts.

## 1.4.2. SUNDRY INCOME

Sundry income consists of interest charged on long-outstanding debts, income received from tender documents and sales from the gift shop. The increase is in line with the projected CPIX.

## 2. PERSONNEL EXPENDITURE

| BUDGET ITEM                | REF | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE        |             |
|----------------------------|-----|-------------------|-------------------|---------------|-------------|
|                            |     | R'000             | R'000             | R'000         | %           |
|                            |     | (1)               | (3)               | (3)-(1)       | (3)-(1)     |
| Leave pay provision        | 2.1 | 7 661             | 21 700            | 14 039        | 183,3%      |
| Medical aid provision      | 2.2 | 4 910             | 4 174             | (736)         | -15,0%      |
| Normal salary and benefits | 2.3 | 1 825 156         | 1 898 925         | 73 769        | 4,0%        |
| Other incentives           | 2.4 | 27 370            | 38 767            | 11 397        | 41,6%       |
| UIF & WCA                  | 2.5 | 6 649             | 6 648             | (1)           | 0,0%        |
| <b>Total</b>               |     | <b>1 871 746</b>  | <b>1 970 214</b>  | <b>98 468</b> | <b>5,3%</b> |
| <b>% of total income</b>   |     | <b>57,1%</b>      | <b>58,3%</b>      |               |             |

A more detailed analysis is shown in tables 2.1 to 2.5 below.

### 2.1. LEAVE PAY PROVISION

The leave pay provision is a function of leave days and salary rate. It is further influenced by the accumulation of leave days allowed in terms of the applicable human resource policy. The number of accumulated leave days is limited to a maximum of 30 days per year per employee at resignation and 120 days on retirement. The 2018-19 budget increase is aligned to 2016-17 actuals.

### 2.2. POST-RETIREMENT MEDICAL AID PROVISION

These estimates are based on actuarial projections by Alexander Forbes Actuaries for the 2018-19 forecast.

# NOTES ON THE BUDGET

## 2.3. NORMAL SALARY

### 2.3.1. AUDIT STAFF

| EMPLOYEE GROUP             | TOTAL        |                  | AVERAGE<br>SALARY PER<br>BAND<br>R'000 | POSITIONING<br>AGAINST<br>BENCHMARK -<br>RANGE<br>R'000 | COMMENTS  |
|----------------------------|--------------|------------------|--|---|---|
|                            | NO           | R'000            |  |   |   |
| Business executives        | 19           | 34 758           | 1 862                                  | R1 690 - R2 535   | The average salary per band is in line with the salary surveys conducted by the AGSA's People and Organisation Effectiveness BU.  |
| Deputy business executives | 16           | 24 911           | 1 557                                  | R1 296 - R1 944   |   |
| Audit senior managers      | 159          | 198 732          | 1 248                                  | R990 - R1 675   |   |
| Senior manager specialists | 10           | 13 032           | 1 303                                  | R990 - R1 675   | The audit supervisor and audit senior groups consist of employees who have successfully completed their training contracts and are studying towards professional qualifications required for the audit manager level.   |
| Manager specialists        | 8            | 7 485            | 916                                    | R592 - R1 280   |   |
| Performance auditors       | 18           | 7 037            | 391                                    | R371 - R557   |   |
| Analysts                   | 14           | 4 639            | 335                                    | R275 - R485   | The audit clerks group consists of employees who have successfully completed their training contracts, but who are behind on academic progress. These employees are transferred from the trainee auditor's band to the audit clerk's band on a fixed-term contract. |
| IT auditors                | 35           | 6 375            | 182                                    | R141 - R470   |   |
| Senior IT auditors         | 25           | 9 761            | 390                                    | R351 - R606   |   |
| Audit managers             | 451          | 428 530          | 951                                    | R592 - R1 280   |   |
| Assistant managers         | 571          | 344 441          | 603                                    | R396 - R922   |   |
| Audit supervisors          | 137          | 48 973           | 357                                    | R344 - R607   |   |
| Auditors                   | 29           | 9 771            | 339                                    | R261 - R476   |   |
| Audit clerks               | 52           | 12 779           | 245                                    | R212 - 334  |   |
| Trainee auditors           | 1 264        | 239 458          | 189                                    | R113 - R436   |   |
| ABU support staff          | 258          | 125 815          | 488                                    | R140 - R412   |   |
| <b>Total</b>               | <b>3 066</b> | <b>1 516 494</b> | <b>495</b>                             |   |   |

Note: The total audit staff cost includes overtime and staff contracted in (staff employed on a fixed-term contract from private audit firms for a period of one year or less).

## NOTES ON THE BUDGET

### 2.3.2. SUPPORT STAFF

| EMPLOYEE GROUP             | TOTAL      |                | AVERAGE SALARY PER BAND | POSITIONING AGAINST BENCHMARK - RANGE | COMMENTS   |
|----------------------------|------------|----------------|-------------------------|---------------------------------------|--|
|                            | NO.        | R'000          | R'000                   | R'000                                 |  |
| Corporate executive group  | 13         | 40 388         | 3 107                   | R2 204 - R5 352                       | Includes salaries of the auditor-general and deputy auditor-general.   |
| Business executives        | 14         | 26 092         | 1 864                   | R1 609 - R2 414                       | The salary benchmark is in line with the salary scale projections done by People and Organisation Effectiveness Business Unit. |
| Senior managers            | 54         | 68 737         | 1 273                   | R990 - R1 484                         |  |
| Managers                   | 208        | 165 541        | 796                     | R454 - R1 134                         |  |
| Admin staff & specialists  | 209        | 81 673         | 391                     | R140 - R557                           |  |
| <b>Total support staff</b> | <b>498</b> | <b>382 431</b> | <b>768</b>              |                                       |  |

### 2.3.3. TOTAL STAFF

| BUSINESS FOCUS AREAS                                      | 2017-18 BUDGET |                  | 2018-19 BUDGET |                  | COMMENTS   |
|---|----------------|------------------|----------------|------------------|--|
|   | NO.            | R'000            | NO.            | R'000            |  |
| Total audit staff   | 2 864          | 1 341 736        | 2 808          | 1 390 679        | The increase is due to annual salary increases and the appointment of trainee accountants with CTA qualification, coupled with academic progression; however, there is a reduction in the headcount due to the moratorium on headcount growth. |
| Total support staff in audit and non-audit business units | 754            | 483 419          | 756            | 508 246          |  |
| <b>Total staff</b>  | <b>3 618</b>   | <b>1 825 155</b> | <b>3 564</b>   | <b>1 898 925</b> |  |

# NOTES ON THE BUDGET

## 2.4. OTHER INCENTIVES

| BUDGET ITEM                      | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE        |              | COMMENTS  |
|----------------------------------|-------------------|-------------------|---------------|--------------|---|
|                                  | R'000             | R'000             | R'000         | %            |   |
|                                  | (1)               | (3)               | (3)-(1)       | (3)-(1)      |   |
| Group life scheme                | 28 565            | 38 599            | 10 034        | 35,1%        | The increase in the group risk cost is mainly driven by the AGSA's escalating claim history, which, over the years, has been higher than the premiums paid for group life, disability and funeral covers. The premiums for the group life are a % of the wage bill. |
| Long service awards              | 105               | 167               | 62            | 59,5%        | Long service awards are part of the staff retention incentives (total reward) and have been aligned to the 2016-17 actuals plus inflation adjustment.   |
| Business unit recognition scheme | 1 264             | 1 248             | (16)          | -1,3%        | These are BU recognition incentives used to reward teamwork and to promote staff morale. The budget per employee has been kept the same as 2017-18 at R350 per employee. The decrease is mainly driven by the reduction in headcount.                               |
| <b>Total</b>                     | <b>29 934</b>     | <b>40 014</b>     | <b>10 080</b> | <b>33,7%</b> |   |

## 2.5. UIF & WCA

| BUDGET ITEM                     | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE     |             |
|---------------------------------|-------------------|-------------------|------------|-------------|
|                                 | R'000             | R'000             | R'000      | %           |
|                                 | (1)               | (2)               | (2)-(1)    | (2)-(1)     |
| UIF employer's contribution     | 5 144             | 5 143             | (1)        | 0,0%        |
| Workmen's compensation premiums | 1 506             | 1 506             | -          | 0,0%        |
| <b>Total</b>                    | <b>6 650</b>      | <b>6 649</b>      | <b>(1)</b> | <b>0,0%</b> |

These levies are based on the full budgeted staff complement of 3 564 and have been calculated for the full year. The rate used is in terms of the relevant legislation.

## 2.6. PERFORMANCE BONUS

The increase in the performance bonus for 2018-19 is due to the alignment to actuals of the previous year, coupled with the drive to foster a culture of robust performance management and to retain employees.

# NOTES ON THE BUDGET

## 3. OUTSOURCED SERVICES

| BUDGET ITEM               | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE       |              |
|---------------------------|-------------------|-------------------|--------------|--------------|
|                           | R'000             | R'000             | R'000        | %            |
|                           | (1)               | (3)               | (3)-(1)      | (3)-(1)      |
| Consultants' fees         | 28 173            | 31 899            | 3 726        | 13,2%        |
| ▪ Ongoing projects        | 21 898            | 25 427            | 3 529        | 16,1%        |
| ▪ One-off ad hoc projects | 6 275             | 6 473             | 198          | 3,1%         |
| <b>Total</b>              | <b>28 173</b>     | <b>31 899</b>     | <b>3 726</b> | <b>13,2%</b> |
| <b>% of total income</b>  | <b>0,9%</b>       | <b>0,9%</b>       |              |              |

The analysis below reflects details of the nature of the outsourced services. The activities are by nature not repetitive and therefore the comparatives and commentary for the previous year are not provided.

| BUDGET ITEM                         | 2018-19<br>BUDGET |         |       | COMMENTS  |
|-------------------------------------|-------------------|---------|-------|---|
|                                     | ONGOING           | ONE-OFF | TOTAL |   |
|                                     | R'000             | R'000   | R'000 |   |
| Quality control                     | 835               |         | 835   | External firm-level review and annual quality control reviews by the Independent Regulatory Board of Auditors. Experts for mandatory quality control, e.g. information systems audit. Experts for firm-level reviews performed by the internal Quality Control BU.                |
| Finance                             | 1 630             | 139     | 1 769 | Outsourced services related to the quantity surveying of the different facilities building projects, accommodation feasibility studies and consulting services for the maintenance of the budget tool.  |
| Information systems audit           | 1 850             |         | 1 850 | Development and execution of the project assurance methodology, AGSA data analytics strategic project, information system audit BU learnership and development programmes.  |
| People & organisation effectiveness | 6 735             |         | 6 735 | Outsourced services for: <ul style="list-style-type: none"> <li>▪ organisational culture initiatives</li> <li>▪ executive development programme for AGSA leadership</li> <li>▪ team development and effectiveness, employee engagement, coaching and change management</li> </ul> |

