



Viability
Visibility
Value-add
Vision and values

2015-2018

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 2015 - 2018

1. PURPOSE OF THIS DOCUMENT

The *Strategic plan and budget* presents the strategic direction of the Auditor-General of South Africa (AGSA) as well as the performance and financial plan for the period 1 April 2015 to 31 March 2018. It is the result of an annual planning process which sets targets for the first year and makes projections for the rest of the three-year period.

2. CONSTITUTIONAL MANDATE AND FUNCTIONS OF THE AGSA

MANDATE AND FUNCTIONS

Chapter 9 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) establishes the institution of the Auditor-General (AG) as one of the state institutions supporting constitutional democracy. The Constitution entrenches the organisation's independence by directing that the AG is subject only to the Constitution and the law. The Constitution requires the AG to be impartial and to exercise its powers and perform its functions without fear, favour or prejudice. The functions of the AG 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).

PRODUCTS OF THE AUDITOR-GENERAL OF SOUTH AFRICA

Each year, the AGSA conducts mandatory (regularity) audits on 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.

ROLE OF THE AUDITOR-GENERAL OF SOUTH AFRICA 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 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 achieved their financial and performance objectives¹. 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 rationale for the work of the AGSA in empowering the citizens 'to hold the custodians of public resources accountable'².

ACCOUNTABILITY AND REPORTING

The AGSA is accountable to the National Assembly to which it reports annually on its activities and the performance of its functions by tabling the main accountability instruments, namely its strategic plan and budget and the annual report. The Standing Committee on the Auditor-General (SCoAG), established in terms of the Constitution and the PAA, oversees the institution's performance on behalf of the National Assembly.

¹ Public Audit Act, Act No. 25 of 2004

² International Standard for Supreme Audit Institutions (ISSAI) 12, The value and benefits of supreme audit institutions – making a difference to the lives of citizens

3. ORGANISATIONAL VISION, MISSION AND VALUES

The essence of our organisation as a supreme audit institution, is expressed in our vision and mission statements and our behaviour is guided by the set of values defined.

VISION

To be recognised by all our stakeholders as a relevant Supreme Audit Institution that enhances public sector accountability.

MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution 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.

VALUES

We value and own our reputation.

Our accountability is clear and personal.

We value, respect and recognise all people.

We are performance driven.

We work effectively in teams.

We are proudly South African.

4. FOREWORD BY THE AUDITOR-GENERAL

Section 30(2) of the PAA stipulates that the auditor-general is ultimately accountable for his administration. As the head of the institution, I have found it necessary to start my term in the office with a review of the existing strategy and ensuring that the long-term strategic path of the organisation is adequately charted. This is the first strategic plan and budget that is aimed at the execution of the updated long-term organisational strategy, termed *The 4V strategy*.

The organisational strategy recognises and responds to the relevant environmental factors that have the potential to impact the delivery of our mandate. It recognises the drive, experience and insights of the leadership accumulated throughout the time. The strategy also takes into account the diversity of our staff as well as the diversity of our stakeholders.

The ultimate goal of the strategy is to build confidence in the ability of the public sector to deliver the necessary services for which it is the sole provider in the country and, by association, to build public confidence in the country's democracy and to reverse the slide towards the tipping point of economic erosion and disorder. It seeks to provide direct links to the values entrenched in the founding legislation, i.e. the constitutional values of democracy, transparency and accountability.

AUDITOR-GENERAL OF SOUTH AFRICA'S ASPIRATIONS FOR THE PUBLIC SERVICE

Our strategy is built on a vision which sees the AGSA as an integral part of the achievement of the country's strategic goals and objectives. As such, the new era of operation by the AGSA will be focused firmly on contributing towards improving the lives of the citizens of South Africa. When, in 2024, we look back at 30 years of democracy we want to see a picture that upholds the basic values and principles governing the public administration enshrined in the Constitution, a picture that we have helped to create.

We aspire to see a public service that is characterised by the following:

Robust financial and performance management systems

- Transparent and stable financial and performance management reporting systems that are regularly maintained, led and managed by staff with strong technical skills and experience that is able to withstand changes and transitions.
- Budgeting and planning processes that ensure the effective, efficient and economical use of all public resources.
- Accounting officers developing focused information management platforms and proactively engaging with auditors to appraise progress made in all areas of reporting and accountability matters.
- Strong internal audit capabilities that provide assurance and contribute to a culture of good internal control as a foundation for a strong and capable administrative environment that supports effective execution of government programmes.

Oversight and accountability

- Accurate and empowering financial and performance reporting to enable effective oversight by those charged with governance, i.e. those responsible for the strategic direction and accountability of an institution.
- 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, coupled with low tolerance for lack of execution of controls and deviation from laws and regulations and other financial management improvement projects.

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 the citizens of South Africa.
- Demonstrated impeccable ethical behaviour and professionalism by all players in the public sector – executive, leadership and governance structures – as cementing characteristics of a capable state, with a public service that consistently does the right thing so that the end can be better than the beginning.

A value-adding assurance provider

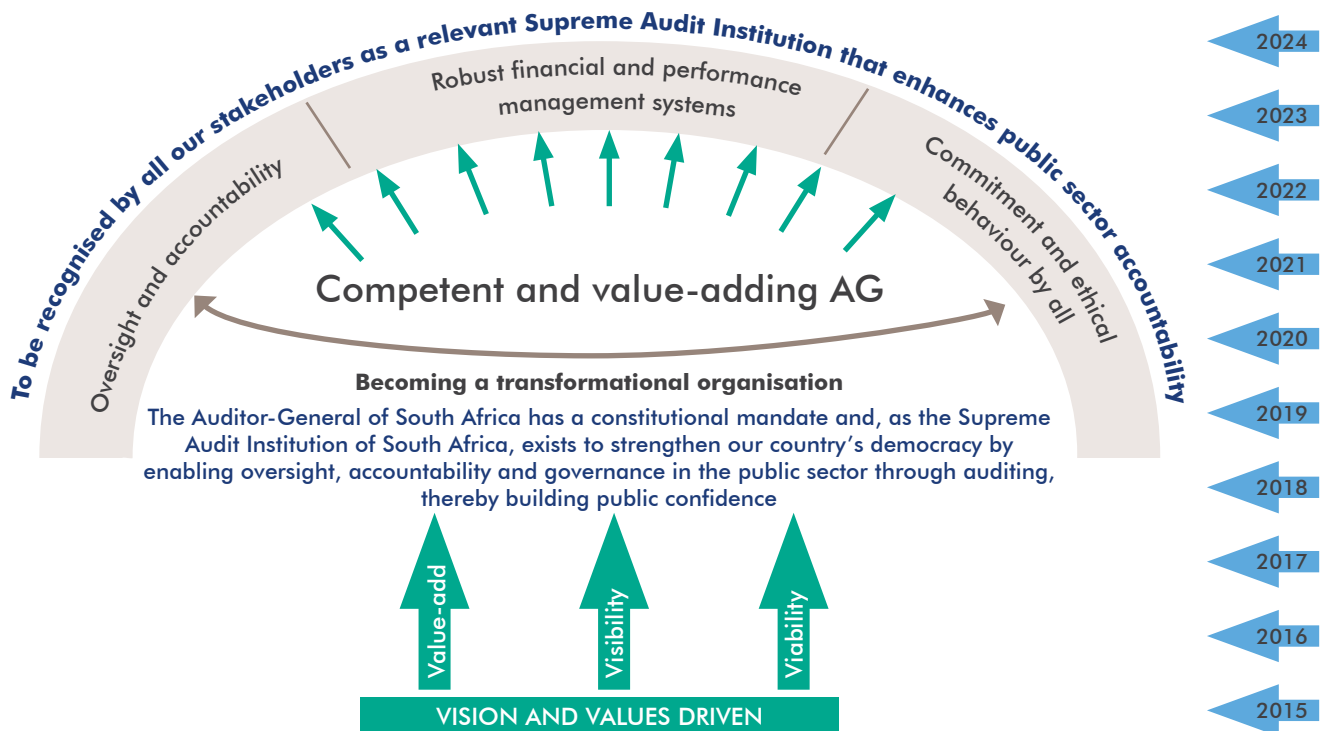
- Independent and relevant reporting by the AG, with all audit messages being seen as reflecting the complete and balanced picture of the state of the auditee.
- Value-adding input expressed by the AG, based on deep insights into the state of the public sector financial and service delivery performance that better enable integration and collaboration between all spheres and sectors of government.

The strategic plan presented in this document is the first of a series of three-year rolling plans that chart the steps needed to achieve our vision and aspirations. Our strategic priorities which are summarised by the deputy auditor-general, clearly demonstrate the seamless relationship between our aspirations and the strategic goals and objectives of the organisation. Such connections provide the rationale for our existence, the moral ground and motivation to the work of the organisation as a whole and to that of every single employee.

The strategic direction of the organisation, discussed during the senior management workshop held at the end of May 2014, has received overwhelming support of the senior management. Such support is an important factor in the success of the implementation of the strategy and the achievement of the mandate of the organisation.

We believe that by executing our mandate in an exemplary manner we will be contributing to the spreading of an 'accountability wave' throughout the public sector, thus upholding the principles of democracy as outlined in the Constitution.

The following figure visualises the roadmap that the AGSA will follow to make a direct and informed impact in enhancing oversight, accountability and governance in the public sector.



5. OVERVIEW BY THE DEPUTY AUDITOR-GENERAL

As the Deputy Auditor-General (DAG) of the AGSA, I head the administration of the AGSA and perform my duties in terms of sections 32 and 43 of the PAA and, in line with my responsibilities, I present to you the strategic plan and budget of the AGSA for the period 2015 to 2018.

The organisation's aspirations outlined by the AG and supported by the long-term strategy of the AGSA are the framework that informs the presented three-year strategic plan and budget. The document takes into account the relevant environmental analysis, the identified risks and opportunities as described in the section on our operating context. It is a result of a rigorous and inclusive strategic planning process that ensures the complete buy in of our employees into the strategic path envisaged by the leadership.

The unique position and role assigned to the AGSA by the Constitution and the PAA allows us to examine the use of public funds and provide assurance on the proper and effective application thereof by public organisations and entities. While exercising our constitutional mandate, we assume the responsibility to provide deep insight into the financial discipline and delivery against predetermined objectives of those institutions and entities in order to promote accountability and enable oversight.

Our approach to realising our aspirations has both an external and internal focus. The following goals will be pursued rigorously in the next three-years:

VALUE-ADD AUDITING

The focus is 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 the country.

We plan to enhance our audit approaches and focus areas so that we can add value to the public sector that we audit including all our stakeholders with the main purpose to increase the levels of transparency, accountability and good governance. We want to influence a noticeable difference in all spheres of government.

In achieving our value-add drive we will continue to deliver consistent, simple, clear and relevant messages to all users of our reports so that the desired improvements can be affected in the public sector administration.

VISIBILITY FOR IMPACT

Engaging stakeholders is integral to the execution of our mandate. The focus of this engagement is on enabling and compelling them to action. The required actions will be different for the different categories of stakeholders, but with the common goal of positively influencing service delivery and holding government accountable.

Internally, we will drive improvements in our stakeholder relationships and engagement programmes and skills so that we achieve the best return on the effort and time invested. Our intention is to encourage changes in the public sector through thought leadership, capacity building and impactful communication.

VIABILITY

This area of focus encompasses the management of all required resources for our functioning: physical resources and infrastructure, financial resource, human resources – skills, capabilities, competencies and processes for talent management.

We will continue to develop the professionalism of our staff, both in audit and support areas, while in the process contributing to the creation of accounting skills in the country.

VISION AND VALUES DRIVEN

Our strategic intent is to run our affairs appropriately, leading by example through high levels of accountability, effective governance, such that we are deserving of our independence.

Our leaders will drive the organisational culture and transformation so that we have highly ethical, motivated and well-performing employees that are committed to achieving our Vision 2024.

6. OPERATING CONTEXT

We execute our mandate in a complex external environment which is characterised by a number of factors over which the organisation has little or no control. However, to ensure that we deliver on our mandate and remain sustainable, we scan and monitor developments in respect of these factors on an annual basis and respond to them appropriately in our strategic planning process.

The following **political, economic, social, technological, environmental and legal** factors have been regarded important and considered in the development of this strategic plan:

ENVIRONMENTAL CONTEXT	FACTORS CONSIDERED IN THE STRATEGIC PLAN
Political	<ul style="list-style-type: none">▪ Frequent changes in key auditee personnel as a result of political instability or elections▪ More rigorous engagement by various stakeholders on the audit outcomes and the relative maturity of our stakeholder engagement programme▪ South Africa's ranking in the global competitiveness index¹ in the strength of auditing and reporting standards (#1 of 148), diversion of public funds (99th), the perceived wastefulness of government spending (79th), the quality of the educational system (146th)
Economic	<ul style="list-style-type: none">▪ Global economic stagnation resulting in fiscal constraints on the delivery of government programmes intended to improve the wellbeing of citizens▪ Increase in the debt owed to the AGSA, specifically by local government▪ Cash constraints, lack of skills at local level for planning and estimating and general inability to manage budgets in the public sector▪ The country's high unemployment rate of over 20%, with the rate of youth unemployment estimated at close to 50%▪ Competition for skilled labour

ENVIRONMENTAL CONTEXT	FACTORS CONSIDERED IN THE STRATEGIC PLAN
Social	<ul style="list-style-type: none"> ▪ Increase in the number of beneficiaries of the social assistance programmes to 16 million by 2013 and the spending of close to 3,4% of the gross domestic product on social grants together with the concerted action to reduce corruption in the social grant system ▪ Increase in the school and university enrolment and the ongoing focus on the quality of teaching and on eradicating school infrastructure backlogs ▪ Improvements in access to healthcare and improving the quality of service in the public health with key areas of attention on managerial and administrative weaknesses, as well as infrastructure backlogs ▪ Government continued effort to increase access to accommodation through government housing programme ▪ The <i>Twenty year review, South Africa 1994-2014</i> recognition that '...Corruption in both the public and private sectors is impeding service delivery, undermining public confidence in the state and the economy, and reducing economic growth, competitiveness and investment... (It) is partly a symptom of weak management and operations systems, which create the space for corruption to thrive...(and) there is a general consensus in society that corruption poses a serious threat to many of the gains that have been made since 1994' ▪ The statement that the '...independent oversight bodies reporting to Parliament (the chapter 9 institutions) have been robust in holding the executive and bureaucracy to account' and that '...the focus is now on strengthening the ability of the institutions of representative democracy to fulfil their oversight roles and to contribute to the building of an accountable and responsive state' ▪ The low quality of school education and its potential constraining impact on the AGSA's resource pipeline at all levels and specialisations ▪ The increased trend in urbanisation and the challenge of the availability of resources for the AGSA in the rural provinces ▪ The increased level of violent service delivery protests and the risk of inability to physically reach the audit sites and a safety and security risk for AGSA staff ▪ The emerging global pressure for SAls to establish effective partnerships with civil society for the benefit of citizens
Technological	<ul style="list-style-type: none"> ▪ The various levels of maturity of records and document management at the auditees ▪ Observable trends of automation and integration of systems at the auditees ▪ An increase in the use of social media ▪ The increased 'datafication' and the impact on the security and storage of information/data ▪ The uneven status of records management in the public sector
Environmental	<ul style="list-style-type: none"> ▪ An intensified national interest in environmental matters expressed in specific laws and regulations ▪ The increased uptake and importance of integrated reporting on performance, environmental and governance matters

ENVIRONMENTAL CONTEXT	FACTORS CONSIDERED IN THE STRATEGIC PLAN
Legal	<ul style="list-style-type: none"> ▪ The promulgation of a group of information management laws – the Protection of Personal Information Act, 2013 (Act No. 4 of 2013), Protection of State Information Bill (POSIB) and amendments to the Promotion of Access to Information Act, 2002 (Act No. 54 of 2002) (PAIA) ▪ Amendments to the Employment Equity Act, 2013 (Act No. 47 of 2013) and the revised codes flowing from the Broad-Based Black Economic Empowerment Act, 2013 (Act No. 46 of 2013) ▪ The recently promulgated Public Administration Management Act in addition to the Public Service Act

INTERNAL CHALLENGES

The sustainability of our organisation is strongly underpinned by the availability of staff with the required work ethics, knowledge, capabilities, competencies, skills and professionalism. Without the right people we will not be able to execute and deliver on the organisation's strategy and objectives.

Employee recruitment and retention pose a challenge for the AGSA due to the shortage of skilled audit professionals. In the last few years we have achieved an occupancy level of 86% to 88% across the organisation, which is below our targeted occupancy level of 90%.

The AGSA's workforce is becoming younger, which should be celebrated as a testament to the success of our organisational transformation objectives. However, this implies a risk of high mobility and competency gaps.

The recent change in the top leadership has the potential to bring a different management style to impact established organisational culture, to influence organisational process and methods and, as such, to impact staff and deliverables, hence a proper change management process is required to ensure smooth transitions.

There has been an increased appetite and need for the messages the organisation generates as a result of increased stakeholder expectations for improvements in the public sector. This will raise demands on the organisation's ability and capacity to meet such expectations. Furthermore, the consistency of messages has become critical.

We foresee that the need to provide insights in various fields of performance will increase the demand for specific sector skills and expansion of our workforce. Moreover, there is a greater need for our auditors to have 'holistic skills' (skills extending beyond auditing), i.e. understanding of the complex public environment, negotiations, communication, etc. to enable them to function confidently in delivering on the mandate of the organisation.

The trainee auditor scheme and the organisation's skills development programmes have seen much success but the requirements and mode of delivery must be reviewed regularly and updated proactively to address emerging skills gaps.

STRATEGIC RISKS

The organisation has made significant strides over the recent years in managing risks in a robust and holistic manner. Embedding a stronger risk culture among employees and the leadership, articulating the organisation's risk appetite levels and institutionalising risk management knowledge and awareness at all levels and in all areas of our operations have become a way of life within the AGSA.

The executive leadership has identified seven major risks to delivery on the organisational mandate in the medium term by considering the organisation's performance over the past years, its success in managing previously identified risks and environmental risk factors identified during the strategic environmental analysis.

Strategic: Inability to be relevant to our stakeholders

Reputational: Failure to lead and be seen to lead by example

Operational: Security of our personnel, assets and operations

Operational: Audit process failure

Financial: Poor debt collection impacting the cash flow and threatening the viability of the AGSA

Human capital: Inability to have access to right calibre of staff to successfully deliver our strategy

Technological: Lack of functioning information technology (IT) governance structures and processes

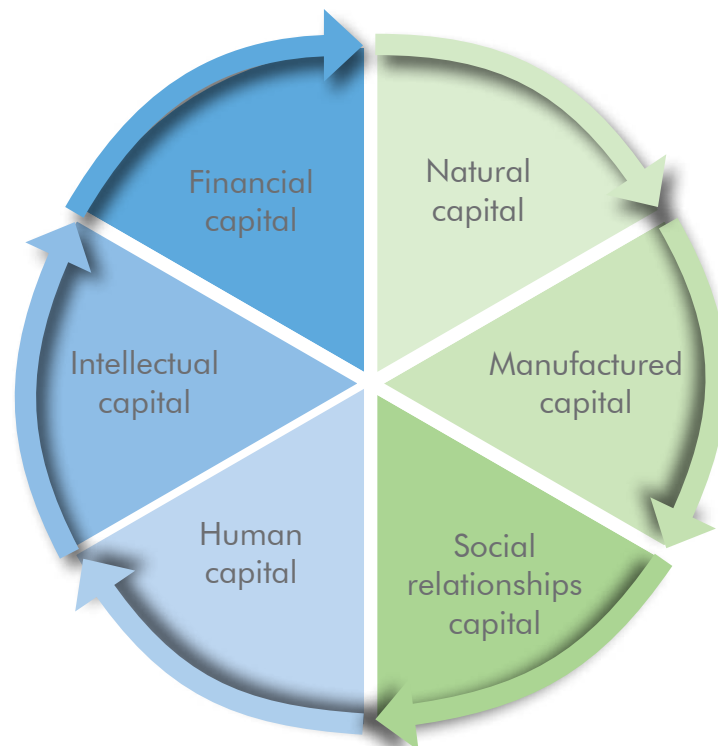
AGSA'S SUSTAINABILITY MODEL

As an organisation and as individuals, we believe that sustainability is a key objective. This belief penetrates all our activities as we assign importance to all matters that relate to our sustainability as an organisation. While we guard zealously the viability of the organisation, what differentiates us is the firm understanding that we can only exist in a sustainable society. Hence, our efforts are not aimed at creating wealth for the organisation, but rather at creating wealth for our country.

In line with the best practices in integrated and sustainability reporting we outline our value-creation for the stakeholders around the six categories:

- Our financial capital is the pool of funds available to us. While ensuring our organisation's financial independence, we also contribute consciously to the distribution of economic benefits to communities through our transformation, enterprise development and social responsibility programmes. Managing the level of debt owed to us in a systematic but understanding way is another expression of the way we provide value to stakeholders.
- Manufactured capital represents our equipment, our buildings, our transportation tools, etc. It is important for our sustainable development as it enables an organisation to be flexible, responsive to our stakeholders' needs, to be innovative and faster in getting our reports and insights to the clients. It also optimises the use of our human capital and allows us to focus more on creativity and efficiency.
- Intellectual capital is paramount for our current and future relevance as an organisation and includes our investment in audit research and development, knowledge management, intellectual property.

- Our social and relationship capital embodies the relationships we have established with our auditees, oversight mechanisms, organs of state, specialist and professional bodies, etc. By providing relevant audit insights, containing root causes and value-adding recommendations, we support our auditees' ability to use and account for public funds in a transparent and responsible manner. Our intensive stakeholder engagement programmes with the widest range of interested parties are aimed at encouraging improvements in the public service and, ultimately, enhance individual and collective well-being. Our extensive social programme not only ensures the promotion and awareness of the profession, but also serves to uplift the communities in which we operate.
- Our human capital captures the sum of our staff's skills, knowledge, capabilities and experience and includes our culture, the processes and procedures to manage talent. The great lengths to which we go in attracting and developing skilled staff are important not only for ensuring that we have the employees we need to execute our mandate, but also as part of our contribution to increasing the pipeline of qualified and well-trained accountants and auditors, who join organisations in both the public and private sectors.
- Although we do not rely on the extensive use of natural resources for conducting our business, our existence has an impact on the physical environment, which impact we monitor and strive to minimise.



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 as well as the internationally agreed development goals, including the millennium development goals'. Similarly, we subscribe to the recommendations of the International Organization of Supreme Audit Institutions (INTOSAI) regarding the importance of sustainability and the principles of good governance, transparency and accountability.

7. AUDITOR-GENERAL OF SOUTH AFRICA'S LONG-TERM STRATEGY

Our strategy is inspired by the vision of our auditor-general, Kimi Makwetu, for a well-run and respected public service. This strategic plan is guided by the long-term strategy of the organisation. The ultimate goal of the strategy is to **build confidence in the ability of the public sector to deliver the necessary services for which it is the sole provider in the country and, by association, to build public confidence** in the country's democracy. It seeks to provide direct links to the values entrenched in the constitution of democracy, transparency and accountability.

AUDITOR-GENERAL OF SOUTH AFRICA'S LONG-TERM STRATEGIC GOALS AND OBJECTIVES

Our long-term strategic goal and objectives articulated in the 4V strategy are summarised as follows:

STRATEGIC GOALS	STRATEGIC OBJECTIVES
Value-add audits for the benefit of the people of SA	<p>Demonstrate value-add auditing by focusing on:</p> <ul style="list-style-type: none"> parts of the public service with the greatest impact on the well-being of the South African people: poverty alleviation, education, health, crime through a completely enhanced product and service offerings increasing our audit footprint in public sector funded organisations utilising the wealth of publicly available information and our own insights for the improvements of public sector transparency, accountability and governance increasing the legal capacity within the audit units to ensure effective response to challenges arising from our audits. <p>Ensure high quality of our audits by conducting them according to the most appropriate best practice methodology and standards. We will:</p> <ul style="list-style-type: none"> pursue standardisation and uniformity of audit work continuously maintain awareness of the importance of the quality of audits benchmark our audit practices internationally and obtain assurance from independent external bodies.
Visibility for impact	<p>Achieve impact through visibility programmes by:</p> <ul style="list-style-type: none"> focusing on specific key relationships to ensure improved audit outcomes at the auditees establishing methodology for achieving practical and cost-effective stakeholder engagements providing a thought leadership programme at executive level in the broader public sector - creating a forum of experts and executives to develop tailored solutions at a conceptual level to issues arising in the external environment practicing focused involvement in the INTOSAI and AFROSAI-E programmes. <p>Engage civil society, enable active citizenry by:</p> <ul style="list-style-type: none"> educating the wider public on understanding and using the audit reports and by providing reliable and relevant information utilisation of social media as a means to reaching citizenry following national and provincial media engagement plans for reaching citizens.

STRATEGIC GOALS	STRATEGIC OBJECTIVES
Viability	<p>Maintain financial and legal viability and independence through:</p> <ul style="list-style-type: none"> an enhanced cost containment and enhanced revenue strategy ensuring that all our activities are adequately supported through an appropriate legislative framework.
	<p>Align internal competencies and capabilities through:</p> <ul style="list-style-type: none"> appropriate 'people strategy' that ensures alignment of internal competencies fine-tune the organisational skills and competencies mix to reflect the audit strategy grow qualified audit professionals belonging to various professional bodies. <p>Increase operational efficiencies by:</p> <ul style="list-style-type: none"> developing an enhanced operating model developing an appropriate responsive audit software. <p>Increase internal leadership visibility providing strong strategic engagement, using proven and improved methods involving staff in the running of the organisation</p> <ul style="list-style-type: none"> establishing a thought leadership programme and a formal concept of a 'responsiveness mechanism' that focuses on creating content and solutions for unique problems. <p>Embed the concept of sustainability by making sustainability an integral part of all our activities and operations.</p>
Vision and values driven	<p>Continue to be a transformational organisation:</p> <ul style="list-style-type: none"> with an effective transformation strategy led by the top leadership of the organisation and managed actively at all levels of the organisation with a focus on enterprise development. <p>Ensure our own clean administration through:</p> <ul style="list-style-type: none"> the implementation of an enhanced combined assurance model an assessment and improvement in the adequacy and effectiveness of our governance framework against best practices and standards the implementation of continuous and efficient environmental scanning. <p>Increase the AGSA's brand presence by building and managing the brand of the AGSA as a supreme audit institution.</p>

Measures that are adequate and appropriate for each specific stage of the implementation of the strategy will be developed and targets will be specified to ensure maximum impact of the mandate of the organisation.

8. STRATEGIC PLAN 2015 – 2018

8.1 STRATEGIC GOAL: VALUE-ADD

STRATEGIC OBJECTIVES

Demonstrate value-add auditing

Ensure high quality of our audits

The value that we expect to add to the work of government and all our stakeholders resides in the enhancement of our audit approaches and focus areas so that increased levels of transparency, accountability and good governance are noticeable in all spheres of government. This value-add will be anchored around the economic, efficient and effective (3Es) use of public resources.

We will continue to deliver consistent, simple, clear and relevant messages that compel those charged with governance to act on and implement our recommendations for improvements in the public sector administration.

In determining the areas on which we should focus our auditing, we will be guided by what matters to an ordinary South African as outlined in our long-term strategy. We will cover the following:

- Effective utilisation of public resources by those assigned the responsibility to administer the public purse.
- Delivery of services in line with what has been promised to the public.
- Transparent and accurate reporting by auditees.

We will ensure that we provide our insights into the state of financial management in the public service in a manner that creates understanding, informs corrective actions, promotes accountability and oversight and enables any member of the public to be adequately informed when they exercise their democratic rights.

In addition to the value delivered by our audit-related products, the organisation will strive to deliver value through its own accountability products, its annual reports and strategic plans and budgets, by ensuring that they also provide sufficient information for stakeholders to act.

By achieving the objectives of this strategic goal, we will ensure that in executing our mandate, we demonstrate a strong link to the service delivery outcomes which our country seeks for its people.

VALUE-ADD OBJECTIVE 1: DEMONSTRATE VALUE-ADD AUDITING

In working towards demonstrating value to our stakeholders, our focus lies in:

- a comprehensive understanding of the value chains related to the activities of our auditees
- recognising the needs of the oversight and other stakeholders
- integrating the effort of all our audit units and that between the audit and support business units.

Mastering these three elements will allow the organisation to demonstrate our continuous relevance to the various stakeholders and will be aimed at strengthening the transparency, accountability and integrity of government and public sector.