## NOTES ON THE BUDGET

| BUDGET ITEM                            | 2018-19 BUDGET |         |        | COMMENTS  |
|--|----------------|---------|--------|---|
|  | ONGOING        | ONE-OFF | TOTAL  |   |
|  | R'000          | R'000   | R'000  |   |
| Communication                          | 1 090          | 2 868   | 3 958  | <p>These are outsourced services to ensure that the AGSA's messages in all communications/reports are simple, clear and relevant.</p> <p><b>Daily media clips and quarterly media analysis reports:</b></p> <ul style="list-style-type: none"> <li>Engagement of citizens through exploration of media engagements</li> <li>Formalise and implement national and provincial media engagement plans for reaching citizens.</li> </ul> <p><b>Social media analysis report:</b></p> <ul style="list-style-type: none"> <li>Formalise the use of social media as a means to reach a wider spectrum of society by channelling our educational programmes for the public or informing stakeholders of the publishing of AGSA's reports.</li> </ul> <p><b>Follow-up perception survey</b></p> <ul style="list-style-type: none"> <li>% closure of gaps identified through the stakeholder survey.</li> <li>Implement actions to address the expectations of the users of the AGSA's reports (auditees, executive, portfolio committees, internal audit units, audit committees, media and others) as identified through the stakeholder perception survey of 2015-16.</li> </ul> |
| Information communication & technology | 8 757          | 1 554   | 10 311 | The ongoing cost - external support for PeopleSoft enterprise resource planning (ERP), software development services (integration, business analysis and development), data masking (support and maintenance) and infrastructure.   |
| Strategy & transformation              | 270            |         | 270    | Services providers for B-BBEE mid-year and year-end verification process  |
| Research and development               |                | 150     | 150    | Outsourced services to assist with further stages of methodology and software content development   |
| Performance audit                      |                | 4 000   | 4 000  | Contracted-in specialists to do extensive research and develop focus areas for integrated and stand-alone performance audits, to assist in developing deeper knowledge of auditees and understand their value chains in areas where the AGSA does not have own specialists.   |
| Risk and ethics                        | 50             |         | 50     | Building of a strong ethical culture.   |
| Knowledge management                   | 862            |         | 862    | SharePoint outsourced services EXTRANET, data clean-up, knowledge management, iKnow database enhancement and content, professional video recordings, stakeholder profiles and digitisation.   |
| Strategic audit projects               |                | 580     | 580    | Outsourced services to conduct an evaluation for the pre-issuance tender.   |

## NOTES ON THE BUDGET

| BUDGET ITEM     | 2018-19 BUDGET |              |               | COMMENTS   |
|-----------------|----------------|--------------|---------------|--|
|                 | ONGOING        | ONE-OFF      | TOTAL         |  |
|                 | R'000          | R'000        | R'000         |  |
| Auditor-general | 350            |              | 350           | The Intosai auditor professionalisation task force and the Intosai capacity-building committee work stream chaired by the auditor-general. |
| Secretarial     | 131            | 49           | 180           | Contingency measures where external expert are required for the governance structures.   |
| <b>Total</b>    | <b>25 427</b>  | <b>6 473</b> | <b>31 899</b> |  |

One-off initiatives are defined by those projects necessary to establish capabilities that do not currently exist and/or to upgrade current capabilities and technologies.

### 4. S&T - IRRECOVERABLE

| BUDGET ITEM              | 2017-18 BUDGET | 2018-19 BUDGET | CHANGE       |            |
|--------------------------|----------------|----------------|--------------|------------|
|                          | R'000          | R'000          | R'000        | %          |
|                          | (1)            | (3)            | (3)-(1)      | (3)-(1)    |
| S&T - irrecoverable      | 29 219         | 28 819         | (400)        | -1%        |
| <b>Total</b>             | <b>29 219</b>  | <b>28 819</b>  | <b>(400)</b> | <b>-1%</b> |
| <b>% of total income</b> | <b>0,9%</b>    | <b>0,9%</b>    |              |            |

The 1% decrease is due to the consolidation of trips and the internal hosting of events. This is in support of the AGSA's drive to contain costs.

# NOTES ON THE BUDGET

## 5. ACCOMMODATION

### 5.1. RENTALS

The average increase in cost per square meter of 8,2% is in line with the annual escalations of leased properties.

| LOCATION      | BUDGET 2017-18         |                               | BUDGET 2018-19         |                           |                   | MONTHLY COST PER SQUARE METRE: 2018-19 | COMMENTS  |
|---------------|------------------------|-------------------------------|------------------------|---------------------------|-------------------|--|---|
|               | SQUARE METRES OCCUPIED | MONTHLY COST PER SQUARE METRE | SQUARE METRES OCCUPIED | TOTAL STAFF ESTABLISHMENT | BASIC RENTAL COST |  |   |
| Western Cape  | 3 247                  | 154                           | 3 247                  | 221                       | 6 475 106         | 166                                    | The year-on-year increase in rental costs is attributed to annual escalation per lease agreement as well as the acquisition of additional space of 114 square metres in Mpumalanga. |
| Eastern Cape  | 3 827                  | 140                           | 3 827                  | 281                       | 6 880 295         | 150                                    |   |
| Mpumalanga    | 1 598                  | 148                           | 1 712                  | 157                       | 3 249 801         | 158                                    |   |
| KwaZulu-Natal | 4 085                  | 155                           | 4 085                  | 237                       | 7 678 531         | 157                                    |   |
| North West    | 2 157                  | 150                           | 1 518                  | 144                       | 1 932 113         | 106                                    |   |
| Limpopo       | 2 130                  | 251                           | 2 130                  | 183                       | 6 965 933         | 273                                    | The decrease in the monthly cost per square metre in North West is due to lease re-negotiations and reduction in office space.  |
| Free State    | 1 960                  | 123                           | 1 960                  | 197                       | 3 291 007         | 140                                    |   |
| Johannesburg  | 2 672                  | 142                           | 3 500                  | 238                       | 6 907 471         | 164                                    |   |
| Northern Cape | 2 031                  | 134                           | 2 031                  | 152                       | 3 536 627         | 145                                    |   |
| Pretoria      | 15 365                 | 165                           | 15 365                 | 1 754                     | 33 713 695        | 183                                    |   |
| <b>Total</b>  | <b>39 072</b>          | <b>158</b>                    | <b>39 375</b>          | <b>3 564</b>              | <b>80 630 579</b> | <b>171</b>                             |   |

## 6. STAKEHOLDER RELATIONSHIP

| BUDGET ITEM              | REF.  | 2017-18 BUDGET | 2018-19 BUDGET | CHANGE       |              |
|--------------------------|-------|----------------|----------------|--------------|--------------|
|                          |       | R'000          | R'000          | R'000        | %            |
|                          |       | (1)            | (3)            | (3)-(1)      | (3)-(1)      |
| Liaison                  | 6.1.1 | 7 432          | 8 105          | 673          | 9,1%         |
| Internal stakeholder     | 6.1.2 | 2 706          | 2 139          | (568)        | -21,0%       |
| External stakeholder     | 6.1.3 | 3 392          | 2 430          | (962)        | -28,4%       |
| <b>Total</b>             |       | <b>13 530</b>  | <b>12 674</b>  | <b>(857)</b> | <b>-6,3%</b> |
| <b>% of total income</b> |       | <b>0,4%</b>    | <b>0,4%</b>    |              |              |

# NOTES ON THE BUDGET

## 6.1. STAKEHOLDER RELATIONSHIP

### 6.1.1. LIAISON

Contained in liaison are costs for employee communication, media management, events management and branding. The increase in liaison budget is due to the strategic drive to improve the AGSA brand in order to improve the employee value proposition.

### 6.1.2. INTERNAL STAKEHOLDER

| BUDGET ITEM                                 | 2017-18<br>BUDGET      |                   |         | 2018-19<br>BUDGET      |                   |         | VARIANCE                    |                             | COMMENTS   |
|---|------------------------|-------------------|---------|------------------------|-------------------|---------|-----------------------------|-----------------------------|--|
|   | NUMBER OF<br>EMPLOYEES | AVERAGE<br>AMOUNT | TOTAL   | NUMBER OF<br>EMPLOYEES | AVERAGE<br>AMOUNT | TOTAL   | DUE TO INCREASE<br>IN COSTS | DUE TO DECREASE<br>IN STAFF |  |
|   |                        |                   | R'000   |                        |                   | R'000   |                             |                             |  |
|   | (1)                    | (2)               | (1)X(2) | (3)                    | (4)               | (3)X(4) |                             |                             |  |
| Business unit team effectiveness activities | 3 618                  | 748               | 2 706   | 3 564                  | 600               | 2 139   | (535)                       | (33)                        | These are activities that occur every year for internal stakeholder relationship improvement and include costs related to relationship building, farewell parties, staff lunches, etc. The targeted expenditure per head per annum is R600 (budget 2017-18: R750). The decrease is in support of the AGSA's drive to contain cost. |
| Total                                       | 3 618                  | 748               | 2 706   | 3 564                  | 600               | 2 139   | (535)                       | (33)                        |  |

# NOTES ON THE BUDGET

## 6.1.3. EXTERNAL STAKEHOLDER

| BUDGET ITEM                                   | 2017-18             |                     |       | 2018-19             |                     |       | VARIANCE |
|---|---------------------|---------------------|-------|---------------------|---------------------|-------|----------|
|   | BUDGET              |                     |       | BUDGET              |                     |       |          |
|   | NUMBER OF EMPLOYEES | ALLOWANCE PER ANNUM | TOTAL | NUMBER OF EMPLOYEES | ALLOWANCE PER ANNUM | TOTAL |          |
|   |                     | R'000               | R'000 |                     | R'000               | R'000 |          |
|   | (1)                 | (2)                 | (3)   | (4)                 | (5)                 | (6)   | (6)-(3)  |
| Business executives/heads of units - national | 24                  | 18                  | 432   | 24                  | 13                  | 315   | (117)    |
| Business executives provincial                | 9                   | 18                  | 162   | 9                   | 13                  | 118   | (44)     |
| Deputy business executives                    | 17                  | 18                  | 306   | 16                  | 13                  | 210   | (96)     |
| Senior managers                               | 239                 | 9                   | 2 208 | 238                 | 7                   | 1 608 | (600)    |
| Exco  | 13                  | 22                  | 283   | 13                  | 14                  | 181   | (103)    |
| Total   | 302                 | 11                  | 3 392 | 300                 | 8                   | 2 430 | (959)    |

These costs relate to the improvement of relationships and communication with both internal and external stakeholders. The objective with regard to interaction with external stakeholders is to improve the consistency and effectiveness of the AGSA's messages by providing insights to its auditees on their audit outcomes. Internal stakeholder costs are attributable to investment in staff aligning their contribution to the vision and mission of the AGSA. The budget allowance applied per band to compute the budget costs has been reduced to support the cost optimisation strategy.

## 6.2. REGIONAL CONGRESSES (STRATEGIC ALIGNMENT WORKSHOP)

| BUDGET ITEM                      | 2017-18 BUDGET      |                   |              | 2018-19 BUDGET      |                   |              | VARIANCE     | COMMENTS   |
|----------------------------------|---------------------|-------------------|--------------|---------------------|-------------------|--------------|--------------|--|
|                                  | NUMBER OF EMPLOYEES | COST PER EMPLOYEE | TOTAL        | NUMBER OF EMPLOYEES | COST PER EMPLOYEE | TOTAL        |              |  |
|                                  |                     | RAND              | R'000        |                     | RAND              | R'000        |              |  |
|                                  | (1)                 | (2)               | (3)          | (4)                 | (5)               | (6)          | (6) - (3)    |  |
| BU / CE workshop                 | 3 618               | 1 499             | 5 423        | 3 564               | 1 106             | 3 942        | (1 481)      | The decrease is due to the reduction of cost per head for BU/ corporate executive workshop and align to previous year actuals. |
| Senior management workshop (SMW) | 302                 | 8 733             | 2 638        | 300                 | 13 000            | 3 900        | 1 263        |  |
| <b>Total</b>                     |                     |                   | <b>8 061</b> |                     |                   | <b>7 842</b> | <b>(219)</b> |  |

## NOTES ON THE BUDGET

### 6.3. FOREIGN VISITORS

| BUDGET ITEM      | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE     |             |
|------------------|-------------------|-------------------|------------|-------------|
|                  | R'000             | R'000             | R'000      | %           |
|                  | (1)               | (3)               | (3)-(1)    | (3)-(1)     |
| Foreign visitors | 79                | 220               | 141        | 178%        |
| <b>Total</b>     | <b>79</b>         | <b>220</b>        | <b>141</b> | <b>178%</b> |

These expenses relate to foreign visitors from other SAs to the AGSA and are based on the expected number of visitors. The number of foreign visitors in 2018-19 and the related costs are expected to increase compared to 2017-18.

### 6.4. OVERSEAS TRAVEL

| BUDGET ITEM                              | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE       |              | COMMENTS   |
|--|-------------------|-------------------|--------------|--------------|--|
|  | R'000             | R'000             | R'000        | %            |  |
|  | (1)               | (3)               | (3)-(1)      | (3)-(1)      |  |
| Auditor-general & deputy auditor-general | 3 649             | 3 300             | (349)        | -9,6%        | Planned trips for the auditor-general and the deputy auditor-general. The auditor-general's international commitments include Intosai (CBC chairperson), Afrosai and Afrosai-E.* |
| Institutional cooperation and others     | 1 851             | 1 700             | (151)        | -8,2%        | Includes Intosai (regional working groups) responsibilities of subject matter experts as well as conferences/seminars.   |
| <b>Total</b>                             | <b>5 500</b>      | <b>5 000</b>      | <b>(500)</b> | <b>-9,1%</b> |  |

\* The costs for the auditor-general include expenses of staff supporting the auditor-general in his office who will be travelling with him or on his behalf.

# NOTES ON THE BUDGET

## 7. OVERSIGHT GOVERNANCE

| BUDGET ITEM   | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE     |            | COMMENTS  |
|---|-------------------|-------------------|------------|------------|---|
|   | R'000             | R'000             | R'000      | %          |   |
|   | (1)               | (3)               | (3)-(1)    | (3)-(1)    |   |
| Parliamentary oversight (Scoag)   | 50                | 92                | 42         | 84%        | The budgeted costs are mainly driven by the number of meetings held per annum and the induction of new members. The growth in 2018-19 is due to the expected increase in the number of external meetings, which include the planned meetings for the amendment of the Public Audit Act (PAA). |
| Corporate governance boards (auditor-general advisory board, audit committee, and quality control assessment committee) | 1 025             | 1 210             | 185        | 18%        |   |
| <b>Total</b>  | <b>1 075</b>      | <b>1 302</b>      | <b>227</b> | <b>21%</b> |   |
| % total income  | 0,03%             | 0,04%             |            |            |   |

## 8. AUDIT FEES

### 8.1. EXTERNAL AUDIT FEES

| BUDGET ITEM                                     | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE     |             | COMMENTS   |
|---|-------------------|-------------------|------------|-------------|--|
|   | R'000             | R'000             | R'000      | %           |  |
|   | (1)               | (3)               | (3)-(1)    | (3)-(1)     |  |
| Financial audit                                 | 2 571             | 2 777             | 206        | 8,0%        | The audit fees are based on the estimates provided by the AGSA's external auditors and cover planning, interim audit, final audit, BU visits, internal control reviews as well as other ad hoc reviews such as pre-issuance reviews. The increase is due to the alignment of time required to perform balance scorecard, performance bonus and salary audits. The salary audit is performed to ensure that the salary increases are effected as per exco resolution. |
| Balanced scorecard and performance bonus review | 1 327             | 1 433             | 106        | 8,0%        |  |
| Salary review                                   | 708               | 765               | 57         | 8,0%        |  |
| <b>Total</b>                                    | <b>4 606</b>      | <b>4 975</b>      | <b>368</b> | <b>8,0%</b> |  |
| % of total income                               | 0,1%              | 0,1%              |            |             |  |

# NOTES ON THE BUDGET

## 8.2. INTERNAL AUDIT FEES

| BUDGET ITEM   | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE       |              |
|---|-------------------|-------------------|--------------|--------------|
|   | R'000             | R'000             | R'000        | %            |
|   | (1)               | (3)               | (3)-(1)      | (3)-(1)      |
| Routine financial audits                                      | 535               | 522               | (14)         | -2,5%        |
| Routine human capital-related audits                          | 660               | 643               | (17)         | -2,5%        |
| Routine internal controls audits                              | 1 373             | 1 338             | (35)         | -2,5%        |
| Business unit visits  | 566               | 552               | (14)         | -2,5%        |
| Ad hoc assignments and systems queries (CAATS application)    | 496               | 484               | (13)         | -2,5%        |
| Project management and attendance of audit committee meetings | 538               | 524               | (14)         | -2,5%        |
| Risk management meetings and strategic risk assessment        | 168               | 164               | (4)          | -2,5%        |
| Audit software project review                                 | 581               | 566               | (15)         | -2,5%        |
| Disbursements   | 212               | 207               | (5)          | -2,5%        |
| <b>Total</b>  | <b>5 129</b>      | <b>4 999</b>      | <b>(130)</b> | <b>-2,5%</b> |
| <b>% of total income</b>                                      | <b>0,2%</b>       | <b>0,1%</b>       |              |              |

The decrease is due to expected efficiencies created from the consolidation of some audits.

# NOTES ON THE BUDGET

## 9. RECRUITMENT EXPENSES

| BUDGET ITEM                      | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE         |               | COMMENTS   |
|----------------------------------|-------------------|-------------------|----------------|---------------|--|
|                                  | R'000             | R'000             | R'000          | %             |  |
|                                  | (1)               | (3)               | (3)-(1)        | (3)-(1)       |  |
| Advertisements                   | 850               | 1 060             | 210            | 24,7%         | Costs related to advertisement of vacancies and graduate recruitment programmes. The increase is due to a combination of alignment to the 2016-17 actuals and expected savings from the use of electronic media.   |
| Personnel agency fees            | 4 561             | 2 800             | (1 761)        | -38,6%        | Agency fees are based on a percentage of salary costs of staff expected to be recruited in the 2018-19 financial year. The number of personnel expected to be recruited in 2018-19 is expected to decrease in line with the moratorium placed on the recruitment of staff.   |
| Interviews                       | 1 411             | 1 519             | 108            | 7,7%          | The increase is due to the interviews emanating from the talent pools model, which requires some candidates to travel from one region to another for interviews.   |
| Transfer and relocation expenses | 1 800             | 2 000             | 200            | 11,1%         | The costs include pre-visit costs for internal and external candidates and reimbursement of transportation costs as well as three months' payment of accommodation costs. The increase is due to the planned movement of candidates from one region to another and the impact of the transfer and relocation policy changes. |
| <b>Total</b>                     | <b>8 622</b>      | <b>7 379</b>      | <b>(1 243)</b> | <b>-14,4%</b> |  |
| <b>% of total income</b>         | <b>0,3%</b>       | <b>0,2%</b>       |                |               |  |

# NOTES ON THE BUDGET

## 10. LEARNING AND DEVELOPMENT

| BUDGET ITEM                                | REF. | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE        |              |
|--|------|-------------------|-------------------|---------------|--------------|
|  |      | R'000             | R'000             | R'000         | %            |
|  |      | (1)               | (3)               | (3)-(1)       | (3)-(1)      |
| Membership fees                            | 10.1 | 19 869            | 21 004            | 1 134         | 5,7%         |
| <b>Training:</b>                           | 10.2 | 22 323            | 36 848            | 14 525        | 68,2%        |
| Internal training                          |      | 18 977            | 27 262            | 8 285         | 43,7%        |
| Conference and seminars                    |      | 3 346             | 4 743             | 1 807         | 61,5%        |
| Graduates programmes                       |      | -                 | 4 844             | 4 844         | 100,0%       |
| Study assistance: employees                | 10.3 | 23 970            | 20 640            | (3 330)       | -13,9%       |
| HC development projects                    |      | 1 699             | 2 890             | 1 191         | 70,1%        |
| Bursaries                                  | 10.4 | 16 153            | 24 916            | 8 762         | 54,2%        |
| Study support incentive scheme             |      | 5 477             | 5 252             | (225)         | -4,1%        |
| Tertiary assistance                        | 10.4 | 3 896             | 5 606             | 1 709         | 43,9%        |
| Study support incentive scheme: Top up one |      | 133               | 186               | 53            | 39,6%        |
| Skills development levy                    |      | 17 357            | 18 655            | 1 298         | 7,5%         |
| Skills development levy - recovered        |      | (9 500)           | (10 000)          | (500)         | 5,3%         |
| <b>Total</b>                               |      | <b>101 378</b>    | <b>125 996</b>    | <b>24 617</b> | <b>24,8%</b> |
| <b>% of total income</b>                   |      | <b>3.1%</b>       | <b>3.7%</b>       |               |              |

### 10.1. MEMBERSHIP FEES

The 2018-19 budget for membership fees is based on current and future professional staff intake and the annual increase in membership fees.

### 10.2. TRAINING

| TYPE OF EXPENSE         | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE        |              |
|-------------------------|-------------------|-------------------|---------------|--------------|
|                         | R'000             | R'000             | R'000         | %            |
|                         | (1)               | (3)               | (3)-(1)       | (3)-(1)      |
| Internal                | 18 977            | 27 262            | 8 285         | 43,7%        |
| Conference and seminars | 2 936             | 4 743             | 1 807         | 61,5%        |
| Graduates programmes    | 0                 | 4 844             | 4 844         | 100,0%       |
| <b>Total</b>            | <b>21 913</b>     | <b>36 848</b>     | <b>14 935</b> | <b>68,2%</b> |

The increase is mainly due to the new programme on leadership development, targeting professionals within the organisation. In addition, the budget includes the graduates programmes that are aimed at recruitment initiatives for the TA scheme as well as practical audit experience programmes in the AGSA.