Our focused attention will be to pro-actively audit areas of concern and/or development in the national interest when conducting value-add audits. Using 'follow the money' principle, we will demonstrate a direct line of sight between our audits and the country's and government's priorities.

We will collaborate with other organs of state in strengthening complementary oversight and report to the relevant authorities on financial and service delivery malpractice identified during the course of our work.

One of the practices that we will continue is to incorporate information in the general reports outlining the outcomes of audits from the specialist audit areas (performance audit, information systems audit) executed during the MFMA and PFMA audit cycles.

PERFORMANCE MEASURES	TARGETS		
	2015-16	2016-17	2017-18
% of auditees' senior management who find that our audits and services add value	Establish baseline Define targets for further review periods	5% improvement over baseline	10% improvement over baseline
Tool	▪ Formal stakeholder annual evaluation surveys		
Clear communication of relevant root causes and simple and relevant recommendations in our reports	75%	75%	75%
Tool	▪ Formal stakeholder evaluation survey		
% adherence to quality standards in our general reports	100% (as per targets set in the plan)	100% (as per targets set in the plan)	100% (as per targets set in the plan)
Tool	▪ AG confirmation		

WHAT WE WILL DO TO ADD VALUE TO STAKEHOLDERS

1. Institutionalise mechanisms and structures for developing a deep knowledge of the auditees' needs and their business and an understanding of their value chains of activities as the basis for our audits – train staff accordingly.
2. Intensify and institutionalise the use of publicly available information (statistics, NDP, MTSE, etc.) as a tool which, coupled with intensive data analytics, will drive efficiencies and will be able to provide value-adding insights across multiple audit teams – phased approach will be used from year 1.
3. Periodically evaluate the expectations of the users of our reports (auditees, executive, portfolio committees, internal audit units, audit committees, media and others) as well as the extent to which they inform corrective actions, promote oversight.
4. Enhance the packaging of reports/messages in response to the stakeholders' needs in line with our mandate in order to reach a broader range of stakeholders to promote oversight and appropriate remedial actions.
5. Draw effectively on the breadth of specialist expertise available to the AGSA in each phase of the audit process to facilitate integrated, holistic auditing and boost the abilities of our audit teams.
6. Increase the legal capacity within the organisation, in support of audit teams – including training of the audit teams.
7. Fine-tune our approach to oversee and influence the audit process where we opt not to conduct audits to make certain that these assignments meet both the standards and expectations of our stakeholders and the requirements of the Auditor-General in terms of quality and depth of the audits.
8. Increase the number of audits of state-owned enterprises, universities and further education and training colleges.
9. Implement an annual integrated strategic audit plan that:
 - identifies areas of concern and/or development and prioritises areas for audit by engaging oversight and the executive
 - informs the training of staff to execute on audit priorities, including proactive audits.

VALUE-ADD OBJECTIVE 2: ENSURE HIGH QUALITY OF OUR AUDITS

Our organisation is committed to rendering consistently high-quality products and services to our stakeholders. While we pursue standardisation and uniformity of audit work, we recognise that each audit is shaped by unique circumstances and environments as well as unique South African context.

We will constantly raise and maintain awareness of the importance of the quality of audits among our staff and ensure heightened guidance and involvement in the review of audit work by senior management. We will continue to maintain policies and monitor their implementation in respect of all elements of ISQC1.

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
Adherence to all quality standards: Audit engagements	85% (C1, C2 and C3 rating)	85% (C1, C2 and C3 rating)	85% (C1, C2 and C3 rating)
Tool	<ul style="list-style-type: none"> Rating confirmed by QCAC 		

WHAT WE WILL DO TO ACHIEVE HIGH QUALITY OF ALL AGSA PRODUCTS

1. Refine the audit methodology in order to execute AGSA audits that meet international standards and appropriately tailored to South Africa (including small package audits).
2. Constantly raise and maintain awareness of the importance of the quality of audits among our staff. (proactive vs reactive approach).
3. Maintain policies and monitor their implementation in respect of all elements of ISQC1 (this includes conducting proactive pre-issuance reviews on selected high-risk engagements).
4. Constantly raise and maintain awareness of the importance of the quality of audits among our staff (proactive vs reactive approach).
5. Continuously benchmark our audit practices internationally and obtain assurance from independent external bodies, including other SAs.

8.2 STRATEGIC GOAL: VISIBILITY FOR IMPACT

STRATEGIC OBJECTIVES

Achieve impact through visibility programmes

Engage civil society, enable active citizenry

Meaningful and continuous engagement of stakeholders has become an important instrument for the AGSA in the last few years to encourage and enable action and improvements in public sector administration. The visibility journey of the organisation will continue as it is our trigger for positive improvements in financial and performance management in the public sector.

Our visibility programmes will be aimed at influencing change and will be actualised through tailored engagements that are focused on obtaining the best return on investment in terms of timely and effective improvement actions by auditees, ensuring quick elevation of issues to higher levels, if required, and inclusion of relevant role players in an appropriate and cost-effective way.

We will pool resources from the audit teams to enable clusters of leadership to drive communication of audit outcomes with clearly identified stakeholders across the entire spectrum with the intention of broadening the engagement and building the confidence in our staff in presenting audit messages. Skilling of staff must remain an ongoing priority to entrench the required culture towards engagement and collaboration with 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 cost-effective way in which we become knowledgeable about the stakeholders' thinking and their experience of the interactions.

Given the important role that accounting officers play in realising key elements of our 4V strategy, we will increase our focus on these leaders with a view to equipping them with key insights that are relevant to their responsibilities.

We recognise that one of the main stakeholders that remains mostly indirectly engaged is the broad South African public. Hence frequent public conversations aimed at demystifying our audit messages will empower citizens to hold their elected representatives accountable.

VISIBILITY OBJECTIVE 1: ACHIEVE IMPACT THROUGH VISIBILITY PROGRAMMES

The high-level objective is to best utilise the wealth of information and insights available to the AGSA as a result of its work and analysis as key enablers in the organisation's value proposition, during all stakeholder engagements. This will be achieved through coordination and enhancement of the existing programmes and adding new ones that will reflect the evolved focus on value-add to stakeholders. We will critically evaluate current processes and tools, refine or update these to the point of formalising a methodology, build the necessary capacity and customise the visibility initiatives to develop and apply practical and cost-effective stakeholder engagements that result in greater impact.

Auditors will provide value-adding insights on how their audit findings and opinions might be used to the greatest effect in taking appropriate corrective action, for example through the provision of good practice guidance.

The AGSA's independent value-add will be so intense that the accounting officers and the chief financial officers will recognise the AGSA as their primary strategic partner in effective risk management.

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
% high-quality focused interactions with auditees and other external stakeholders (emphasis on partnering with the stakeholders)	70%	75%	80%
Tool	<ul style="list-style-type: none"> AG confirmation Formal stakeholder evaluation surveys 		
% implementation of approved thought leadership programme	<p>Developed and approved thought leadership programme by 31 March 2016</p> <p>100% achievement of deliverables/targets in the implementation plan</p>	100% achievement of deliverables/targets in the implementation plan	100% achievement of deliverables/targets in the implementation plan
Tool	<ul style="list-style-type: none"> Project tracking tool DAG confirmation Formal stakeholder evaluation surveys 		
Design of methodology, tools and processes for visibility programmes per reporting period	<p>Developed set of tools, methodology, processes for visibility and annual implementation plan</p> <p>100% achievement of deliverables/targets in the implementation plan</p>	<p>Developed set of tools, methodology, processes for visibility and annual implementation plan</p> <p>100% achievement of deliverables/targets in the implementation plan</p>	<p>Developed set of tools, methodology, processes for visibility and annual implementation plan</p> <p>100% achievement of deliverables/targets in the implementation plan</p>
Tool	<ul style="list-style-type: none"> DAG confirmation Formal stakeholder evaluation surveys 		

WHAT WE WILL DO TO DEMONSTRATE THE IMPACT OF VISIBILITY PROGRAMMES

1. Ensure high quality, practical and cost-effective engagements with external stakeholders throughout each performance year.
2. Provide appropriate tools for impactful stakeholder engagement by:
 - enhancing the current quarterly key control programme by elevating the role of the accounting officer and identifying topics of reporting (relevant to their role in the achievement of Vision 2024) to demonstrate the state of accounting records and controls, segregation of duties, and escalation of risks to oversight bodies
 - re-evaluating and improving ASMS capabilities - also to be addressed as part of phase 2 of audit software project
 - developing and improving the Stakeholder Management Information System (SMIS).
3. Create capacity for impactful stakeholder engagement with emphasis on:
 - developing and implementing a process to evaluate the resources required (people, time, tool & skills) to enable economic, effective and efficient visibility/stakeholder programmes (including cross-organisational pooling of skills)
 - developing and implementing enhanced people development programmes that focus on elevating the current engagements model to the level of an appropriate auditor-auditee partnership.
4. Facilitate an appropriately structured international thought leadership programme in the context of the INTOSAI and AFROSAI-E community, with emphasis on strategic leadership of key initiatives, knowledge sharing/content engagements and further enhancing the AGSA's international reputation.
 - Formalise and implement the expectations of SAI SA chairing the INTOSAI Capacity Building Committee (CBC) in a practical and well-consulted set of value propositions and work plan.
 - Re-evaluate and streamline SAI SA's commitments regarding INTOSAI sub-committees, working groups and task forces, as well as international memoranda of understanding.
5. Formalise and external thought leadership programme with a specific focus on accounting officers and chief financial officers using appropriate forums.
 - Develop corporate products (other than audit-related products) that provide relevant information to stakeholders.
 - Use insights gained from our audits to periodically provide recommendations, whether publicly or privately, on any deficiencies and legislation, regulations and policy frameworks.
 - Proactively influence all new legislation that has an impact on the AGSA's mandate and work environment. Ensure that all our activities are adequately supported by an appropriate legislature framework for the public sector.

VISIBILITY OBJECTIVE 2: ENGAGE CIVIL SOCIETY, ENABLE ACTIVE CITIZENRY

Engagement with citizens will receive attention, with an initial focus on the education of citizens using the most appropriate platforms and mechanisms. This area may include creating awareness of the work of the SAI (and related bodies) and understanding of the functioning of public sector and the opportunities already available for public participation, sharing of information (publically available audit messages in a variety of formats), and educational campaigns/training programmes (perhaps even including influencing curricula).

The need for extensive media engagement will be explored, perhaps even in partnership with select civil society organisations (CSO), with visibility in key publications and accessibility of messages in various languages and formats.

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
% implementation of approved civil society engagement plan	Developed plan by 31 March 2016 100% achievement of deliverables/targets in the engagement plan	100% achievement of deliverables/targets in the engagement plan	100% achievement of deliverables/targets in the engagement plan
Tool	<ul style="list-style-type: none"> Project tracking tool Formal stakeholder evaluation surveys 		

WHAT WE WILL DO TO ENGAGE CIVIL SOCIETY

1. Ensure high quality, practical and cost-effective engagements with citizenry throughout each performance year. Provide appropriate tools for impactful engagement.
 - Develop and implement a high quality, focused engagement programme to educate citizens on the role of the AGSA and its messages in promoting accountability, oversight and governance.
 - Formalise the use of social media as a means to reaching a wider spectrum of society by channelling our educational programmes for the public or informing stakeholders of the publishing of our reports.
 - Formalise and implement national and provincial media engagement plans for reaching citizens.

8.3 STRATEGIC GOAL: VIABILITY

STRATEGIC OBJECTIVES

Maintain financial and legal viability and independence		Embed the concept of sustainability
Align internal competencies and capabilities	Increase operational efficiencies	Increase internal visibility

The concept of viability looks in an integrated manner at all the elements that make our organisation viable, i.e. the three elements of independence, namely: our legal ground that allows us to fine-tune the choice, size and extent of the audit; the availability and professional training of staff; and the financial resources to ensure that we have the people and tools to deliver on our mandate.

Leading by example in everything we do is a strategic focus and the main driver in ensuring that we remain a model organisation not only in the audit specific areas but also in the support structures and mechanisms we deploy to ensure our success.

One of the main tools of guaranteeing viability is our intense engagement with internal stakeholders to ensure that they have a complete understanding of the organisational strategy and enthusiastically buy into it. Such engagements provide platforms for fruitful and impactful discussions on how to achieve the ultimate goal of contributing to the improvement of the lives of citizens and engender trust and accountability by making certain that the voice of the employees is heard.

Further, for the organisation to continue to exist it must strongly differentiate itself to attract and retain the best calibre of resources – financial, human capital, capabilities and competencies, structure, physical location, etc.

VIABILITY OBJECTIVE 1: MAINTAIN FINANCIAL AND LEGAL VIABILITY AND INDEPENDENCE

The AGSA strives to execute its mandate in the most economical, efficient and effective way possible. We will adhere to the existing funding model to ensure that we operate independently for the foreseeable future. To attain the desired financial performance and remain cost-effective, we will continuously evaluate and manage our financial indicators, such as own hours' revenue, outsourced audit work to private firms, working capital management and overhead costs and will target a predetermined minimal surplus. Given the increased pressures associated with debt collection, we will review the funding model and related PAA provisions.

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
Net surplus (%)	2%	2%	3%
Tool	▪ Analysis of income statement		
Percentage debt collected averaged over 12 months (invoiced) – national business units	98% - 100%	98% - 100%	98% - 100%
1% debt collected from the National Treasury averaged over 12 months – centrally	100%	100%	100%
Percentage debt collected averaged over 12 months (invoiced) – provincial business units	97% - 99%	97% - 99%	97% - 99%
Tool	▪ Analysis of the debtors' ageing report		
% reduction of overheads (% of total audit income)	Overheads remain as at 31 March 2015	Overheads reduction by (tbd)	Overheads reduction by (tbd)
Tool	▪ Analysis of income statement		

WHAT WE WILL DO TO MAINTAIN LEGISLATIVE AND FINANCIAL VIABILITY AND INDEPENDENCE

- Review the key strategic initiatives to ensure financial viability and alignment with cost containment and revenue enhancement efforts.
 - Review the AGSA's cost structure.
 - Develop revenue enhancement strategy.
 - Improve collection of debt.
- Review the governing legislation, the PAA, to ensure that it is relevant to the current challenges that the AGSA is facing and strengthens the AGSA's position.

VIABILITY OBJECTIVE 2: ALIGN INTERNAL COMPETENCIES AND CAPABILITIES

The organisation requires an abundant supply of skilled and motivated employees to ensure that its mandate is flawlessly executed. We view the auditors of the future to be principled and not compliance-driven, being able and comfortable with using and defending judgment.

A comprehensive people strategy, covering all relevant aspects of the people and skills development, will be developed and maintained. An environment in which talented individuals will choose to contribute and are enabled to realise their potential will be created and maintained.

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
Occupancy level	90%	90%	90%
Tool	▪ Staff occupancy report from the ERP system		
Staff turnover	12%	12%	12%
Tool	▪ Staff turnover report from the ERP system		

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
# SAICA accredited training offices	Low risk – x 3	Low risk – x 3	Low risk – x 4
	Medium risk – x 10	Medium risk – x 11	Medium risk – x 11
	High risk – x 3	High risk – x 2	High risk – x 1
	Very high – none	Very high – none	Very high – none
Tool	▪ SAICA confirmation		

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
% implementation of an approved people strategy reflective of the strategic direction of the organisation	Approved people strategy by 31 May 2015 100% achievement of deliverables/targets in the implementation plan	100% achievement of deliverables/targets in the implementation plan	100% achievement of deliverables/targets in the implementation plan
Tool	▪ Project tracking tool		

WHAT WE WILL DO TO ACHIEVE ALIGNMENT OF INTERNAL COMPETENCIES AND CAPABILITIES

1. Develop and implement an appropriate 'people strategy', specifically the following:
 - Attract, retain and cultivate talented individuals by improving the talent-sourcing mechanism and talent development programmes and measures, including all staff levels.
 - Fine-tune the organisational skills and competencies mix to reflect the audit strategy, with the emphasis on a combination of technical skills, stakeholder knowledge and soft skills in order to be responsive to the changing environment, and update the competency framework.
 - Develop and implement multi-stage curriculum per employee grade.
 - Grow the number of qualified professionals belonging to various professional bodies as part of the desired professional profile for the organisation.
 - Augment the capacity and performance of our leaders through executive coaching and mentoring, on-going assessment of the desired AGSA leadership profile, strengthening the leadership pipeline for succession planning and best practice knowledge sharing with other SAs and consider a more effective leveraging of executive skills in the organisation.
2. Develop a winning employee value proposition.

VIABILITY OBJECTIVE 3: INCREASE OPERATIONAL EFFICIENCIES

To ensure efficient operations for value-adding auditing, a finely aligned organisational architecture (structure) – people, processes and technology – is a must. The strategy will guide possible enhancements of the structure and processes to drive integration and achievement of our mandate. IT applications and technology must be developed/enhanced with the aim of implementing the strategy effectively. Concurrently, the work streams will be well defined to ensure a clear understanding of the roles of the various business units.

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
Revision and implementation of the AGSA operating model	Reviewed and approved operating model by 31 March 2016 100% achievement of deliverables/targets in the implementation plan	100% achievement of deliverables/targets in the implementation plan	100% achievement of deliverables/targets in the implementation plan
Tool	<ul style="list-style-type: none"> ▪ Project tracking tool 		

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
% completion of appropriate responsive audit software	100% achievement of deliverables/targets in the project plan	100% achievement of deliverables/targets in the project plan	100% achievement of deliverables/targets in the project plan
Tool	▪ Project tracking tool		

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
% finalisation of strategic initiatives in the <i>Strategic plan 2015-18</i>	95% (as per detailed implementation plans)	95% (as per detailed implementation plans)	95% (as per detailed implementation plans)
Tool	▪ Project tracking tool		

WHAT WE WILL DO TO INCREASE OPERATIONAL EFFICIENCIES

- Develop and implement an economic, efficient and effective operating model.
 - Improve efficiencies throughout the organisation.
 - Develop/enhance and integrate IT applications and technology with the aim of implementing the strategy most effectively.
 - Implementation of the service management model.
- Ensure the completion of appropriate responsive audit software.

VIABILITY OBJECTIVE 4: INCREASE INTERNAL VISIBILITY

A comprehensive understanding of the organisational strategy by all staff is the key to employee empowerment, enhanced work methods and, ultimately, successful implementation of strategic initiatives. Established processes and mechanisms for organisational alignment will be strengthened to deliver uniform messages to every employee, thus increasing the employees' passion in execution of the strategy.

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
% conducted strategic alignment sessions by top leadership (CEs, NLs, DAG) – as per stakeholder plan	80%	90%	90%
Tool	▪ Project tracking tool		

WHAT WE WILL DO TO ACHIEVE INCREASED INTERNAL VISIBILITY

1. Pursue strong strategic engagement, using proven methods and continuously looking for new ways of involving staff in the running of the organisation.
 - Formalise a central innovation forum to ensure:
 - quick responsiveness to developments in the audit environment
 - coordination of internally focused thought leadership programmes where BUs find practical solutions to challenges that confront them at auditees and where this knowledge is shared between BUs:
 - ~ development of best practice guides
 - ~ coordination of innovation and related research within BUs and local memoranda of understanding
 - enhancement of our internal visibility programme driven by the top leadership.

VIABILITY OBJECTIVE 5: EMBED THE CONCEPT OF SUSTAINABILITY

We will strive to apply meticulously and with rigour our model for sustainability as described in section 6. To control our impact on the environment in which we operate, i.e. multiply our positive impact and minimise the negative ones, we will manage each of the six capitals. Considering that activities related to our products, social, human, intellectual and financial capitals are outlined in their respective sections. The focus of this objective is on driving overarching sustainability policy management and environmental initiatives.

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
% implementation of an approved sustainability strategy	Developed and approved sustainability strategy by 31 March 2016 100% achievement of deliverables/targets in the implementation plan	100% achievement of deliverables/targets in the implementation plan	100% achievement of deliverables/targets in the implementation plan
Tool	▪ Project tracking tool		

WHAT WE WILL DO TO EMBED THE CONCEPT OF SUSTAINABILITY

1. Develop and implement our sustainability strategy and make sustainability an integral part of all our activities and operations.
 - Intensify sustainability awareness campaigns among our internal and external stakeholders.
 - Regularly monitor and evaluate environmental sustainability initiatives.
 - Optimise and seamlessly integrate the sustainability reporting procedures and processes in the overall monitoring and reporting framework of the organisation. Improve our information systems to enhance integrity and quality of sustainability information.
 - Ensure continuous assessment and analysis of our carbon footprint.

8.4 STRATEGIC GOAL: VISION AND VALUES DRIVEN

STRATEGIC OBJECTIVES		
<i>Continue to be a transformational organisation</i>	<i>Ensure our own clean administration</i>	<i>Increase the AGSA's brand presence</i>

The organisation's set vision is underpinned by its values and leadership style and thus forms the basis of the organisational culture, in other words, the way things are done. An overarching theme of the AGSA's strategy is transformation – evolution in line with our aspirations.

Our journey throughout the years demonstrates that we do not only transform ourselves. Keeping with our traditions, we will spur and lead transformation in the public service in our country aimed at improving the lives of citizens. Internationally, we will be a catalyst in transforming an understanding of the role of SAs as well as the evolution of accounting and auditing standards, skills development and collaboration.

VISION AND VALUES OBJECTIVE 1: CONTINUE TO BE A TRANSFORMATIONAL ORGANISATION

This objective will be measured through the achievement of the following series of aligned objectives:

- An age and gender mix that promotes seamless integration of the wisdom of the experienced and the enthusiasm of the young.
- Professionalisation and development of a skills base that reflect the evolving needs of the organisation for diverse skills.
- Structure, infrastructure and technology that allow maximum efficiencies and simultaneously ensure desirable work-life balance for our staff.
- Work values and a culture that best support the achievement of this strategy.
- Demographics that are representative of the country's population.

An overarching measure that will look at our enterprise development, skills development and procurement practices is the level against the BBBEE codes.

The desired values and the behavioural elements behind them will be confirmed regularly by the leadership with commitment and as an example to all employees and stakeholders. The top leadership will lead the transformation process and will manage it actively at all levels of the organisation.

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
% implementation of a transformation strategy reflective of the organisational priorities	Strategy reviewed and approved by 31 March 2016	100% achievement of deliverables/targets in the implementation plan	100% achievement of deliverables/targets in the implementation plan
Tool	▪ Project tracking tool		

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
BBBEE level	2	2	2
Tool	▪ External assessment and rating		

WHAT WE WILL DO TO ACHIEVE THE REQUIRED BBBEE LEVEL

1. Enhance and implement the transformation plan.
2. Accelerate our enterprise development programme – encourage the development of emerging audit firms as well as develop and implement the CWC transformation-carrot and adequate procurement policy.

VISION AND VALUES OBJECTIVE 2: ENSURE OUR OWN CLEAN ADMINISTRATION

Through its audit activities, the AGSA plays a critical role in enabling accountability and promoting democratic governance in South Africa by providing assurance to the various legislatures that all entities that use public funds have managed their financial affairs in line with sound financial principles. It is therefore imperative that an own, clean administration is in place that conforms to all those rules and regulations that we use in assessing the compliance of others.

The AGSA is an entity that understands and accepts that in pursuit of strategic and business objectives there are levels of risk that will have to be faced and we are consciously aware of, and ready to respond to, the threats we may potentially face and their related impact. The AGSA will continue to build a risk intelligent organisation that will contribute to the enhancement of a clean administration. Having adequate policies and frameworks strengthens the process of decision-making, eliminates uncertainties and errors in the application of laws and regulations, and enhances business processes. It further ensures that adequate controls are in place in the organisation.

We will live those principles and will set appropriate objectives and measures to ensure that we meet those standards in the most effective and efficient manner possible.

PERFORMANCE MEASURES	TARGETS		
	2015-16	2016-17	2017-18
External audit opinion on the AGSA	Clean audit	Clean audit	Clean audit
Rate of closure of management commitments on all audit findings	100%	100%	100%
Tool	<ul style="list-style-type: none"> External audit report Tracking register of audit findings Internal audit reports 		

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
Adequacy and effectiveness of our governance framework (against best practice)	<p>Framework review completed by 31 March 2016</p> <p>100% implementation of corrective actions as per the implementation plan</p>	<p>100% implementation of corrective actions as per the implementation plan</p>	<p>100% implementation of corrective actions as per the implementation plan</p>
Tool	<ul style="list-style-type: none"> Independent assessment (including effectiveness of committees) 		

WHAT WE WILL DO TO ACHIEVE A CLEAN ADMINISTRATION

1. Continue to conduct enhanced risk assessments and assess the relevancy of current internal control processes and compliance with legislative and procedural requirements.
2. Drive constant and consistent implementation of adequate and effective internal controls.
3. Assess the adequacy and effectiveness of our governance framework against best practices and standards.
4. Implement continuous and efficient environmental scanning to ensure that the organisation responds timely to both positive and negative developments in the environment.

VISION AND VALUES OBJECTIVE 3: INCREASE THE AGSA'S BRAND PRESENCE

A successful brand is the hallmark of all successful organisations and it is an important element of executing the AGSA's role and mandate. Building and maintaining a unique image of an independent professional organisation, demonstrating our care for our stakeholders and will engender trust and buy-in of our strategy.

PERFORMANCE MEASURE	TARGETS		
	2015-16	2016-17	2017-18
% favourable experience of the AGSA's brand by stakeholders	60%	70%	80%
Tool	<ul style="list-style-type: none"> Stakeholder survey results Project tracking tool 		
Adherence to all quality requirements: Corporate reports – IAR, strategic plan	100%	100%	100%
Tool	<ul style="list-style-type: none"> AG confirmation 		

WHAT WE WILL DO TO INCREASE THE AGSA'S BRAND PRESENCE

- Develop and implement a strategy to manage the brand of the AGSA and its work.
 - Develop and implement communication, brand management and social media plans.
- Ensure that all corporate reports, including general reports, and all support services reports conform to applicable quality requirements.

9. BALANCED SCORECARD 2015 – 2018

STRATEGIC GOAL	WEIGHT	OBJECTIVE	PERFORMANCE MEASURE	TARGET		
				2015-16	2016-17	2017-18
Value-add	30%	Value-add audits	% of auditees' senior management who find that our audits and services add value	Establish baseline	5% improvement on baseline	10% improvement on baseline
			% clear communication of relevant root causes and simple and relevant recommendations in our reports	75%	75%	75%
			% adherence to quality standards in our general reports	100%	100%	100%
		Ensure high quality of audits	Adherence to all quality standards: audit engagements	85% (C1, C2 and C3 rating)	85% (C1, C2 and C3 rating)	85% (C1, C2 and C3 rating)

STRATEGIC GOAL	WEIGHT	OBJECTIVE	PERFORMANCE MEASURE	TARGET		
				2015-16	2016-17	2017-18
Visibility	25%	Achieve impact through visibility programmes	% high-quality focused interactions with auditees and other external stakeholders (emphasis on partnering with the stakeholders)	70%	75%	80%
			% implementation of approved thought leadership programme	Developed and approved thought leadership programme by 31 March 2016	100% achievement of deliverables/ targets in the implementation plan	100% achievement of deliverables/ targets in the implementation plan
			Design of methodology, tools and processes of visibility programmes	Developed set of tools, methodology, processes for visibility and annual implementation plan 100% implemented deliverables/ targets as per plan	Developed set of tools, methodology, processes for visibility and annual implementation plan 100% implemented deliverables/ targets as per plan	Developed set of tools, methodology, processes for visibility and annual implementation plan 100% implemented deliverables/ targets as per plan
		Engage civil society, enable active citizenry	% implementation of approved civil society engagement plan	Developed plan by 31 March 2016 100% achievement of deliverables/ targets in the engagement plan	100% achievement of deliverables/ targets in the engagement plan	100% achievement of deliverables/ targets in the engagement plan

STRATEGIC GOAL	WEIGHT	OBJECTIVE	PERFORMANCE MEASURE	TARGET		
				2015-16	2016-17	2017-18
Viability	30%	Ensure financial and legal viability and independence	Net surplus (%)	2%	2%	3%
			Percentage of debt collected averaged over 12 months invoiced – national business units	98% -100%	98% -100%	98% -100%
			1% debt collected from the National Treasury averaged over 12 months – centrally	100%	100%	100%
			Percentage of debt collected averaged over 12 months invoiced – provincial business units	97% - 99%	97% - 99%	97% - 99%
			% reduction of overheads (% of total audit income)	Overheads remain as at 31 March 2015	Overheads reduction by (tbd)	Overheads reduction by (tbd)
		Align internal competencies	Occupancy level	90%	90%	90%
			Staff turnover	12%	12%	12%
			# SAICA accredited training offices	Low risk – x 3	Low risk – x 3	Low risk – x 4
				Medium risk – x 10	Medium risk – x 11	Medium risk – x 11
				High risk – x 3	High risk – x 2	High risk – x 1
				Very high – none	Very high – none	Very high – none