# NOTES ON THE BUDGET

## 10.3. STUDY ASSISTANCE: EMPLOYEES

| COURSE OF STUDY                     | 2017-18 BUDGET | 2018-19 BUDGET | COMMENTS   |
|-------------------------------------|----------------|----------------|--|
|                                     | R'000          | R'000          |  |
| Diploma                             | 177            | 153            | In line with the AGSA's preference to focus on graduate students. The bulk of the amount budgeted relates to 1 210 trainee auditors (Budget 2017-18: 1 353). |
| Degree                              | 651            | 561            |  |
| CTA/Honours                         | 15 634         | 13 462         |  |
| FQE support courses                 | 2 260          | 1 946          |  |
| Non-accounting degrees and diplomas | 1 490          | 1 283          |  |
| Post-graduate, RGA ,CISA            | 3 757          | 3 235          |  |
| <b>Total</b>                        | <b>23 970</b>  | <b>20 640</b>  |  |

The movement in this figure is influenced by the study support policy, which prescribes that the AGSA should offer financial assistance only to employees that meet their academic progress requirements, as well as the increase in the numbers of employees that qualify for the study assistance.

## 10.4. EXTERNAL STUDENT BURSARIES AND TERTIARY ASSISTANCE

The programme of awarding bursaries is intended to create a future employee pool.

|   | 2017-18 BUDGET | 2018-19 BUDGET |
|---|----------------|----------------|
|   | R'000          | R'000          |
| Thuthuka                                  | 0              | 14 605         |
| External bursaries                        | 15 712         | 8 988          |
| Sponsorship, functions & other            | 982            | 1 323          |
| Tertiary assistance (Including Fort Hare) | 3 896          | 5 605          |
| <b>Total</b>                              | <b>20 050</b>  | <b>30 521</b>  |

## SAICA THUTHUKA PROGRAMME

The focus on development is heightened through the investment in Thuthuka support in line with the new strategy to improve the trainee auditor mix through 50% CTA and 50% degree. However, this spending is mitigated by a corresponding reduction in the bursary spending for trainee auditors. This strategy will result in improved recovery rates for this level due to less time spent on study activities.

## EXTERNAL BURSARIES AND CENTENARY SCHOLARSHIP

This refers to the cost of our commitment to 97 external bursary holders (2017-18 budget: 143). In addition, there are nine students under our centenary scholarship programme (funded through the AGSA centenary scholarship fund; refer to note 11 below). The decrease in the number of students is driven by a strategic decision to focus and invest more on the Thuthuka programme.

## NOTES ON THE BUDGET

| NAME OF UNIVERSITY   | NO. OF STUDENTS:<br>BUDGET<br>2017-18 | NO. OF STUDENTS:<br>BUDGET<br>2018-19 | CENTENARY<br>SCHOLARSHIP: NO.<br>OF STUDENTS;<br>BUDGET<br>2018-19 |
|----------------------|---------------------------------------|---------------------------------------|--|
| Johannesburg         | 20                                    | 13                                    |  |
| Wits                 | 20                                    | 13                                    |  |
| Pretoria             | 8                                     | 5                                     | 2  |
| Monash               | 2                                     | 2                                     |  |
| Free State           | 9                                     | 6                                     |  |
| KwaZulu-Natal        | 19                                    | 13                                    | 5  |
| Cape Town            | 13                                    | 9                                     | 2  |
| Stellenbosch         | 7                                     | 5                                     |  |
| Nelson Mandela Metro | 2                                     | 2                                     |  |
| North West           | 17                                    | 11                                    |  |
| Fort Hare            | 20                                    | 13                                    |  |
| Rhodes               | 4                                     | 3                                     |  |
| Limpopo              | 0                                     | -                                     |  |
| Western Cape         | 2                                     | 2                                     |  |
| <b>Total</b>         | <b>143</b>                            | <b>97</b>                             | <b>9</b>   |

### FORT HARE

The AGSA's support to Fort Hare University is for the subvention of lecturers' salaries and other study material costs.

# NOTES ON THE BUDGET

## 11. EMPLOYEE WELLNESS PROGRAMME

| BUDGET ITEM                           | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE        |               | COMMENTS   |
|---------------------------------------|-------------------|-------------------|---------------|---------------|--|
|                                       | R'000             | R'000             | R'000         | %             |  |
|                                       | (1)               | (3)               | (3)-(1)       | (3)-(1)       |  |
| Employee wellness programmes          | 7 355             | 5 292             | (2 063)       | -28,0%        | This relates to fees paid to external service providers for various services, which include employee assistance, executive wellness, lifestyle management and HIV/ Aids programmes. The budget is aligned to previous year actuals.  |
| Socio development programme           | 2 870             | 1 480             | ( 1 390)      | -55,4%        | <p>As part of the AGSA's sustainability model, the socio-economic development programme aims to ensure the promotion and awareness of the accounting and auditing profession, but also serves to uplift the communities in which the AGSA operates. The outsourced services are for the following initiatives:</p> <p>Conferences and gala dinner sponsorships for:</p> <ul style="list-style-type: none"> <li>ABASA gala dinner</li> <li>AWCA dinner and related conference package</li> <li>ABASA audit outcome feedback session</li> <li>SAICA gala dinner</li> </ul> <p>Sponsorship of the adopted schools, historically disadvantaged universities and Mandela-day initiatives.</p> <p>The decrease is due to the alignment to 2016-17 actuals in support of the AGSA's drive to contain costs.</p> |
| Auditor-general social responsibility | 3 400             | 3 000             | (400)         | -11,8%        | This cost typically includes AGSA centenary scholarship fund and sponsorship of tables at fundraising events hosted by organisation such the Association for the Advancement of Black Accountants of Southern Africa. The decrease is in line with the strategy to optimise events to contain cost escalations.  |
| Enterprise development                | 4 000             | 4 000             | -             | 0,0%          | This includes B-BBEE interventions to support and uplift black entrepreneurs and support for the growth of the auditing profession. The budget for 2018-19 was determined based on the affordability principle.  |
| <b>Total</b>                          | <b>17 625</b>     | <b>13 772</b>     | <b>-3 853</b> | <b>-21,9%</b> |  |

# NOTES ON THE BUDGET

## 12. TECHNOLOGICAL SERVICES

| BUDGET ITEM                        | REF. | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE       |              |
|------------------------------------|------|-------------------|-------------------|--------------|--------------|
|                                    |      | R'000             | R'000             | R'000        | %            |
|                                    |      | (1)               | (3)               | (3)-(1)      | (3)-(1)      |
| Licence and equipment maintenance  | 12.1 | 52 239            | 60 878            | 8 639        | 16,5%        |
| Hiring of equipment - rental       | 12.2 | 5 861             | 5 829             | (33)         | -0,6%        |
| Hiring of equipment - copy charges |      | 2 004             | 1 852             | (153)        | -7,6%        |
| <b>Total</b>                       |      | <b>60 104</b>     | <b>68 557</b>     | <b>8 453</b> | <b>14,1%</b> |
| <b>% of total income</b>           |      | <b>1,8%</b>       | <b>2,0%</b>       |              |              |

### 12.1. COMPUTER SERVICES

| BUDGET ITEM                | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE       |              | COMMENTS   |
|----------------------------|-------------------|-------------------|--------------|--------------|--|
|                            | R'000             | R'000             | R'000        | %            |  |
|                            | (1)               | (3)               | (3)-(1)      | (3)-(1)      |  |
| IT maintenance and support | 33 757            | 34 189            | 432          | 1,3%         | The increase in IT maintenance and support is due to software licence fees for PeopleSoft, Microsoft and TeamMate, mobile connectivity costs (Telkom and Vodacom). The increase in networks is a result of the removal of the quota system (capped internet access) in the last two financial years. |
| Networks                   | 14 400            | 23 364            | 8 964        | 62,3%        |  |
| Security                   | 3 382             | 2 925             | (457)        | -13,5%       |  |
| Telecommunications         | 700               | 400               | (300)        | -42,9%       |  |
| <b>Total</b>               | <b>52 239</b>     | <b>60 878</b>     | <b>8 639</b> | <b>16,5%</b> |  |
| <b>% of total income</b>   | <b>1,6%</b>       | <b>1,8%</b>       |              |              |  |

### 12.2. HIRING OF EQUIPMENT – RENTAL

The rental agreement of R3 800 per month remains the same as in 2017-18, the marginal decrease is due to the BU's planning to share the existing multifunction copy machines instead of acquiring new ones

# NOTES ON THE BUDGET

## 13. INSURANCE AND LEGAL FEES

| BUDGET ITEM                | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE       |              | COMMENTS  |
|----------------------------|-------------------|-------------------|--------------|--------------|---|
|                            | R'000             | R'000             | R'000        | %            |   |
|                            | (1)               | (3)               | (3)-(1)      | (3)-(1)      |   |
| Insurance                  | 1 613             | 2 698             | 1 085        | 67,2%        | The increase is due to the alignment of the budget to the AGSA's claim history and the increased premiums to cover electronic equipment and software that were previously not insured.                                |
| Legal fees and contingency | 4 500             | 4 748             | 248          | 5,5%         | The increase is due to the alignment of legal costs to actuals of the previous year, which includes the anticipated labour-related cases, costs related to litigation of debtors and legal costs for audit pushbacks. |
| <b>Total</b>               | <b>6 113</b>      | <b>7 446</b>      | <b>1 333</b> | <b>21,8%</b> |   |
| % of total income          | 0,2%              | 0,2%              |              |              |   |

## 14. OFFICE MAINTENANCE

| BUDGET ITEM        | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE       |             |
|--------------------|-------------------|-------------------|--------------|-------------|
|                    | R'000             | R'000             | R'000        | %           |
|                    | (1)               | (3)               | (3)-(1)      | (3)-(1)     |
| Office maintenance | 29 574            | 30 831            | 1 257        | 4,2%*       |
| <b>Total</b>       | <b>29 574</b>     | <b>30 831</b>     | <b>1 257</b> | <b>4,2%</b> |
| % of total income  | 0,9%              | 0,9%              |              |             |

\* Does not include present value adjustment of sundry expenses.

Included in office maintenance are costs of cleaning (R6,4 million), office improvements, refreshments and publications (R7,8 million), repairs and maintenance (R4,7 million), stationery and printing (R8,7 million) and others (R3,1 million). The increase is mainly due to escalations in cleaning contract fees.

# NOTES ON THE BUDGET

## 15. COMMUNICATION

| BUDGET ITEM                  | REF  | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE     |             |
|------------------------------|------|-------------------|-------------------|------------|-------------|
|                              |      | R'000             | R'000             | R'000      | %           |
|                              |      | (1)               | (3)               | (3)-(1)    | (3)-(1)     |
| Telephone charges            | 15.1 | 4 691             | 4 593             | (99)       | -2,1%       |
| Cellphone charges            | 15.2 | 7 593             | 8 094             | 502        | 6,6%        |
| Postage and courier services |      | 1 686             | 1 533             | (153)      | -9,1%       |
| <b>Total</b>                 |      | <b>13 970</b>     | <b>14 220</b>     | <b>250</b> | <b>1,8%</b> |
| <b>% of total income</b>     |      | <b>0,4%</b>       | <b>0,4%</b>       |            |             |

### 15.1. TELEPHONE CHARGES

The costs are mainly influenced by the budgeted number of staff of 3 564 for 2018-19 (2017-18 budget: 3 618), resulting in a decrease in the 2018-19 budget.