STRATEGIC GOAL	WEIGHT	OBJECTIVE	PERFORMANCE MEASURE	TARGET		
				2015-16	2016-17	2017-18
			% implementation of an approved people strategy reflective of the strategic direction of the organisation	Approved people strategy by 31 May 2015 100% achievement of deliverables/ targets in the implementation plan	100% achievement of deliverables/ targets in the implementation plan	100% achievement of deliverables/ targets in the implementation plan
		Increase operational efficiencies	Revision and implementation of operating model	Developed and approved operating model by 31 March 2016	100% achievement of deliverables/ targets in the implementation plan	100% achievement of deliverables/ targets in the implementation plan
			% completion of appropriate responsive audit software and techniques	100% achievement of deliverables/ targets in the project plan	100% achievement of deliverables/ targets in the project plan	100% achievement of deliverables/ targets in the project plan
			% finalisation of strategic initiatives in the Strategic Plan 2015-18	95% (as per detailed implementation plans)	95% (as per detailed implementation plans)	95% (as per detailed implementation plans)
		Increase internal visibility	% of the conducted strategic alignment sessions by top leadership (CEs, NLs, DAG) against engagement plans	80%	90%	90%
		Embed the concept of sustainability	% implementation of an approved sustainability strategy	Developed and approved sustainability strategy by 31 March 2016 100% achievement of deliverables/ targets in the implementation plan	100% achievement of deliverables/ targets in the implementation plan	100% achievement of deliverables/ targets in the implementation plan

STRATEGIC GOAL	WEIGHT	OBJECTIVE	PERFORMANCE MEASURE	TARGET		
				2015-16	2016-17	2017-18
Vision and values driven	15%	Continue to be a transformational organisation	% implementation of a transformation strategy reflective of the organisational priorities	Strategy reviewed and approved by 31 March 2016 100% achievement of deliverables/ targets in the implementation plan	100% achievement of deliverables/ targets in the implementation plan	100% achievement of deliverables/ targets in the implementation plan
			BBBEE level	2	2	2
		Ensure our own clean administration	External audit opinion on the AGSA	Clean audit	Clean audit	Clean audit
			Rate of closure of management commitments in terms of audit findings	100%	100%	100%
			Adequacy and effectiveness of our governance framework (against best practice)	Framework review completed by 31 March 2016 100% implementation of corrective actions as per the implementation plan	100% implementation of corrective actions as per the implementation plan	100% implementation of corrective actions as per the implementation plan
		Increase the AGSA's brand presence	% favourable experience of the AGSA brand by stakeholders	60%	70%	80%
			Adherence to all quality requirements: Corporate reports – IAR, strategic plans	100%	100%	100%

Budget of the Auditor-General of South Africa for 2015-2018

DETAILED BUDGET FOR 2015-2018

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

	ACTUAL	BUDGET	FORECAST	BUDGET	FORECAST	FORECAST
	2013-14	2014-15	2014-15	2015-16	2016-17	2017-18
	RM	RM	RM	RM	RM	RM
AUDIT INCOME	2 536,2	2 658,1	2 666,1	2 947,3	3 144,3	3 364,4
Own hours	1 765,7	1 971,6	1 936,1	2 151,0	2 301,5	2 462,6
S&T recoverable	104,4	118,7	107,3	138,7	148,4	158,8
Contract work	671,9	616,4	630,1	664,7	702,0	751,1
Present value of revenue adjustment	(5,8)	(48,6)	(7,4)	(7,1)	(7,6)	(8,1)
DIRECT AUDIT EXPENDITURE	1 733,0	1 800,1	1 813,4	1 977,3	2 106,5	2 254,0
Personnel expenditure	963,1	1 072	1 083,8	1 179,2	1 261,7	1 350,1
S&T recoverable	104,4	118,6	107,3	138,7	148,4	158,8
Contract work	671,9	616,4	628,4	664,7	702,0	751,1
Present value of contract work adjustments	(6,4)	(6,4)	(6,1)	(5,3)	(5,6)	(6,0)
<i>Contract work % of audit income excluding S&T</i>	<i>27,6%</i>	<i>23,8%</i>	<i>24,5%</i>	<i>23,6%</i>	<i>23,4%</i>	<i>23,4%</i>
Gross profit	803,2	858,0	852,7	970,0	1 037,8	1 110,4
Own hours gross profit	802,6	900,1	852,3	971,8	1 039,8	1 112,5
Gross margin % of audit income	31,67%	32,28%	31,98%	32,91%	33,01%	33,00%
Other income	55,7	97,3	55,6	61,7	65,9	70,4
Interest	38,7	21,0	23,5	24,7	26,4	28,2
Present value adjustments	11,0	49,1	7,4	8,5	9,1	9,7
Sundry income	6,0	27,2	24,7	28,5	30,4	32,5
Contribution to overheads	858,9	955,3	908,3	1 031,7	1 103,7	1 180,8
Overhead expenses	723,5	874,9	840,5	931,8	1 008,2	1 081,6
Overhead as % of audit income	28,53%	32,91%	31,53%	31,62%	32,06%	32,15%
Depreciation	36,7	49,9	40,3	56,4	51,1	52,1
Net surplus	98,7	30,5	27,5	43,5	44,4	47,1
Net surplus as a % of audit income	3,89%	1,15%	1,03%	1,48%	1,41%	1,40%

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

ACTUAL	BUDGET	FORECAST	BUDGET	FORECAST	FORECAST
2013-14	2014-15	2014-15	2015-16	2016-17	2017-18
RM	RM	RM	RM	RM	RM

Equity and liabilities

Equity	557,9	489,0	585,4	628,9	673,2	720,3
General reserve	103,9	104,0	103,9	103,9	103,9	103,9
Special audit services fund	5,0	5,0	5,0	5,0	5,0	5,0
Retained earnings	350,3	281,3	449,0	476,5	520,0	564,3
Net surplus for the year	98,7	98,7	27,5	43,5	44,3	47,1
Non-current liabilities	69,3	82,0	74,4	79,5	85,0	90,8
Retirement benefit obligation-Medical aid liability	69,3	82,0	74,4	79,5	85,0	90,8
Current liabilities	445,8	659,0	516,0	582,4	633,6	640,5
Trade and other payables	369,2	577,0	433,9	495,0	540,6	541,5
Leave liability	76,6	82,0	82,1	87,4	93,0	99,0
	1 073,0	1 230,0	1 175,8	1 290,8	1 391,8	1 451,6

Employment of capital

Non-current assets	92,1	146,0	125,6	165,7	194,2	221,7
Property, plant and equipment	92,1	146,0	125,6	165,7	194,2	221,7
Investments	336,3	298,0	355,1	375,2	396,6	369,5
Current assets	644,6	785,0	695,1	749,9	801,0	860,4
Trade and other debtors	484,7	538,0	524,4	579,7	618,5	661,8
Bank and cash	159,9	248,0	170,7	170,2	182,5	198,6
	1 073,0	1 230,0	1 175,8	1 290,8	1 391,8	1 451,6

PROJECTED CASH FLOW STATEMENT (BUDGET AND FORECAST)

	BUDGET	FORECAST	BUDGET	FORECAST	FORECAST
	31 MARCH 2015	31 MARCH 2015	31 MARCH 2016	31 MARCH 2017	31 MARCH 2018
	RM	RM	RM	RM	RM
Opening bank balance	209,0	159,9	170,7	170,2	182,5
Cash inflow	2 754,8	2 702,9	2 987,5	3 187,2	3 410,4
Audit income	2 706,7	2 673,5	2 954,4	3 151,9	3 372,6
Other income	48,1	29,4	33,1	35,3	37,8
Cash outflow	2 717,3	2 692,1	2 988,0	3 174,9	3 394,3
Operating expenditure	2 637,7	2 618,3	2 891,5	3 095,3	3 314,7
Capital expenditure	79,6	73,8	96,5	79,6	79,6
Closing bank balance (Note 1)	246,5	170,7	170,2	182,5	198,6

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

ANNEXURE 1 - DETAILED BUDGET

DESCRIPTION	NOTES	2014-15		2014-15		VARIANCE (B-A)	VARIANCE (B-A)/A	2015-16		2016-17		2017-18	
		BUDGET (A)	FORECAST (B)	FORECAST (B)	FORECAST (B)			BUDGET (E)	FORECAST (F)	FORECAST (F)	FORECAST (F)	FORECAST (G)	FORECAST (G)
AUDIT INCOME	2	2 658 119 491	2 666 131 239			8 011 748	0%	2 947 322 759	3 144 329 592	3 364 432 663			
Own hours	2.1	1 971 575 588	1 936 139 089			(35 436 499)	-2%	2 150 982 206	2 301 550 960	2 462 659 527			
Regularity audit		1 748 941 858	1 746 822 520			(2 119 338)	0%	1 919 961 657	2 054 358 973	2 198 164 101			
Specialised audit		222 633 730	189 316 569			(33 317 161)	-15%	231 020 549	247 191 987	264 495 427			
Contract work	2.2	616 426 958	630 102 801			13 675 843	2%	664 746 545	701 973 043	751 111 156			
Regularity audit		596 843 459	584 564 533			(12 278 926)	-5%	616 983 877	651 535 616	697 143 109			
Specialised audit		19 583 499	45 538 268			25 954 769	133%	47 762 668	50 437 427	53 968 047			
Subsistence and travel	2.3	118 682 193	107 293 563			(11 388 630)	-10%	138 699 056	148 407 990	158 796 549			
Present value of revenue adjustments	2.4	(48 565 248)	(7 404 214)			41 161 034	-85%	(7 105 048)	(7 602 401)	(8 134 569)			
DIRECT AUDIT COST		1 799 605 294	1 813 477 783			25 170 421	1%	1 977 369 817	2 106 553 782	2 254 012 546			
Staff remuneration: audit business units	3.3	1 070 917 111	1 083 815 263			12 898 152	1%	1 179 198 748	1 261 742 661	1 350 064 647			
Contract work - recoverable	2.2	616 426 958	628 389 698			11 962 740	2%	664 746 545	701 973 043	751 111 156			
Subsistence and travel - recoverable		118 682 193	107 384 260				0%	138 699 056	148 407 990	158 796 549			
Present value of CWC (recoverable)		(6 420 968)	(6 111 439)			309 529	-5%	(5 274 532)	(5 569 911)	(5 959 805)			
GROSS PROFIT		858 514 197	852 653 456			(5 860 741)	-1%	969 952 942	1 037 775 810	1 110 420 116			
GROSS PROFIT PERCENTAGE		32,30%	31,98%					32,91%	33,00%	33,00%			
OTHER INCOME	2.5	97 316 443	55 636 690			(41 679 753)	-43%	61 690 512	65 814 069	70 421 053			
Interest received: PIC		15 195 538	18 846 726			3 651 188	24%	20 053 314	21 393 731	22 891 292			
Interest received: SCMB		5 808 012	4 692 700			(1 115 312)	-19%	4 660 000	4 971 487	5 319 491			
Sundry income		27 247 645	24 693 051			(2 554 595)	-9%	28 466 599	30 369 381	32 495 238			
Present value adjustments - revenue		49 065 248	7 404 214			(41 661 034)	-85%	8 510 599	9 079 470	9 715 033			

DESCRIPTION	NOTES	2014-15	2014-15	VARIANCE (B-A)	VARIANCE %	2015-16	2016-17	2017-18
		BUDGET (A)	FORECAST (B)			BUDGET (E)	FORECAST (F)	FORECAST (G)
SURPLUS BEFORE OPERATING COST		955 830 640	908 290 147	(47 540 494)	-5%	1 031 643 454	1 103 589 878	1 180 841 170
OPERATING COST		875 289 997	840 473 216	(34 816 781)	-4%	931 803 924	1 008 209 976	1 081 643 607
Staff remuneration:	3.3.2	288 781 282	271 684 907	(17 096 375)	-6%	319 439 104	341 799 841	365 725 830
Support business units		284 548 105	267 268 885	(8 349 597)	-3%	314 602 924	336 625 129	360 188 888
Africa projects		4 233 177	4 416 023	182 846	4%	4 836 180	5 174 713	5 536 942
Other personnel expenditure	3	135 425 508	135 874 978	449 470	0%	172 427 277	184 658 293	197 758 369
Leave pay provision	3.1	5 074 500	5 497 375	422 875	8%	5 262 396	5 630 764	6 024 917
Medical aid provision	3.2	5 112 000	5 112 000	-	0%	5 100 000	5 457 000	5 838 990
Group life scheme	3.4	13 450 212	13 450 205	(7)	0%	16 110 648	17 399 500	18 791 460
Long service awards & other	3.4	-	10 000	10 000	100%	112 500	120 375	128 801
Performance bonus liability	3.6	105 000 000	105 402 121	402 121	0%	138 847 416	148 566 735	158 966 407
UJF: employer contribution	3.5	4 603 153	4 535 100	(68 053)	-1%	4 747 669	5 080 006	5 435 606
Workmen's compensation premiums	3.5	990 874	925 567	(65 307)	-7%	997 761	1 067 604	1 142 337
BU recognition scheme	3.4	1 194 769	942 609	(252 160)	-21%	1 248 888	1 336 310	1 429 851
Outsourced services	4	27 446 175	27 423 526	(22 649)	0%	35 905 583	37 700 862	39 585 905
Outsourced services - irrecoverable	4	27 735 075	27 677 462	(57 613)	0%	36 363 169	38 181 327	40 090 394
Present value of CWC irrecoverable		(288 900)	(253 937)	34 964	-12%	(457 586)	(480 466)	(504 489)

DESCRIPTION	NOTES	2014-15	2014-15	VARIANCE (B-A)	VARIANCE %	2015-16	2016-17	2017-18
		BUDGET (A)	FORECAST (B)			BUDGET (E)	FORECAST (F)	FORECAST (G)
Subsistence and travel - irrecoverable	5	24 082 554	23 048 215	(1 034 339)	-4%	25 875 704	27 272 992	28 745 734
Accommodation	6	92 205 623	85 286 723	(6 918 900)	-8%	98 768 848	109 040 808	117 603 179
Rental	6.1	55 178 425	50 704 732	(4 473 693)	-8%	61 969 516	68 414 346	73 887 494
Straight lining of leases		-	-	-	0%	(6 072 378)	(6 703 905)	(7 401 112)
Operating costs		37 027 198	34 581 991	(2 445 207)	-7%	42 871 710	47 330 368	51 116 797
Stakeholder Relationship	7	39 789 914	38 452 836	(1 337 078)	-3%	38 837 267	42 876 342	46 306 450
Liaison	7.1.1	4 113 500	4 397 660	284 160	7%	6 341 000	7 000 464	7 560 501
Internal stakeholder relations	7.1.2	3 713 170	3 914 633	201 463	5%	3 568 250	3 939 348	4 254 496
External stakeholder relations	7.1.3	6 539 855	6 023 632	(516 223)	-8%	3 814 200	4 210 877	4 547 747
Culture expenses	7.1.4	654 500	678 605	24 105	4%	626 500	691 656	746 988
Constitutional liaison		1 161 198	1 428 111	266 913	23%	1 424 770	1 572 946	1 698 782
Non-constitutional liaison		289 500	289 000	(500)	0%	276 000	304 704	329 080
CE portfolio leadership sessions		2 447 850	1 976 455	(471 396)	0%	2 899 996	3 201 596	3 457 723
Senior management workshop		3 626 140	2 905 338	(720 802)	0%	3 850 000	4 250 400	4 590 432
Stakeholder workshops		2 713 699	2 713 699	-	0%	1 700 640	1 877 507	2 027 707
Regional congresses	7.2	7 138 397	7 062 086	(76 311)	-1%	7 136 500	7 878 696	8 508 992
Foreign visitors	7.3	244 010	65 000	(179 010)	-73%	130 440	144 006	155 526
Overseas travel	7.4	7 148 095	6 998 617	(149 478)	-2%	7 068 971	7 804 144	8 428 475
Oversight Governance	8	1 486 906	1 154 584	(332 322)	-22%	1 632 000	1 801 728	1 945 866
Audit expenses	9	7 260 001	5 626 984	(1 633 017)	-22%	8 340 800	9 208 243	9 944 903
External audit fees	9.1	3 520 001	2 372 355	(1 147 646)	-33%	4 039 200	4 459 277	4 816 019
Internal audit costs	9.2	3 740 000	3 254 628	(485 372)	-13%	4 301 600	4 748 967	5 128 884

DESCRIPTION	NOTES	2014-15	2014-15	VARIANCE (B-A)	VARIANCE (B-A)/A	2015-16	2016-17	2017-18
		BUDGET (A)	FORECAST (B)			BUDGET (E)	FORECAST (F)	FORECAST (G)
Bank charges		370 015	380 108	10 093	3%	420 578	450 018	481 519
Recruitment expenses	10	8 482 308	8 578 050	95 742	1%	9 979 564	11 017 439	11 898 834
Advertising		2 199 996	2 199 996	0	0%	2 318 800	2 559 955	2 764 752
Personnel agency fees		3 000 000	3 000 000	0	0%	3 222 000	3 557 088	3 841 655
Interviews		2 282 312	2 346 639	64 327	3%	2 638 764	2 913 195	3 146 251
Transfer & relocation expenses		1 000 000	1 031 415	31 415	3%	1 800 000	1 987 200	2 146 176
Learning and Development	11	107 851 946	108 053 286	201 340	0%	112 497 119	124 196 819	134 132 565
Membership fees	11.1	19 293 449	19 367 632	74 183	0%	18 730 012	20 677 933	22 332 168
Internal training	11.2	8 698 283	8 633 342	(64 941)	-1%	11 097 641	12 251 796	13 231 940
External training	11.2	5 139 159	4 876 099	(263 060)	-5%	6 293 365	6 947 875	7 503 705
Subsistence and travel -:	11.2	9 688 447	9 953 012	264 565	3%	10 398 097	11 479 499	12 397 859
Study assistance: employees	11.3	22 940 210	24 316 338	1 376 128	6%	25 151 355	27 767 096	29 988 463
Study support incentive scheme		5 323 006	6 712 930	1 389 924	26%	7 105 318	7 844 271	8 471 812
Institutional and learning development projects		2 097 200	500 000	(1 597 200)	-76%	1 905 200	2 103 341	2 271 608
Foundation programmes		14 479 403	14 479 402	(1)	0%	12 648 412	13 963 847	15 080 954
Bursaries	11.4	12 960 036	12 822 200	(137 836)	-1%	12 228 275	13 500 016	14 580 017
Tertiary assistance	11.4	3 501 000	3 276 335	(224 665)	-6%	2 252 000	2 486 208	2 685 105
Study support incentive scheme: top up one		246 996	114 996	(132 000)	-53%	153 967	169 979	183 578
Skills development levy		13 222 973	12 956 252	(266 721)	-2%	14 533 478	16 044 959	17 328 556
Skills dev. levy - recovered		(9 738 216)	(9 955 254)	(217 038)	2%	(10 000 000)	(11 040 000)	(11 923 200)

DESCRIPTION	NOTES	2014-15	2014-15	VARIANCE (B-A)	VARIANCE %	2015-16	2016-17	2017-18
		BUDGET (A)	FORECAST (B)			BUDGET (E)	FORECAST (F)	FORECAST (G)
Employee wellness programmes	12	11 421 341	11 298 055	(123 286)	-1%	10 081 700	11 130 197	12 020 612
Employee wellness programmes		4 406 532	4 406 552	20	0%	2 591 578	2 861 102	3 089 990
Employee social responsibility		340 000	158 158	(181 842)	-53%	400 000	441 600	476 928
AGSA social responsibility (general)		4 320 409	4 320 609	200	0%	4 190 122	4 625 895	4 995 966
Corporate social investment		2 354 400	2 412 736	58 336	2%	2 900 000	3 201 600	3 457 728
Technological Services	13	53 715 799	54 228 392	512 593	1%	41 675 450	46 009 697	49 690 473
Computer services	13.1	46 277 019	48 385 055	2 108 036	5%	35 869 396	39 599 813	42 767 798
Hiring of equipment: rental	13.2	5 154 088	3 968 939	(1 185 149)	-23%	3 397 320	3 750 641	4 050 692
Hiring of equipment: copy charges		2 284 692	1 874 397	(410 295)	-18%	2 408 734	2 659 243	2 871 982
Insurance and legal fees	14	3 764 000	3 073 714	(690 286)	-18%	4 682 600	5 169 590	5 583 158
Insurance		1 654 000	1 229 389	(424 611)	-26%	2 680 000	2 958 720	3 195 418
Legal costs		2 110 000	1 844 325	(265 675)	-13%	2 002 600	2 210 870	2 387 740
Office Maintenance	15	36 164 548	30 207 629	(5 956 919)	-16%	31 297 490	34 552 428	37 316 623
Cleaning: contracts/ services		3 225 573	2 623 068	(602 505)	-19%	4 059 295	4 481 462	4 839 979
Cleaning: materials		696 959	701 495	4 536	1%	478 683	528 466	570 744
Office improvements		2 665 625	2 371 160	(294 465)	-11%	1 669 554	1 843 187	1 990 642
Refreshments		1 963 587	2 111 655	148 068	8%	2 711 875	2 993 910	3 233 422
Publications		2 023 600	2 023 653	53	0%	2 371 644	2 618 295	2 827 759
Repairs & maintenance: computer equipment & software		1 100 000	927 871	(172 129)	-16%	1 370 000	1 512 480	1 633 478

DESCRIPTION	NOTES	2014-15	2014-15	VARIANCE	VARIANCE %	2015-16	2016-17	2017-18
		BUDGET (A)	FORECAST (B)			BUDGET (E)	FORECAST (F)	FORECAST (G)
Repairs & maintenance: furniture and equipment		505 476	608 048	102 572	20%	722 600	797 751	861 571
Repairs & maintenance: site and buildings		1 568 228	1 452 756	(115 472)	-7%	1 773 905	1 958 392	2 115 063
Repairs & maintenance: office vehicles		790 410	532 814	(257 596)	-33%	1 173 927	1 296 015	1 399 696
Printing of audit reports		4 462 486	3 079 298	(1 383 188)	-31%	3 640 000	4 018 560	4 340 045
Stationery and printing		8 259 217	7 848 950	(410 267)	-5%	6 108 953	6 744 284	7 283 827
Artwork & design		470 000	190 120	(279 880)	-60%	158 100	174 542	188 506
Present value adjustment		8 394 987	5 090 342	(3 304 645)	100%	4 274 532	4 719 083	5 096 610
Medical examinations		38 400	38 400	-	0%	77 554	85 620	92 469
Warranty costs		-	608 000			706 867	780 381	842 812
Communication	16	11 689 091	10 384 400	(1 304 691)	-11%	12 136 361	12 706 324	13 595 766
Cell phone charges	16.1	4 739 000	4 493 682	(245 318)	-5%	4 807 000	5 143 490	5 503 534
Postage & courier services		2 195 399	2 199 634	4 235	0%	2 296 356	2 177 519	2 329 945
Telephone charges	16.2	4 754 692	3 691 084	(1 063 608)	-22%	5 033 004	5 385 315	5 762 287
Other expenses		25 352 982	25 716 830	363 848	1%	7 806 480	8 618 354	9 307 822
Present value of expenditure		(1 485 118)	(1 121 270)	363 848	-24%	(1 186 303)	(1 309 679)	(1 414 453)
Bad debts provision		26 838 100	26 838 099	(1)	0%	8 992 783	9 928 032	10 722 275

DESCRIPTION	NOTES	2014-15	2014-15	VARIANCE (B-A)	VARIANCE %	2015-16	2016-17	2017-18
		BUDGET (A)	FORECAST (B)			BUDGET (E)	FORECAST (F)	FORECAST (G)
SURPLUS BEFORE DEPRECIATION		80 540 643	67 816 931	(12 723 713)	-16%	99 839 530	95 379 902	99 197 563
Depreciation	17	49 943 162	40 275 423	(9 667 739)	-19%	56 357 218	51 113 660	52 145 071
Depreciation: motor vehicles		1 468 188	1 063 309	(404 879)	-28%	1 453 972	1 483 187	1 495 737
Depreciation: furniture & equipment		8 063 755	6 849 667	(1 214 088)	-15%	7 953 024	8 249 105	8 394 962
Depreciation: computer equipment		23 340 839	19 466 102	(3 874 737)	-17%	25 906 955	24 083 734	24 741 579
Depreciation: computer software		11 010 395	6 831 169	(4 179 226)	-38%	13 377 671	11 193 262	11 370 045
Depreciation: leasehold improvements		6 059 985	6 065 177	5 192	0%	7 665 595	6 104 372	6 142 748
NET SURPLUS		30 597 481	27 541 508	(3 055 974)	-10%	43 482 312	44 266 242	47 052 492
Net surplus percentage		1,15%	1,03%			1,48%	1,41%	1,40%
CAPITAL BUDGET	18	79 614 777	73 773 429	(5 841 348)	-7%	96 498 775	79 614 777	79 614 777
Motor vehicles	18.1	2 400 000	2 550 003	150 003	6%	1 580 000	2 400 000	2 400 000
Furniture & equipment	18.2	14 572 424	9 122 748	(5 449 676)	-37%	14 926 226	14 572 424	14 572 424
Computer equipment	18.4	24 428 067	24 242 642	(185 425)	-1%	37 546 549	24 428 067	24 428 067
Computer software	18.5	18 344 285	18 086 708	(257 577)	-1%	27 246 000	18 344 285	18 344 285
Leasehold improvement	18.3	19 870 001	19 771 328	(98 673)	0%	15 200 000	19 870 001	19 870 001
CAPEX AS A % OF TOTAL INCOME		3,00%	2,77%			3,27%	2,53%	2,37%

2. INCOME

BUDGET ITEM	REF.	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Own hours	2.1	1 971 576	1 936 139	(35 437)	-1,8%	2 150 983	179 407	9,1%
Contract work	2.2	616 426	630 103	13 677	2,2%	664 746	48 320	7,8%
Subsistence and travelling	2.3	118 683	107 293	(11 390)	-9,6%	138 700	20 017	16,9%
Present value of revenue adjustments	2.4	(48 566)	(7 404)	41 162	0,0%	(7 106)	41 460	7,3%
Total audit income		2 658 119	2 666 131	8 012	0,3%	2 947 323	289 204	10,9%

EFFECT OF THE ESTIMATES OF THE OFFICE FOR 2015-16 ON TOTAL STATE EXPENDITURE

The total estimated audit costs of R2,95 billion for 2015-16 (2014-15: R2,66 billion) amounts to 0,24 % (2014-15: 0,23 %) of estimated state expenditure of approximately R1,219 trillion for 2015-16. The estimate for 2015-16 represents a 10,9% increase over the 2014-15 budget and has no material effect on the estimated total state expenditure for 2015-16.

2.1 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 2.1.1))
- number of recoverable hours (refer to 2.1.1 A)
- tariffs (refer to 2.1.2)

The 2015-16 income has been compiled using the same tariff formula applied in the 2014-15 budget.

NOTES ON BUDGET

2.1.1 Number of staff at audit business units (ABUs) only

AUDIT STAFF	2014-15 BUDGET	2015-16 BUDGET	CHANGE		COMMENTS
	STAFF NUMBERS	STAFF NUMBERS	STAFF NUMBERS	%	
	(1)	(2)			
Business executives	18	18	0	0%	
Deputy business executives	18	19	1	6%	Appointment of deputy business executive in Limpopo.
Senior managers	170	172	2	1%	Increase of 124 recoverable audit staff is due to additional centres in Eastern Cape and Mpumalanga ABUs and planned growth. The decrease in the audit supervisors, auditors, audit clerks and an increase in trainee auditor bands is due to reclassification of staff between the bands, which started in the 2014-15 budget period.
Audit managers	465	474	9	2%	
Assistant managers	472	553	81	17%	
Audit supervisors	175	137	-38	-22%	
Auditors	33	31	-2	-6%	
Audit clerks	142	133	-9	-6%	
Trainee auditors	1 205	1 285	80	7%	
Total recoverable audit staff	2 698	2 822	124	5%	
Admin staff: Non recoverable audit staff in ABU's	229	246	17	7%	
Total audit staff	2 927	3 068	141	5%	

2.1.1 A Own hours - recoverable hours and ratios

Recoverable hours are influenced by the recovery rate that is determined for each staff band within the ABUs. The level of these recovery rates is achieved after providing for sufficient time for essential non-recoverable activities, for example annual leave, study leave, sick leave, training, management and supervision. For the 2015-16 budget, the targeted recovery ratios were maintained as per the 2014-15 targets (refer to recovery rates and recoverable hours analysis in the table below). The average recovery rate for the 2015-16 budget is 61,57% (2014-15 budget: 61,29%).