### 14.2. CELLPHONE CHARGES

The increase in cellphone costs is mainly driven by the growth in the budgeted number of qualifying staff and inflation adjustments.

## 16. DEPRECIATION

| BUDGET ITEM              | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE         |               |
|--------------------------|-------------------|-------------------|----------------|---------------|
|                          | R'000             | R'000             | R'000          | %             |
|                          | (1)               | (3)               | (3)-(1)        | (3)-(1)       |
| Motor vehicles           | 1 138             | 885               | (253)          | -22,3%        |
| Furniture & equipment    | 7 472             | 4 549             | (2 923)        | -39,1%        |
| Computer equipment       | 18 755            | 11 981            | (6 774)        | -36,1%        |
| Computer software        | 7 835             | 12 283            | 4 448          | 56,8%         |
| Leasehold improvements   | 7 396             | 4 538             | (2 858)        | -38,6%        |
| <b>Total</b>             | <b>42 596</b>     | <b>34 236</b>     | <b>(8 360)</b> | <b>-19,6%</b> |
| <b>% of total income</b> | <b>1,3%</b>       | <b>1,0%</b>       |                |               |

The depreciation expense budget is based on the depreciation of existing assets plus the depreciation of assets to be purchased as per 2018-19 capital expenditure budgets, based on the AGSA's asset management policy.

The decrease is mainly due to the reduced depreciation rates for furniture, office and computer equipment as a result of extension of useful life of certain categories of assets. The useful life for furniture has been increased from 15 to 19 years, office equipment from 3 to 6 years and office equipment from 5 to 8 years.

# NOTES ON THE BUDGET

## 17. CAPITAL EXPENDITURE BUDGET

### 17.1. MOTOR VEHICLES

| DESCRIPTION | 2017-18<br>BUDGET | ACQUISITIONS:<br>BUDGET 2018-19 | DEPRECIATION | 2018-19<br>BUDGET |
|-------------|-------------------|---------------------------------|--------------|-------------------|
|             | NCV               |                                 |              | NCV               |
|             | R'000             |                                 |              | R'000             |

|                |              |            |            |              |
|----------------|--------------|------------|------------|--------------|
| Motor vehicles | 4 308        | 600        | 885        | 4 023        |
| <b>Total</b>   | <b>4 308</b> | <b>600</b> | <b>885</b> | <b>4 023</b> |

| LOCATION | 2017-18<br>BUDGET | 2018-19<br>BUDGET |
|----------|-------------------|-------------------|
|          | R'000             | R'000             |

|   |              |            |
|---|--------------|------------|
| Provision for the purchase of new motor vehicles Mpumalanga | 2 782        | 600        |
| <b>Total</b>  | <b>2 782</b> | <b>600</b> |

### 17.2. FURNITURE AND EQUIPMENT

| DESCRIPTION | 2017-18<br>BUDGET | ACQUISITIONS:<br>BUDGET 2018-19 | DEPRECIATION | 2018-19<br>BUDGET |
|-------------|-------------------|---------------------------------|--------------|-------------------|
|             | NCV               |                                 |              | NCV               |
|             | R'000             |                                 |              | R'000             |

|                         |               |              |              |               |
|-------------------------|---------------|--------------|--------------|---------------|
| Furniture and equipment | 24 744        | 5 411        | 4 549        | 25 606        |
| <b>Total</b>            | <b>24 744</b> | <b>5 411</b> | <b>4 549</b> | <b>25 606</b> |

| LOCATION | 2017-18<br>BUDGET | 2018-19<br>BUDGET | COMMENTS |
|----------|-------------------|-------------------|----------|
|          | R'000             | R'000             |          |

|                                     |              |              |  |
|-------------------------------------|--------------|--------------|--|
| Pretoria and other regional offices | 5 637        | 5 411        | New furniture acquisition is budgeted for centrally at head office for all the AGSA offices. The replacement of furniture and redesign of offices is in line with branding requirements and the creation of more office space for staff. The decrease is due to the bulk of the furniture being acquired in the previous three financial years (2015-16 to 2017-18). |
| <b>Total</b>                        | <b>5 637</b> | <b>5 411</b> |  |

## NOTES ON THE BUDGET

### 17.3. LEASEHOLD IMPROVEMENTS

| DESCRIPTION            | 2017-18<br>BUDGET | ACQUISITIONS:<br>BUDGET<br>2018-19 | DEPRECIATION | 2018-19<br>BUDGET |
|------------------------|-------------------|------------------------------------|--------------|-------------------|
|                        | NCV               |                                    |              | NCV               |
|                        | R'000             |                                    | R'000        | R'000             |
| Leasehold improvements | 19 204            | 1 800                              | 4 538        | 16 466            |
| <b>Total</b>           | <b>19 204</b>     | <b>1 800</b>                       | <b>4 538</b> | <b>16 466</b>     |

| LOCATION                            | 2017-18<br>BUDGET | 2018-19<br>BUDGET | COMMENTS  |
|-------------------------------------|-------------------|-------------------|---|
|                                     | R'000             | R'000             |   |
| Pretoria and other regional offices | 6 100             | 1 800             | Leasehold improvements are budgeted for centrally at head office for all the AGSA's offices. The leasehold improvements will be rolled out at the Gauteng office. In addition, the budget includes security upgrades to all AGSA offices, except Pretoria, Western Cape and Kimberly. |
| <b>Total</b>                        | <b>6 100</b>      | <b>1 800</b>      |   |

### 17.4. COMPUTER HARDWARE, NETWORK AND SECURITY

| DESCRIPTION       | 2017-18<br>BUDGET | ACQUISITIONS:<br>BUDGET<br>2018-19 | DEPRECIATION  | 2018-19<br>BUDGET |
|-------------------|-------------------|------------------------------------|---------------|-------------------|
|                   | NCV               |                                    |               | NCV               |
|                   | R'000             |                                    | R'000         | R'000             |
| Computer hardware | 78 554            | 43 859                             | 11 981        | 110 342           |
| <b>Total</b>      | <b>78 554</b>     | <b>43 859</b>                      | <b>11 981</b> | <b>110 342</b>    |

| BUDGET ITEM       | REF.   | 2017-18<br>BUDGET | 2018-19<br>BUDGET | CHANGE          |               |
|-------------------|--------|-------------------|-------------------|-----------------|---------------|
|                   |        | R'000             | R'000             | R'000           | %             |
|                   |        | (1)               | (3)               | (3)-(1)         | (3)-(1)       |
| Computer hardware | 17.4.1 | 12 650            | 10 799            | (1 851)         | -14,6%        |
| Networks          | 17.4.2 | 6 720             | 3 500             | (3 220)         | -47,9%        |
| Security          | 17.4.3 | 5 000             | 11 000            | 6 000           | 120,0%        |
| Notebooks         | 17.4.4 | 32 518            | 18 560            | (13 958)        | -42,9%        |
| <b>Total</b>      |        | <b>56 888</b>     | <b>43 859</b>     | <b>(13 029)</b> | <b>-22,9%</b> |

# NOTES ON THE BUDGET

## 17.4.1.COMPUTER HARDWARE

The decrease is due to less computer hardware required in the 2018-19 financial year as most of the hardware is planned to be acquired in 2017-18 financial year.

## 17.4.2.NETWORKS

The decrease is due to the refreshed environment of the server and storage infrastructure project as well as the network project taking place in the 2017-18 financial year.

## 17.4.3.SECURITY

The increase is due to the implementation of the approved IT security framework project (2017 - 2020).

## 17.4.4.NOTEBOOKS

The cost relates to the acquisition of notebooks for new employees as well as the replacement of old ones.

## 17.5. COMPUTER SOFTWARE

| DESCRIPTION       | 2017-18<br>BUDGET | ACQUISITIONS:<br>BUDGET 2018-<br>19 | DEPRECIATION  | 2018-19<br>BUDGET |
|-------------------|-------------------|-------------------------------------|---------------|-------------------|
|                   | NCV               |                                     |               | NCV               |
|                   | R'000             |                                     |               | R'000             |
| Computer software | 54 723            | 8 030                               | 12 283        | 50 470            |
| <b>Total</b>      | <b>54 723</b>     | <b>8 030</b>                        | <b>12 283</b> | <b>50 470</b>     |

| BUDGET ITEM                | 2017-18<br>BUDGET | 2018-19<br>BUDGET | COMMENTS   |
|----------------------------|-------------------|-------------------|--|
|                            | R'000             | R'000             |  |
|                            | (1)               | (3)               |  |
| Regional systems           | 400               | -                 |  |
| Systems                    | 3 560             | -                 |  |
| New software licence       | 10 935            | 6 730             | These are additional licences to be procured to accommodate all staff members, e.g. Microsoft (tru-up), Qlikview and Oracle. |
| New systems implementation | 3 000             | 1 300             | This is the new command centre control system which will ensure efficient monitoring of IT services                          |
| <b>Total</b>               | <b>17 895</b>     | <b>8 030</b>      |  |

**NOTES:**

[illegible]