The calculation of recoverable hours is based on the total available hours which is equal to 2 001 hours per person per year (2014-15: 2 017 hours), multiplied by the recovery rate per band and multiplied by the number of recoverable staff per band per 2.1.1 above. The decrease of 16 available hours is due to more holidays in the 2015-16 financial year.

NOTES ON BUDGET

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

BUDGET ITEM	2014-15 EXPECTED RECOVERY RATE PER BAND	2015-16 EXPECTED RECOVERY RATE PER BAND	2014-15 BUDGET RECOVERED HOURS	2015-16 BUDGET RECOVERED HOURS	CHANGE		COMMENTS
			(1)	(2)	HOURS (2)-(1)	% (2)-(1)	
Audit staff							
Business executives	25%	25%	8 734	8 509	(225)	-2,6%	<p>The net increase in recoverable hours of 145,981 is due to the following:</p> <ul style="list-style-type: none"> ▪ Increase of 124 in recovering staff (refer to 2.1.1 above). ▪ Increase of 0,28% in average recovery rate (refer to 2.1.1A above). ▪ Differences in reallocation of hours to projects within bands between the 2014-15 budget and 2015-16 budget.
Deputy business executives	30%	30%	11 102	11 181	79	0,7%	
Senior managers	55%	55%	165 873	170 220	4 347	2,6%	
Audit managers	65%	65%	567 170	574 509	7 339	1,3%	
Assistant managers	65%	65%	611 336	704 666	93 330	15,3%	
Audit supervisors	65%	65%	226 525	175 173	(51 352)	-22,7%	
Auditors	68%	68%	45 313	42 697	(2 616)	-5,8%	
Audit clerks	68%	68%	188 997	180 532	(8 465)	-4,5%	
Trainee auditors	66%	66%	1 600 596	1 704 140	103 544	6,5%	
Total			3 425 646	3 571 627	145 981	4,3%	Refer to 2.1.3 for calculation of total own hours income

NOTES ON BUDGET

2.1.1 B Standard non-recoverable ratios

BUDGET ITEM	2015-16 RATIOS						2015-16 BUDGET		2014-15 BUDGET	
	ANNUAL & FAMILY RESPONSIBILITY LEAVE	SICK LEAVE	STUDY & OTHER	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%	6%	54%	75%	27 014	1 501	27 230	1 513
Deputy business executives	11%	4%	0%	6%	49%	70%	26 613	1 401	25 414	1 412
Senior managers	11%	4%	0%	6%	25%	45%	156 471	910	155 888	917
Audit managers	11%	4%	2%	6%	12%	35%	331 986	700	328 287	706
Assistant managers	11%	4%	2%	6%	12%	35%	387 317	700	333 229	706
Audit supervisors	11%	4%	2%	6%	12%	35%	95 954	700	123 549	706
Auditors	11%	4%	4%	6%	7%	32%	19 836	640	21 285	645
Audit clerks	11%	4%	4%	6%	7%	32%	85 105	640	91 590	645
Trainee auditors	11%	4%	8%	9%	2%	34%	874 517	681	826 630	686

The targeted non-recoverable hours per band for 2015-16 were maintained to the targeted 2014-15 levels.

2.1.2 Recommended tariffs

BUDGET ITEM	2014-15 BUDGET	2015-16 BUDGET	CHANGE		COMMENTS
	RAND PER HOUR (AVERAGE)	RAND PER HOUR (AVERAGE)	RAND PER HOUR (AVERAGE)	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Audit staff					
Business executives	3 571	3 599	28	0,8%	The increase in the average tariff is due to an effective salary increase of 7,53% (7,8%/12 x 4 months + 7,4%/12 x 8 months), which is higher than the 7,47% for 2014-15 budget. The increase is awarded in August of each year. This then makes the salary to be spread 8 months in the budget period 2015-16 and 4 months in the budget period 2014-15.
Deputy business executives	2 713	2 829	117	4,3%	
Senior managers	1 670	1 785	115	6,9%	
Audit managers	1 191	1 281	90	7,6%	
Assistant managers	670	740	70	10,5%	However, the average tariff increase of 4,6% is lower than 5,4% average tariff increase of 2014-15 budget.
Audit supervisors	457	539	82	17,9%	
Auditors	388	416	28	7,3%	The increases or decreases in the average tariff per band is mainly due to the further reclassification of the auditor bands into assistant managers, audit supervisors and audit clerks bands. Staff mix and increase/decrease in recoverable hours also contributed to the increase/decrease in tariff.
Audit clerks	224	194	(30)	-13,6%	
Trainee auditors	240	224	(17)	-7,0%	
Average	576	602	26	4,6%	

Refer to 2.1.3 for calculation of total own hours income. Also refer to annexure 3 for detailed tariff schedule for 2015-16.

2.1.3 Calculation of own hours income

BUDGET ITEM	2014-15 BUDGET	2015-16 BUDGET	CHANGE		
			HOURS	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Recovered hours ('000)	3 426	3 572	146	4,3%	
Average tariff (Rand per hour)	576	602	26	4,6%	
Own hours income (R'000)	1 971 576	2 150 983	179 407	9,1%	Note 1

Note 1

The increase in own hours income of R179,407 million is due to additional 145 981 recoverable hours and the increase of R26 per hour in average tariff.

NOTES ON BUDGET

2.2 Contract work movement

Given the importance of private audit firms in contributing strategic resources towards the AGSA's audit work execution, 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' BBBEE 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 (PFMA & MFMA).

BUDGET ITEM	2014-15 BUDGET	2015-16 BUDGET	COMMENTS
	R'000	R'000	
Enterprise development	462 821	540 654	This is in line with the AGSA's practice of outsourcing work to private audit firms.
Pre-issuance	52 343	51 243	Review of audit files before the finalisation of audit reports for presentation to auditees.
Vacancies	101 263	72 850	Provision for additional contract work to accommodate vacancies. The decrease of R28 million is due to an increase in AGSA's recoverable staff complement .(Refer to 2.1.1)
Total	616 427	664 747	

2.3 Subsistence and travelling recoverable

BUDGET ITEM	REF.	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Subsistence and travelling: recoverable	2.3.1	118 683	107 293	(11 390)	-9,6%	138 700	20 017	16,9%
Total		118 683	107 293	(11 390)	-9,6%	138 700	20 017	16,9%

2.3.1 Budget 2014-15 to budget 2015-16 change

The subsistence and travel calculation is based on the subsistence and travel policy rates and the planned trips to conduct audits. The rate per kilometre applied is R4,80 (2014-15: R 4,80 per kilometre). The planned increased audit activities resulted in the increase in budget of R20,0 million.

2.4 Present value (PV) of revenue adjustments

The significant decrease in PV is due to the method of calculating PV being changed. The PV adjustment is now calculated per invoice on each invoice's actual days outstanding either up to payment date or year-end. In previous years, the PV adjustment was calculated using the total revenue amount, prime interest rate applicable at year-end and the average days outstanding during the financial year.

NOTES ON BUDGET

2.5 Other income

BUDGET ITEM	REF.	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Interest received: Investments	2.5.1	15 196	18 847	3 651	24,0%	20 054	4 858	32,0%
Interest received: Current account		5 808	4 692	(1 116)	-19,2%	4 660	(1 148)	-19,8%
Sundry income	2.5.2	27 248	24 693	(2 555)	-9,4%	28 467	1 220	4,5%
Total		48 252	48 232	(20)	0,0%	53 181	4 930	10,2%

2.5.1 Interest received

The increase in interest on investments account is due to the re-investment of capital and interest.

2.5.2 Sundry Income

Sundry income is mainly made up of interest charged on overdue debtors of R22,46 million (2014-15: R23,83 million). The balance is made up of recovery on tender documents, sales generated from the gift shop and recovery on employees seconded to AFROSAI-E.

3. PERSONNEL EXPENDITURE

BUDGET ITEM	REF	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
		R'000	R'000	'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Leave pay provision	3.1	5 075	5 497	423	8,3%	5 263	188	3,7%
Medical aid provision	3.2	5 112	5 112	-	0,0%	5 100	(12)	-0,2%
Normal salary and benefits	3.3	1 359 699	1 355 501	(4 198)	-0,3%	1 498 638	138 939	10,2%
Other incentives	3.4	14 645	14 403	(242)	-1,7%	17 473	2 828	19,3%
UIF & WCA	3.5	5 595	5 461	(134)	-2,4%	5 746	151	2,7%
Total		1 390 126	1 385 974	(4 151)	-0,3%	1 532 220	142 094	10,2%
% of total income		52,3%	52,0%			52,0%		

A more detailed analysis is shown in tables 3.1 to 3.5 below.

3.1 Leave pay provision

Leave pay provision is influenced by the accumulation of leave days allowed in terms of the applicable HR policy and planned salary increases. The number of accumulated leave days will be limited to a maximum of 30 days per year per employee at resignation and 120 days on retirement. The increase in leave pay provision is due to the expected increase in leave days at a higher rate.

3.2 Post-retirement medical aid provision (PRMA)

The PRMA estimates were based on actuarial projections by Alexander Forbes Actuaries for the 2014-15 forecast. The R5 million increase in 2015-16 budget is the expected increase in the accumulated PRMA provision from R74 million to R79 million.

3.3 Normal salary

3.3.1 Audit staff

EMPLOYEE GROUP	TOTAL		AVERAGE SALARY PER BAND	POSITIONING AGAINST BENCHMARK - RANGE	COMMENTS
	NO.	R'000	R'000	R'000	
Business executives	18	29 589	1 644	1 371 -2 056	The average salary per band is in line with the salary surveys conducted by the AGSA's Human Capital Business Unit 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 auditors employee group to the audit clerks employee group at the same salary rate.
Deputy business executives	19	23 588	1 241	1 128 -1 693	
Senior managers	172	181 951	1 058	803 -1 204	
Managers	474	374 431	790	582 - 996	
Assistant managers	553	255 916	463	321 - 748	
Audit supervisors	137	46 178	337	298 - 475	
Auditors	31	8 330	269	212 - 386	
Audit clerks	133	17 077	128	97 - 375	
Trainee auditors	1 285	158 704	124	97 - 375	
Admin staff	246	83 432	339	114 -334	
Total	3 068	1 179 198	384		

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).

3.3.2 Support staff

EMPLOYEE GROUP	TOTAL		AVERAGE SALARY PER BAND	POSITIONING AGAINST BENCHMARK - RANGE	COMMENTS
	NO.	R'000	R'000	R'000	
Corporate executive group	12	29 915	2 493	1 788 -2 915	Includes salaries of the AG and DAG
Business executives	17	29 945	1 761	1 371 -1 956	The average salary per band is in line with the salary surveys conducted by the AGSA's Human Capital Business Unit
Senior managers	52	57 331	1 103	803 -1 204	
Managers	204	136 724	670	368 - 917	
Specialists	188	60 795	323	262 -451	
Admin staff	27	4 729	175	114 -334	
Total Support Staff	500	319 439			

NOTES ON BUDGET

3.3.3 Total staff

BUSINESS FOCUS AREAS	2014-15 TOTAL		2015-16 TOTAL		COMMENTS
	NO.	R'000	NO.	R'000	
Total audit staff	2 698	1 070 917	2 822	1 179 198	The increase is influenced by the budgeted average salary increase rate of 7,4% per annum (effective rate of 7,53%) and increase of 156 in the staff complement (recoverable staff: 124, non-recoverable staff: 32).
Total support staff at audit and non-audit business units	714	288 781	746	319 439	
Total	3 412	1 359 698	3 568	1 498 638	

From the above analysis it is clear that the average salary levels are in line with the industry norm that was established in the previous year, hence the effective salary increase of 7,53% is in line with the salary survey.

3.4 Other incentives

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		COMMENTS
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2-1)	(2-1)	(3)	(3)-(1)	(3)-(1)	
Group life scheme	13 450	13 450	(0)	0,0%	16 111	2 660	19,8%	The increase is due to salary increases, the growth in the number of staff and the expected annual increase in costs to be levied by the service provider.
Long service awards	0	10	10	100,0%	113	113	100,0%	Long service awards are part of the total reward incentives.
Business unit recognition scheme	1 195	943	(252)	-21,1%	1 249	54	4,5%	This is used for team excellence recognition initiatives. The budget is R350 per employee (R350 x 3568 employees).
Total	14 645	14 403	-242	79%	17 472	2 827	19,3%	

NOTES ON BUDGET

3.5 UIF & WCA

BUDGET ITEM	2014-15 BUDGET	2015-16 BUDGET	CHANGE		COMMENTS
	R'000	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
UIF employer's contribution	4 603	4 748	145	3,1%	The increase is due to an increase in the number of staff as well as the planned salary increase.
Workmen's compensation premiums	991	998	7	0,7%	The budget is based on the last assessment of number of employees and salaries.
Total	5 594	5 746	152	2,7%	

These levies are based on the full budgeted staff complement of 3 568 and have been calculated for the full year. The rate used is in terms of the relevant legislation.

3.6 Performance bonus

The performance bonus budget for 2015-16 is R139 million (2014-15: R105 million), which is based on 9,33% of 2015-16 budget staff remuneration. The AGSA has a performance management system and process in place that commits the organisation to recognise and reward its employees when they have achieved or exceeded their agreed work performance targets.

4. OUTSOURCED SERVICES

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
	R'000	R'000	R'000	%	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Consultants fees	27 735	27 677	(58)	-0,2%	36 363	8 628	31,1%
▪ On-going projects	13 222	21 040	7 818	59,1%	16 366	3 144	23,8%
▪ One-off ad-hoc projects	4 171	6 637	2 466	59,1%	19 997	15 826	379,4%
Total	17 393	27 677	10 284	59,1%	36 363	18 970	109,1%
% of total income	0,7%	1,0%			1,2%		

The outsourced services analysis below reflects details of the nature of the outsourced services. The increase in outsourced services is mainly due to catch up projects in ICT-related projects which were put on hold in previous years.