# **ANNEXURE C**

Proposed Internal  
Rates 2018-19

## ANNEXURE C

### PROPOSED INTERNAL RATES 2018-19

| CATEGORIES                           | SALARY INTERVAL |              | TARIFF              |                              |                      |                |
|--------------------------------------|-----------------|--------------|---------------------|------------------------------|----------------------|----------------|
|                                      | SALARY LOWER    | SALARY UPPER | REGULARITY<br>AUDIT | INFORMATION<br>SYSTEMS AUDIT | PERFORMANCE<br>AUDIT | INVESTIGATIONS |
| <b>BUSINESS<br/>EXECUTIVE</b>        |                 |              | 3 069               | 3 069                        | 3 069                | 3 069          |
| <b>DEPUTY BUSINESS<br/>EXECUTIVE</b> | 1 000 001       | 1 020 000    | 2 455               | 2 498                        | 1 738                | 2 585          |
|                                      | 1 020 001       | 1 040 000    | 2 503               | 2 548                        | 1 772                | 2 636          |
|                                      | 1 040 001       | 1 060 000    | 2 552               | 2 597                        | 1 807                | 2 687          |
|                                      | 1 060 001       | 1 080 000    | 2 600               | 2 647                        | 1 841                | 2 739          |
|                                      | 1 080 001       | 1 100 000    | 2 649               | 2 696                        | 1 875                | 2 790          |
|                                      | 1 100 001       | 1 120 000    | 2 698               | 2 745                        | 1 910                | 2 841          |
|                                      | 1 120 001       | 1 140 000    | 2 746               | 2 795                        | 1 944                | 2 892          |
|                                      | 1 140 001       | 1 160 000    | 2 795               | 2 844                        | 1 979                | 2 943          |
|                                      | 1 160 001       | 1 180 000    | 2 844               | 2 894                        | 2 013                | 2 994          |
|                                      | 1 180 001       | 1 200 000    | 2 892               | 2 943                        | 2 048                | 3 046          |
|                                      | 1 200 001       | 1 220 000    | 2 941               | 2 993                        | 2 082                | 3 097          |
|                                      | 1 220 001       | 1 240 000    | 2 989               | 3 042                        | 2 116                | 3 148          |
|                                      | 1 240 001       | 1 260 000    | 3 038               | 3 092                        | 2 151                | 3 199          |
|                                      | 1 260 001       | 1 280 000    | 3 087               | 3 141                        | 2 185                | 3 250          |
|                                      | 1 280 001       | 1 300 000    | 3 135               | 3 191                        | 2 220                | 3 302          |
| <b>AUDIT SM</b>                      | 700 001         | 720 000      | 1 263               | 1 130                        | 1 176                | 1 236          |
|                                      | 720 001         | 740 000      | 1 299               | 1 162                        | 1 209                | 1 270          |
|                                      | 740 001         | 760 000      | 1 334               | 1 194                        | 1 242                | 1 305          |
|                                      | 760 001         | 780 000      | 1 370               | 1 226                        | 1 275                | 1 340          |
|                                      | 780 001         | 800 000      | 1 405               | 1 258                        | 1 308                | 1 375          |
|                                      | 800 001         | 820 000      | 1 441               | 1 290                        | 1 342                | 1 410          |
|                                      | 820 001         | 840 000      | 1 476               | 1 321                        | 1 375                | 1 445          |
|                                      | 840 001         | 860 000      | 1 512               | 1 353                        | 1 408                | 1 479          |
|                                      | 860 001         | 880 000      | 1 548               | 1 385                        | 1 441                | 1 514          |
|                                      | 880 001         | 900 000      | 1 583               | 1 417                        | 1 474                | 1 549          |
|                                      | 900 001         | 920 000      | 1 619               | 1 449                        | 1 507                | 1 584          |
|                                      | 920 001         | 940 000      | 1 654               | 1 481                        | 1 540                | 1 619          |
|                                      | 940 001         | 960 000      | 1 690               | 1 513                        | 1 573                | 1 653          |
|                                      | 960 001         | 980 000      | 1 725               | 1 544                        | 1 607                | 1 688          |
|                                      | 980 001         | 1 000 000    | 1 761               | 1 576                        | 1 640                | 1 723          |
|                                      | 1 000 001       | 1 020 000    | 1 797               | 1 608                        | 1 673                | 1 758          |
|                                      | 1 020 001       | 1 040 000    | 1 832               | 1 640                        | 1 706                | 1 793          |

## ANNEXURE C

| CATEGORIES           | SALARY INTERVAL |              | TARIFF              |                              |                      |                |
|----------------------|-----------------|--------------|---------------------|------------------------------|----------------------|----------------|
|                      | SALARY LOWER    | SALARY UPPER | REGULARITY<br>AUDIT | INFORMATION<br>SYSTEMS AUDIT | PERFORMANCE<br>AUDIT | INVESTIGATIONS |
|                      | 1 040 001       | 1 060 000    | 1 868               | 1 672                        | 1 739                | 1 827          |
|                      | 1 060 001       | 1 080 000    | 1 903               | 1 704                        | 1 772                | 1 862          |
|                      | 1 080 001       | 1 100 000    | 1 939               | 1 735                        | 1 805                | 1 897          |
|                      | 1 100 001       | 1 120 000    | 1 975               | 1 767                        | 1 838                | 1 932          |
|                      | 1 120 001       | 1 140 000    | 2 010               | 1 799                        | 1 872                | 1 967          |
|                      | 1 140 001       | 1 160 000    | 2 046               | 1 831                        | 1 905                | 2 001          |
|                      | 1 160 001       | 1 180 000    | 2 081               | 1 863                        | 1 938                | 2 036          |
|                      | 1 180 001       | 1 200 000    | 2 117               | 1 895                        | 1 971                | 2 071          |
|                      | 1 200 001       | 1 220 000    | 2 152               | 1 927                        | 2 004                | 2 106          |
|                      | 1 220 001       | 1 240 000    | 2 188               | 1 958                        | 2 037                | 2 141          |
|                      | 1 240 001       | 1 260 000    | 2 224               | 1 990                        | 2 070                | 2 175          |
|                      | 1 260 001       | 1 280 000    | 2 259               | 2 022                        | 2 103                | 2 210          |
|                      | 1 280 001       | 1 300 000    | 2 295               | 2 054                        | 2 137                | 2 245          |
| <b>SM SPECIALIST</b> | 700 001         | 720 000      | 1 264               | 1 132                        | 1 177                | 1 237          |
|                      | 720 001         | 740 000      | 1 300               | 1 163                        | 1 210                | 1 272          |
|                      | 740 001         | 760 000      | 1 335               | 1 195                        | 1 243                | 1 307          |
|                      | 760 001         | 780 000      | 1 371               | 1 227                        | 1 277                | 1 341          |
|                      | 780 001         | 800 000      | 1 407               | 1 259                        | 1 310                | 1 376          |
|                      | 800 001         | 820 000      | 1 442               | 1 291                        | 1 343                | 1 411          |
|                      | 820 001         | 840 000      | 1 478               | 1 323                        | 1 376                | 1 446          |
|                      | 840 001         | 860 000      | 1 514               | 1 355                        | 1 409                | 1 481          |
|                      | 860 001         | 880 000      | 1 549               | 1 387                        | 1 442                | 1 516          |
|                      | 880 001         | 900 000      | 1 585               | 1 418                        | 1 476                | 1 550          |
|                      | 900 001         | 920 000      | 1 620               | 1 450                        | 1 509                | 1 585          |
|                      | 920 001         | 940 000      | 1 656               | 1 482                        | 1 542                | 1 620          |
|                      | 940 001         | 960 000      | 1 692               | 1 514                        | 1 575                | 1 655          |
|                      | 960 001         | 980 000      | 1 727               | 1 546                        | 1 608                | 1 690          |
|                      | 980 001         | 1 000 000    | 1 763               | 1 578                        | 1 641                | 1 725          |
|                      | 1 000 001       | 1 020 000    | 1 798               | 1 610                        | 1 674                | 1 760          |
|                      | 1 020 001       | 1 040 000    | 1 834               | 1 642                        | 1 708                | 1 794          |
|                      | 1 040 001       | 1 060 000    | 1 870               | 1 673                        | 1 741                | 1 829          |
|                      | 1 060 001       | 1 080 000    | 1 905               | 1 705                        | 1 774                | 1 864          |
|                      | 1 080 001       | 1 100 000    | 1 941               | 1 737                        | 1 807                | 1 899          |
|                      | 1 100 001       | 1 120 000    | 1 976               | 1 769                        | 1 840                | 1 934          |
|                      | 1 120 001       | 1 140 000    | 2 012               | 1 801                        | 1 873                | 1 969          |
|                      | 1 140 001       | 1 160 000    | 2 048               | 1 833                        | 1 907                | 2 003          |
|                      | 1 160 001       | 1 180 000    | 2 083               | 1 865                        | 1 940                | 2 038          |

## ANNEXURE C

| CATEGORIES                    | SALARY INTERVAL |              | TARIFF              |                              |                      |                |
|-------------------------------|-----------------|--------------|---------------------|------------------------------|----------------------|----------------|
|                               | SALARY LOWER    | SALARY UPPER | REGULARITY<br>AUDIT | INFORMATION<br>SYSTEMS AUDIT | PERFORMANCE<br>AUDIT | INVESTIGATIONS |
|                               | 1 180 001       | 1 200 000    | 2 119               | 1 897                        | 1 973                | 2 073          |
|                               | 1 200 001       | 1 220 000    | 2 155               | 1 928                        | 2 006                | 2 108          |
|                               | 1 220 001       | 1 240 000    | 2 190               | 1 960                        | 2 039                | 2 143          |
|                               | 1 240 001       | 1 260 000    | 2 226               | 1 992                        | 2 072                | 2 178          |
|                               | 1 260 001       | 1 280 000    | 2 261               | 2 024                        | 2 106                | 2 213          |
|                               | 1 280 001       | 1 300 000    | 2 297               | 2 056                        | 2 139                | 2 247          |
| <b>AUDIT MANAGER</b>          | 460 001         | 480 000      | 790                 | 680                          | 738                  | 798            |
|                               | 480 001         | 500 000      | 824                 | 709                          | 770                  | 832            |
|                               | 500 001         | 520 000      | 858                 | 738                          | 801                  | 866            |
|                               | 520 001         | 540 000      | 891                 | 767                          | 833                  | 900            |
|                               | 540 001         | 560 000      | 925                 | 796                          | 864                  | 934            |
|                               | 560 001         | 580 000      | 958                 | 825                          | 895                  | 968            |
|                               | 580 001         | 600 000      | 992                 | 854                          | 927                  | 1 002          |
|                               | 600 001         | 620 000      | 1 026               | 883                          | 958                  | 1 036          |
|                               | 620 001         | 640 000      | 1 059               | 912                          | 990                  | 1 070          |
|                               | 640 001         | 660 000      | 1 093               | 941                          | 1 021                | 1 104          |
|                               | 660 001         | 680 000      | 1 127               | 970                          | 1 053                | 1 138          |
|                               | 680 001         | 700 000      | 1 160               | 999                          | 1 084                | 1 172          |
|                               | 700 001         | 720 000      | 1 194               | 1 028                        | 1 115                | 1 206          |
|                               | 720 001         | 740 000      | 1 228               | 1 057                        | 1 147                | 1 239          |
|                               | 740 001         | 760 000      | 1 261               | 1 086                        | 1 178                | 1 273          |
|                               | 760 001         | 780 000      | 1 295               | 1 115                        | 1 210                | 1 307          |
|                               | 780 001         | 800 000      | 1 328               | 1 144                        | 1 241                | 1 341          |
|                               | 800 001         | 820 000      | 1 362               | 1 173                        | 1 272                | 1 375          |
|                               | 820 001         | 840 000      | 1 396               | 1 202                        | 1 304                | 1 409          |
|                               | 840 001         | 860 000      | 1 429               | 1 231                        | 1 335                | 1 443          |
|                               | 860 001         | 880 000      | 1 463               | 1 260                        | 1 367                | 1 477          |
|                               | 880 001         | 900 000      | 1 497               | 1 289                        | 1 398                | 1 511          |
|                               | 900 001         | 920 000      | 1 530               | 1 317                        | 1 430                | 1 545          |
|                               | 920 001         | 940 000      | 1 564               | 1 346                        | 1 461                | 1 579          |
|                               | 940 001         | 960 000      | 1 597               | 1 375                        | 1 492                | 1 613          |
|                               | 960 001         | 980 000      | 1 631               | 1 404                        | 1 524                | 1 647          |
|                               | 980 001         | 1 000 000    | 1 665               | 1 433                        | 1 555                | 1 681          |
| <b>MANAGER<br/>SPECIALIST</b> | 460 001         | 480 000      | 790                 | 680                          | 697                  | 798            |

## ANNEXURE C

| CATEGORIES           | SALARY INTERVAL |              | TARIFF              |                              |                      |                |
|----------------------|-----------------|--------------|---------------------|------------------------------|----------------------|----------------|
|                      | SALARY LOWER    | SALARY UPPER | REGULARITY<br>AUDIT | INFORMATION<br>SYSTEMS AUDIT | PERFORMANCE<br>AUDIT | INVESTIGATIONS |
|                      | 480 001         | 500 000      | 824                 | 709                          | 726                  | 832            |
|                      | 500 001         | 520 000      | 858                 | 738                          | 756                  | 866            |
|                      | 520 001         | 540 000      | 891                 | 767                          | 786                  | 900            |
|                      | 540 001         | 560 000      | 925                 | 796                          | 815                  | 934            |
|                      | 560 001         | 580 000      | 958                 | 825                          | 845                  | 968            |
|                      | 580 001         | 600 000      | 992                 | 854                          | 875                  | 1 002          |
|                      | 600 001         | 620 000      | 1 026               | 883                          | 904                  | 1 036          |
|                      | 620 001         | 640 000      | 1 059               | 912                          | 934                  | 1 070          |
|                      | 640 001         | 660 000      | 1 093               | 941                          | 964                  | 1 104          |
|                      | 660 001         | 680 000      | 1 127               | 970                          | 993                  | 1 138          |
|                      | 680 001         | 700 000      | 1 160               | 999                          | 1 023                | 1 172          |
|                      | 700 001         | 720 000      | 1 194               | 1 028                        | 1 053                | 1 206          |
|                      | 720 001         | 740 000      | 1 228               | 1 057                        | 1 082                | 1 239          |
|                      | 740 001         | 760 000      | 1 261               | 1 086                        | 1 112                | 1 273          |
|                      | 760 001         | 780 000      | 1 295               | 1 115                        | 1 142                | 1 307          |
|                      | 780 001         | 800 000      | 1 328               | 1 144                        | 1 171                | 1 341          |
|                      | 800 001         | 820 000      | 1 362               | 1 173                        | 1 201                | 1 375          |
|                      | 820 001         | 840 000      | 1 396               | 1 202                        | 1 231                | 1 409          |
|                      | 840 001         | 860 000      | 1 429               | 1 231                        | 1 260                | 1 443          |
|                      | 860 001         | 880 000      | 1 463               | 1 260                        | 1 290                | 1 477          |
|                      | 880 001         | 900 000      | 1 497               | 1 289                        | 1 320                | 1 511          |
|                      | 900 001         | 920 000      | 1 530               | 1 317                        | 1 349                | 1 545          |
|                      | 920 001         | 940 000      | 1 564               | 1 346                        | 1 379                | 1 579          |
|                      | 940 001         | 960 000      | 1 597               | 1 375                        | 1 408                | 1 613          |
|                      | 960 001         | 980 000      | 1 631               | 1 404                        | 1 438                | 1 647          |
|                      | 980 001         | 1 000 000    | 1 665               | 1 433                        | 1 468                | 1 681          |
| ASSISTANT<br>MANAGER | 300 001         | 320 000      | 501                 | 435                          | 445                  | 517            |
|                      | 320 001         | 340 000      | 533                 | 463                          | 474                  | 551            |
|                      | 340 001         | 360 000      | 566                 | 491                          | 502                  | 584            |
|                      | 360 001         | 380 000      | 598                 | 519                          | 531                  | 617            |
|                      | 380 001         | 400 000      | 630                 | 547                          | 560                  | 651            |
|                      | 400 001         | 420 000      | 663                 | 575                          | 588                  | 684            |
|                      | 420 001         | 440 000      | 695                 | 603                          | 617                  | 718            |
|                      | 440 001         | 460 000      | 727                 | 631                          | 646                  | 751            |
|                      | 460 001         | 480 000      | 760                 | 659                          | 675                  | 784            |
|                      | 480 001         | 500 000      | 792                 | 687                          | 703                  | 818            |
|                      | 500 001         | 520 000      | 824                 | 715                          | 732                  | 851            |

## ANNEXURE C

| CATEGORIES             | SALARY INTERVAL |              | TARIFF              |                              |                      |                |
|------------------------|-----------------|--------------|---------------------|------------------------------|----------------------|----------------|
|                        | SALARY LOWER    | SALARY UPPER | REGULARITY<br>AUDIT | INFORMATION<br>SYSTEMS AUDIT | PERFORMANCE<br>AUDIT | INVESTIGATIONS |
|                        | 520 001         | 540 000      | 857                 | 744                          | 761                  | 884            |
|                        | 540 001         | 560 000      | 889                 | 772                          | 789                  | 918            |
|                        | 560 001         | 580 000      | 921                 | 800                          | 818                  | 951            |
|                        | 580 001         | 600 000      | 954                 | 828                          | 847                  | 985            |
|                        | 600 001         | 620 000      | 986                 | 856                          | 875                  | 1 018          |
|                        | 620 001         | 640 000      | 1 018               | 884                          | 904                  | 1 051          |
|                        | 640 001         | 660 000      | 1 051               | 912                          | 933                  | 1 085          |
|                        | 660 001         | 680 000      | 1 083               | 940                          | 962                  | 1 118          |
|                        | 680 001         | 700 000      | 1 115               | 968                          | 990                  | 1 151          |
|                        |                 |              |                     |                              |                      |                |
| PERFORMANCE<br>AUDITOR | 300 001         | 320 000      | 501                 | 435                          | 463                  | 517            |
|                        | 320 001         | 340 000      | 533                 | 463                          | 493                  | 551            |
|                        | 340 001         | 360 000      | 566                 | 491                          | 522                  | 584            |
|                        | 360 001         | 380 000      | 598                 | 519                          | 552                  | 617            |
|                        | 380 001         | 400 000      | 630                 | 547                          | 582                  | 651            |
|                        | 400 001         | 420 000      | 663                 | 575                          | 612                  | 684            |
|                        | 420 001         | 440 000      | 695                 | 603                          | 642                  | 718            |
|                        | 440 001         | 460 000      | 727                 | 631                          | 672                  | 751            |
|                        | 460 001         | 480 000      | 760                 | 659                          | 701                  | 784            |
|                        | 480 001         | 500 000      | 792                 | 687                          | 731                  | 818            |
|                        | 500 001         | 520 000      | 824                 | 715                          | 761                  | 851            |
|                        | 520 001         | 540 000      | 857                 | 744                          | 791                  | 884            |
|                        | 540 001         | 560 000      | 889                 | 772                          | 821                  | 918            |
|                        | 560 001         | 580 000      | 921                 | 800                          | 851                  | 951            |
|                        | 580 001         | 600 000      | 954                 | 828                          | 881                  | 985            |
|                        | 600 001         | 620 000      | 986                 | 856                          | 910                  | 1 018          |
|                        | 620 001         | 640 000      | 1 018               | 884                          | 940                  | 1 051          |
|                        | 640 001         | 660 000      | 1 051               | 912                          | 970                  | 1 085          |
|                        | 660 001         | 680 000      | 1 083               | 940                          | 1 000                | 1 118          |
|                        | 680 001         | 700 000      | 1 115               | 968                          | 1 030                | 1 151          |
|                        |                 |              |                     |                              |                      |                |
| ANALYST                | 300 001         | 320 000      | 501                 | 435                          | 463                  | 498            |
|                        | 320 001         | 340 000      | 533                 | 463                          | 493                  | 531            |
|                        | 340 001         | 360 000      | 566                 | 491                          | 523                  | 563            |
|                        | 360 001         | 380 000      | 598                 | 519                          | 553                  | 595            |
|                        | 380 001         | 400 000      | 630                 | 547                          | 582                  | 627            |

## ANNEXURE C

| CATEGORIES           | SALARY INTERVAL |              | TARIFF              |                              |                      |                |
|----------------------|-----------------|--------------|---------------------|------------------------------|----------------------|----------------|
|                      | SALARY LOWER    | SALARY UPPER | REGULARITY<br>AUDIT | INFORMATION<br>SYSTEMS AUDIT | PERFORMANCE<br>AUDIT | INVESTIGATIONS |
|                      | 400 001         | 420 000      | 663                 | 575                          | 612                  | 659            |
|                      | 420 001         | 440 000      | 695                 | 603                          | 642                  | 691            |
|                      | 440 001         | 460 000      | 727                 | 631                          | 672                  | 723            |
|                      | 460 001         | 480 000      | 760                 | 659                          | 702                  | 756            |
|                      | 480 001         | 500 000      | 792                 | 687                          | 732                  | 788            |
|                      | 500 001         | 520 000      | 824                 | 715                          | 762                  | 820            |
|                      | 520 001         | 540 000      | 857                 | 744                          | 792                  | 852            |
|                      | 540 001         | 560 000      | 889                 | 772                          | 821                  | 884            |
|                      | 560 001         | 580 000      | 921                 | 800                          | 851                  | 916            |
|                      | 580 001         | 600 000      | 954                 | 828                          | 881                  | 949            |
|                      | 600 001         | 620 000      | 986                 | 856                          | 911                  | 981            |
|                      | 620 001         | 640 000      | 1 018               | 884                          | 941                  | 1 013          |
|                      | 640 001         | 660 000      | 1 051               | 912                          | 971                  | 1 045          |
|                      | 660 001         | 680 000      | 1 083               | 940                          | 1 001                | 1 077          |
|                      | 680 001         | 700 000      | 1 115               | 968                          | 1 030                | 1 109          |
|                      |                 |              |                     |                              |                      |                |
| AUDIT SUPERVISOR     | 280 001         | 300 000      | 432                 | 382                          | 266                  | 395            |
|                      | 300 001         | 320 000      | 462                 | 408                          | 284                  | 423            |
|                      | 320 001         | 340 000      | 492                 | 435                          | 303                  | 450            |
|                      | 340 001         | 360 000      | 521                 | 461                          | 321                  | 477            |
|                      | 360 001         | 380 000      | 551                 | 487                          | 339                  | 504            |
|                      | 380 001         | 400 000      | 581                 | 514                          | 358                  | 532            |
|                      | 400 001         | 420 000      | 611                 | 540                          | 376                  | 559            |
|                      | 420 001         | 440 000      | 641                 | 567                          | 394                  | 586            |
|                      | 440 001         | 460 000      | 670                 | 593                          | 413                  | 613            |
|                      | 460 001         | 480 000      | 700                 | 619                          | 431                  | 641            |
|                      | 480 001         | 500 000      | 730                 | 646                          | 449                  | 668            |
|                      | 500 001         | 520 000      | 760                 | 672                          | 468                  | 695            |
|                      |                 |              |                     |                              |                      |                |
| SENIOR IT<br>AUDITOR | 280 001         | 300 000      | 427                 | 377                          | 263                  | 390            |
|                      | 300 001         | 320 000      | 456                 | 403                          | 281                  | 417            |
|                      | 320 001         | 340 000      | 485                 | 429                          | 299                  | 444            |
|                      | 340 001         | 360 000      | 515                 | 455                          | 317                  | 471            |
|                      | 360 001         | 380 000      | 544                 | 481                          | 335                  | 498            |
|                      | 380 001         | 400 000      | 574                 | 507                          | 353                  | 525            |
|                      | 400 001         | 420 000      | 603                 | 533                          | 371                  | 552            |

## ANNEXURE C

| CATEGORIES         | SALARY INTERVAL |              | TARIFF              |                              |                      |                |
|--------------------|-----------------|--------------|---------------------|------------------------------|----------------------|----------------|
|                    | SALARY LOWER    | SALARY UPPER | REGULARITY<br>AUDIT | INFORMATION<br>SYSTEMS AUDIT | PERFORMANCE<br>AUDIT | INVESTIGATIONS |
|                    | 420 001         | 440 000      | 633                 | 559                          | 389                  | 579            |
|                    | 440 001         | 460 000      | 662                 | 585                          | 408                  | 606            |
|                    | 460 001         | 480 000      | 691                 | 611                          | 426                  | 632            |
|                    | 480 001         | 500 000      | 721                 | 637                          | 444                  | 659            |
|                    | 500 001         | 520 000      | 750                 | 663                          | 462                  | 686            |
|                    |                 |              |                     |                              |                      |                |
| <b>AUDITOR</b>     | 180 001         | 200 000      | 284                 | 243                          | 260                  | 252            |
|                    | 200 001         | 220 000      | 314                 | 269                          | 287                  | 278            |
|                    | 220 001         | 240 000      | 344                 | 295                          | 314                  | 305            |
|                    | 240 001         | 260 000      | 374                 | 320                          | 342                  | 331            |
|                    | 260 001         | 280 000      | 404                 | 346                          | 369                  | 358            |
|                    | 280 001         | 300 000      | 434                 | 371                          | 397                  | 384            |
|                    | 300 001         | 320 000      | 464                 | 397                          | 424                  | 411            |
|                    | 320 001         | 340 000      | 494                 | 423                          | 451                  | 437            |
|                    | 340 001         | 360 000      | 524                 | 448                          | 479                  | 464            |
|                    | 360 001         | 380 000      | 554                 | 474                          | 506                  | 490            |
|                    | 380 001         | 400 000      | 584                 | 499                          | 533                  | 517            |
|                    | 400 001         | 420 000      | 614                 | 525                          | 561                  | 543            |
|                    | 420 001         | 440 000      | 644                 | 551                          | 588                  | 570            |
|                    | 440 001         | 460 000      | 674                 | 576                          | 615                  | 596            |
|                    | 460 001         | 480 000      | 704                 | 602                          | 643                  | 623            |
|                    | 480 001         | 500 000      | 734                 | 627                          | 670                  | 649            |
|                    | 500 001         | 520 000      | 763                 | 653                          | 697                  | 676            |
|                    |                 |              |                     |                              |                      |                |
| <b>AUDIT CLERK</b> | 80 001          | 100 000      | 154                 | 128                          | 89                   | 132            |
|                    | 100 001         | 120 000      | 188                 | 156                          | 109                  | 162            |
|                    | 120 001         | 140 000      | 223                 | 185                          | 129                  | 191            |
|                    | 140 001         | 160 000      | 257                 | 213                          | 149                  | 221            |
|                    | 160 001         | 180 000      | 291                 | 242                          | 168                  | 250            |
|                    | 180 001         | 200 000      | 325                 | 270                          | 188                  | 280            |
|                    | 200 001         | 220 000      | 360                 | 299                          | 208                  | 309            |
|                    | 220 001         | 240 000      | 394                 | 327                          | 228                  | 338            |
|                    | 240 001         | 260 000      | 428                 | 356                          | 248                  | 368            |
|                    | 260 001         | 280 000      | 463                 | 384                          | 267                  | 397            |
|                    | 280 001         | 300 000      | 497                 | 412                          | 287                  | 427            |
|                    | 300 001         | 320 000      | 531                 | 441                          | 307                  | 456            |
|                    | 320 001         | 340 000      | 565                 | 469                          | 327                  | 486            |

## ANNEXURE C

| CATEGORIES             | SALARY INTERVAL |              | TARIFF              |                              |                      |                |
|------------------------|-----------------|--------------|---------------------|------------------------------|----------------------|----------------|
|                        | SALARY LOWER    | SALARY UPPER | REGULARITY<br>AUDIT | INFORMATION<br>SYSTEMS AUDIT | PERFORMANCE<br>AUDIT | INVESTIGATIONS |
|                        | 340 001         | 360 000      | 600                 | 498                          | 347                  | 515            |
|                        | 360 001         | 380 000      | 634                 | 526                          | 366                  | 544            |
|                        | 380 001         | 400 000      | 668                 | 555                          | 386                  | 574            |
| <b>TRAINEE AUDITOR</b> | 80 001          | 100 000      | 164                 | 136                          | 95                   | 141            |
|                        | 100 001         | 120 000      | 200                 | 166                          | 116                  | 172            |
|                        | 120 001         | 140 000      | 236                 | 196                          | 137                  | 203            |
|                        | 140 001         | 160 000      | 273                 | 226                          | 158                  | 234            |
|                        | 160 001         | 180 000      | 309                 | 257                          | 179                  | 266            |
|                        | 180 001         | 200 000      | 346                 | 287                          | 200                  | 297            |
|                        | 200 001         | 220 000      | 382                 | 317                          | 221                  | 328            |
|                        | 220 001         | 240 000      | 418                 | 347                          | 242                  | 359            |
|                        | 240 001         | 260 000      | 455                 | 377                          | 263                  | 390            |
|                        | 260 001         | 280 000      | 491                 | 408                          | 284                  | 422            |
|                        | 280 001         | 300 000      | 527                 | 438                          | 305                  | 453            |
|                        | 300 001         | 320 000      | 564                 | 468                          | 326                  | 484            |
|                        | 320 001         | 340 000      | 600                 | 498                          | 347                  | 515            |
|                        | 340 001         | 360 000      | 636                 | 528                          | 368                  | 547            |
|                        | 360 001         | 380 000      | 673                 | 559                          | 389                  | 578            |
|                        | 380 001         | 400 000      | 709                 | 589                          | 410                  | 609            |
| <b>IT AUDITOR</b>      | 80 001          | 100 000      | 156                 | 130                          | 90                   | 134            |
|                        | 100 001         | 120 000      | 191                 | 158                          | 110                  | 164            |
|                        | 120 001         | 140 000      | 225                 | 187                          | 130                  | 194            |
|                        | 140 001         | 160 000      | 260                 | 216                          | 150                  | 223            |
|                        | 160 001         | 180 000      | 295                 | 245                          | 170                  | 253            |
|                        | 180 001         | 200 000      | 329                 | 274                          | 190                  | 283            |
|                        | 200 001         | 220 000      | 364                 | 302                          | 210                  | 313            |
|                        | 220 001         | 240 000      | 399                 | 331                          | 231                  | 343            |
|                        | 240 001         | 260 000      | 433                 | 360                          | 251                  | 372            |
|                        | 260 001         | 280 000      | 468                 | 389                          | 271                  | 402            |
|                        | 280 001         | 300 000      | 503                 | 417                          | 291                  | 432            |
|                        | 300 001         | 320 000      | 538                 | 446                          | 311                  | 462            |
|                        | 320 001         | 340 000      | 572                 | 475                          | 331                  | 491            |
|                        | 340 001         | 360 000      | 607                 | 504                          | 351                  | 521            |
|                        | 360 001         | 380 000      | 642                 | 533                          | 371                  | 551            |
|                        | 380 001         | 400 000      | 676                 | 561                          | 391                  | 581            |

NOTES:

# **ANNEXURE D**

Hourly Charge-Out  
Rates for Audits Conducted  
on behalf of the AGSA

## ANNEXURE D

### HOURLY CHARGE-OUT RATES FOR AUDITS CONDUCTED ON BEHALF OF THE AGSA

Period: 1 April 2018 to 31 March 2019

Rates (excluding value added tax)

|                       |       |
|-----------------------|-------|
| Partners              | 3 114 |
| Specialists (maximum) | 3 114 |

| STAFF MONTHLY EARNINGS | RATE PER HOUR |
|------------------------|---------------|
| R                      | R             |
| 2,500 and more         | 71            |
| 2,700 and more         | 76            |
| 2,900 and more         | 82            |
| 3,100 and more         | 87            |
| 3,300 and more         | 93            |
| 3,500 and more         | 99            |
| 3,800 and more         | 108           |
| 4,100 and more         | 116           |
| 4,400 and more         | 124           |
| 4,700 and more         | 132           |
| 5,000 and more         | 140           |
| 5,300 and more         | 148           |
| 5,600 and more         | 156           |
| 5,900 and more         | 165           |
| 6,200 and more         | 174           |
| 6,600 and more         | 185           |
| 7,000 and more         | 196           |
| 7,400 and more         | 207           |
| 7,800 and more         | 218           |
| 8,200 and more         | 229           |
| 8,600 and more         | 240           |
| 9,000 and more         | 250           |
| 9,400 and more         | 261           |
| 9,800 and more         | 278           |
| 10,600 and more        | 299           |
| 11,400 and more        | 321           |
| 12,200 and more        | 343           |
| 13,000 and more        | 348           |
| 13,800 and more        | 369           |
| 14,600 and more        | 390           |
| 15,400 and more        | 411           |

| STAFF MONTHLY EARNINGS | RATE PER HOUR |
|------------------------|---------------|
| R                      | R             |
| 16,200 and more        | 432           |
| 17,000 and more        | 452           |
| 17,800 and more        | 473           |
| 18,600 and more        | 494           |
| 19,400 and more        | 515           |
| 20,200 and more        | 536           |
| 21,000 and more        | 556           |
| 21,800 and more        | 577           |
| 22,600 and more        | 598           |
| 23,400 and more        | 619           |
| 24,200 and more        | 644           |
| 25,000 and more        | 664           |
| 25,800 and more        | 685           |
| 26,600 and more        | 706           |
| 27,400 and more        | 727           |
| 28,200 and more        | 761           |
| 30,000 and more        | 817           |
| 32,500 and more        | 883           |
| 35,000 and more        | 948           |
| 37,500 and more        | 1 014         |
| 40,000 and more        | 1 079         |
| 42,500 and more        | 1 144         |
| 45,000 and more        | 1 210         |
| 47,500 and more        | 1 275         |
| 50,000 and more        | 1 434         |
| 52,500 and more        | 1 504         |
| 55,000 and more        | 1 574         |
| 57,500 and more        | 1 644         |
| 60,000 and more        | 1 714         |
| 62,500 and more        | 1 784         |
| 65,000 and more        | 1 854         |
| 67,500 and more        | 1 924         |
| 70,000 and more        | 1 994         |
| 72,500 and more        | 2 044         |
| 75,000 and more        | 2 094         |
| 77,500 and more        | 2 199         |
| 80,000 and more        | 2 309         |
| 82,500 and more        | 2 419         |
| 85,000 and more        | 2 529         |
| 87,500 and more        | 2 639         |
| 90,000 and more        | 2 749         |
| 92 500 and more        | 2 859         |

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RP26/2018

ISBN: 978-0-621-46057-5