NOTES ON BUDGET

BUDGET ITEM	2015-16 BUDGET			COMMENTS
	ON-GOING	ONCE-OFF	TOTAL	
	R'000	R'000	R'000	
Quality Control	783	-	783	External firm-level review and annual quality control reviews by IRBA. Experts for mandatory quality control, e.g. information systems audit (ISA audit). Experts for firm-level reviews performed by internal Quality Control (QC) component.
Finance	538	1 460	1 998	External audit fees for the audit of the new billing rates after salary adjustments; actuarial fees for the post-retirement medical evaluations, budget tool maintenance, tender and contract management, fire consultants, electrical and feasibility study for the building of the AGSA's owned office campus in Gauteng.
Information Systems Audit	-	3 801	3 801	Outsourcing of the Learning and Development training for the ISA BU.
Corporate Secretariat	237	-	237	Consultants to review governance committees (audit committee, remuneration committee, policy committee and management approval framework review committee) per King III requirements.
Communication	-	1 531	1 531	Consultants for media monitoring, technical writer and audit of content for the annual report to ensure that the AGSA's messages are simple, clear and relevant.
Information Communication & Technology	10 070	6 780	16 850	External support for PeopleSoft enterprise resource planning (ERP), audit software, infrastructure and other projects.
Performance Monitoring Evaluation and Risk	360	150	510	Consultants work for the enhancement of the internal control tool.
Research and Development	-	300	300	Audit methodology & software content development
Performance Audit	200	2 100	2 300	The development of diagnostic tools that will be rolled out to auditees through performance auditors as well as staff from Regularity Audit: * Value for money of Human Resource functions: * The Effectiveness of Audit Committees. * Capital investment
Human Capital projects	-	2 200	2 200	Total reward project - salary restructuring
Knowledge Management	1 194	-	1 194	Stakeholder profiling, SharePoint and information management outsourced services.
Strategic Audit Projects	1 619	1 675	3 294	Consulting work that would be done by CQS on the Audit Software Project.
Investigations	1 365	-	1 365	Implementation and training of the Nexus analytical tool to various business units. On-the-job support from the service provider.
Total	16 366	19 997	36 363	

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.

5. SUBSISTENCE AND TRAVEL- IRRECOVERABLE

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
	R'000	R'000	R'000	%	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Subsistence and travel (irrecoverable)	24 083	23 048	(1 034)	-4,3%	25 876	1 793	7,4%
Total	24 083	23 048	(1 034)	-4,3%	25 876	1 793	7,4%
% of total income	0,9%	0,9%			0,9%		

The 7,4% increase is due to more planned interactions with both external and internal stakeholders by non-audit staff. The 2015-16 budget was calculated based on planned trips.

6. ACCOMMODATION

6.1 Rentals

The average increase in cost per square metre is 8,3% which is due to annual escalations on leased properties and new premises for the Western Cape BU.

LOCATION	2014-15 BUDGET		2015-16 BUDGET			MONTHLY COST PER SQUARE METRE: 2015-16	COMMENTS
	SQUARE METRES OCCUPIED	MONTHLY COST PER SQUARE METRE	SQUARE METRES OCCUPIED	TOTAL STAFF ESTABLISHMENT	BASIC RENTAL COST		
Western Cape	2 100	118	3 247	235	5 525 734	142	<p>The year-on-year increase in rental costs is attributed to annual escalation per lease agreement and additional space of 1 255 square metres due to the following:</p> <ul style="list-style-type: none"> Western Cape has budgeted to move into new premises with additional space of 1 147 square metres. North West increased square metres by 108 to accommodate growth in staff.
Eastern Cape	3 827	120	3 827	325	6 311 868	137	
Mpumalanga	1 598	118	1 598	160	2 430 366	127	
KwaZulu-Natal	2 497	91	2 497	237	3 296 147	110	
North West	1 618	120	1 726	141	2 534 079	122	
Limpopo	2 130	190	2 130	177	5 405 467	211	
Free State	1 960	97	1 960	205	2 507 380	107	
Johannesburg	2 672	112	2 672	234	3 867 786	121	
Northern Cape	2 031	100	2 031	157	2 807 489	115	
Pretoria	14 415	152	14 415	1 697	27 283 200	158	
Total	34 848	132	36 103	3 568	61 969 516	143	

7. STAKEHOLDER RELATIONSHIP

BUDGET ITEM	REF.	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Liaison	7.1.1	4 114	4 398	284	6,9%	6 341	2 228	54,2%
Internal stakeholder	7.1.2	3 713	3 915	201	5,4%	3 568	(145)	-3,9%
External stakeholder	7.1.3	6 540	6 024	(516)	-7,9%	3 814	(2 726)	-41,7%
Total		14 367	14 336	(31)	-0,2%	13 724	(644)	-4,5%
% of total income		0,5%	0,5%			0,5%		

7.1 STAKEHOLDER RELATIONSHIP

7.1.1 Liaison

Contained in liaison are costs for employee communication, media management, events management and branding. The R2,2 million increase is mainly driven by MFMA and PFMA awareness sessions (R900k), AGSA brand positioning (R480k), audit software change management (R562k).

7.1.2 Internal stakeholder

BUDGET ITEM	2014-15 BUDGET			2015-16 BUDGET			VARIANCE		COMMENTS
	NUMBER OF EMPLOYEES	AVERAGE AMOUNT	TOTAL	NUMBER OF EMPLOYEES	AVERAGE AMOUNT	TOTAL	DUE TO DECREASE IN COSTS	DUE TO INCREASE IN STAFF	
			R'000			R'000			
	(1)	(2)	(1)X(2)	(3)	(4)	(3)X(4)			
Business unit team effectiveness activities	3 412	1 088	3 713	3 568	1 000	3 568	(301)	156	These are activities that occur every year for internal stakeholder relationship improvements and include costs related to relationship building, farewell parties, staff lunches, etc. The targeted spend per head per annum is R1 000 (2014-15 budget: R1 088). The increase in 2015-16 budgeted costs is driven by the growth in number of employees.
Total	3 412	1 088	3 713	3 568	1 000	3 568	(301)	156	

NOTES ON BUDGET

7.1.3 External stakeholder

BUDGET ITEM	2014-15 BUDGET			2015-16 BUDGET			VARIANCE
	NUMBER OF EMPLOYEES	ALLOWANCE PER ANNUM	TOTAL	NUMBER OF EMPLOYEES	ALLOWANCE PER ANNUM	TOTAL	
			R'000			R'000	
	(1)	(2)	(3)	(4)	(5)	(6)	(6)-(3)
BE - National	23	34	779	26	41	1 056	277
BE - Provincial	9	31	281	9	48	432	151
DBE	18	22	397	20	50	1 008	611
SM	223	15	3 366	231	4	970	(2 396)
EXCO	14	123	1 717	12	29	348	(1 369)
Total	287	23	6 540	298	13	3 814	(2 726)

This cost relates to the improvement of relationships and communication with 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 are based on the 2013-14 actual spent per band, hence the decrease of R2,7 million.

7.2 Regional congresses (strategic alignment workshops ,vision alignment/organisation alignment)

BUDGET ITEM	2014-15 BUDGET			2015-16 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	3 412	2 092	7 138	3 568	2 000	7 137	(1)	The 2015-16 budget cost per head per annum is R2 000 (Budget 2014-15 R2 092).
Senior management workshop (SMW)	287	12 635	3 626	298	12 919	3 850	224	The venue of the 2015-16 SMW is planned to be in Cape Town. The increase in costs is mainly due to the costs related to air travel and accommodation of the 298 employees that makes up the senior management team.
Total	3 699	2 910	10 764	3 866	2 842	10 987	223	

NOTES ON BUDGET

7.3 Foreign visitors

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
	R'000	R'000	R'000	%	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Foreign visitors	244	65	(179)	-73,4%	130	-114	-46,5%
Total	244	65	(179)	-73,4%	130	-114	-46,5%

These expenses relate to foreign visitors to the AGSA from other supreme audit institutions and are based on the expected number of visitors. The decrease is due to lesser number of visitors expected in the 2015-16 budget year compared to the 2014-15 budget year.

7.4 Overseas travel

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		COMMENTS
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Auditor-general & deputy auditor-general	2 510	2 510	0	0,0%	1 648	(862)	-34,3%	Planned trips for the AG and DAG. AG's international commitments include INTOSAI (Capacity Building Committee Chairperson), AFROSAL, and AFROSAL-E.
Institutional Cooperation and others	4 639	4 489	(150)	-3,2%	5 421	782	16,9%	INTOSAI (regional working groups) responsibilities of subject matter experts. Memorandum of understanding responsibilities with Ghana, China, India, Mexico, Brazil and Russia.
Total	7 149	6 999	(150)	-2,1%	7 069	(80)	-1,1%	

8. OVERSIGHT GOVERNANCE

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		COMMENTS
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Parliamentary oversight (SCoAG)	80	-	(80)	0,00%	60	(20)	-25%	The decrease is due to the inclusion of induction cost in the 2014-15 budget for the new SCoAG members.
Staff relations	495	495	-	0,00%	580	85	17%	Provision for employee-related issues.
Corporate governance boards (AG advisory board, audit committee and quality control assessment committee)	912	659	(252)	-27,7%	992	80	8,8%	The increase is due to new committees added to governance structures, i.e. risk oversight committee with one external member. These costs are mainly driven by the number of meetings held per annum and induction of new members.
Total	1 487	1 155	(332)	-22,3%	1 632	145	9,8%	
% of total income	0,06%	0,04%			0,06%			

9. AUDIT FEES

9.1 External audit fees

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		COMMENTS
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Financial audit	2 334	1 573	(761)	-32,6%	2 396	62	2,6%	The audit costs are based on the estimates provided by our 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.
Balanced scorecard and performance bonus review	686	462	(224)	-32,6%	1 038	352	51,2%	The increase in costs is due to the alignment of time required to conduct the balanced scorecard and performance bonus audits.

NOTES ON BUDGET

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		COMMENTS
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Salary review	500	337	(163)	-32,6%	606	106	21,2%	The increase is due to the estimated time required to conduct the salary audit. The salary audit is performed to ensure that the salary increases are affected as per Exco resolution.
Total	3 520	2 372	(1 148)	-32,6%	4 039	519	14,7%	
% of total income	0,1%	0,1%			0,1%			

9.2 Internal audit fees

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
	R'000	R'000	R'000	%	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Routine financial audits	925	805	(120)	-13,0%	407	(518)	-56,0%
Routine human capital related audits	390	339	(51)	-13,0%	490	100	25,6%
Routine internal controls audits	1 212	1 055	(157)	-13,0%	1 100	(112)	-9,2%
Business unit visits	-	-	-	0,0%	536	536	100,0%
Ad hoc assignments and systems queries (CAATS application)	417	363	(54)	-13,0%	443	26	6,2%
Project management and attendance of Audit Committee meetings	467	406	(61)	-13,0%	488	21	4,4%
Risk management meetings and strategic risk assessment	157	137	(20)	-13,0%	158	1	0,4%
Audit software project review	-	-	-	0,0%	500	500	100%
Disbursements	172	150	(22)	-13,0%	181	9	100%
Total	3 740	3 255	(485)	-13,0%	4 302	562	15,0%
% of total income	0,1%	0,1%			0,1%		

10. RECRUITMENT EXPENSES

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		COMMENTS
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Advertisements	2 200	2 200	0	0,0%	2 319	119	5,4%	Costs related to advertisement of vacancies and graduate recruitment programmes. The budget is in line with the previous year actual expenditure and is within the AGSA budgeted CPI X of 5.4%.
Personnel agency fees	3 000	3 000	0	0,0%	3 222	222	7,4%	The increase of 7,4% is in line with the AGSA salary increase of 7,53%.
Interviews	2 282	2 347	64	2,8%	2 639	356	15,6%	The increase is due to the increase in costs such as air travel and accommodation for candidates and the panel members conducting the interviews, who are flown to various business units provincially.
Transfer and relocation expenses	1 000	1 031	31	3,1%	1 800	800	80,0%	Increase is due to a wider cover of expenses for relocating new employees than in the previous years
Total	8 482	8 578	96	1,1%	9 980	1 497	17,7%	.
% of total income	0,3%	0,3%			0,3%			

11. LEARNING AND DEVELOPMENT

BUDGET ITEM	REF.	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Membership fees	11.1	19 293	19 368	74	0,4%	18 730	(563)	-2,9%
Training:	11.2	23 526	23 462	(63)	-0,3%	27 789	4 263	18,1%
Internal training		8 698	8 633	(65)	-0,7%	11 098	2 399	27,6%
External training		5 139	4 876	(263)	-5,1%	6 293	1 154	22,5%
S&T: training		9 688	9 953	265	2,7%	10 398	710	7,3%
Study assistance: employees	11.3	22 940	24 316	1 376	6,0%	25 151	2 211	9,6%
HC development projects		2 097	500	(1 597)	-76,2%	1 905	(192)	-9,2%
Bursaries	11.4	12 960	12 822	(138)	-1,1%	12 228	(732)	-5,6%
Study support incentive scheme		5 323	6 713	1 390	26,1%	7 105	1 782	33,5%
Foundation programmes		14 479	14 479	(0)	0,0%	12 648	(1 831)	-12,6%
Tertiary assistance	11.4	3 501	3 276	(225)	0,0%	2 252	(1 249)	-35,7%
Study support inactive scheme: Top up one		247	115	(132)	0,0%	154	(93)	-37,7%
Skills development levy		13 223	12 956	(267)	-2,0%	14 533	1 311	9,9%
Skills development levy - recovered		(9 738)	(9 955)	(217)	2,2%	(10 000)	(262)	2,7%
Total		107 852	108 053	201	0,2%	112 497	4 645	4,3%
% of total income		4,1%	4,1%			3,8%		

11.1 Membership fees

The 2015-16 budget for membership fees is based on current and future professional staff intake and the annual increase in membership fees.

11.2 Training

TYPE OF EXPENSE	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
	R'000	R'000	R'000	%	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Internal	8 698	8 633	(65)	-0.7%	11 098	2 399	27.6%
External	5 139	4 876	(263)	-5.1%	6 293	1 154	22.5%
S&T for training activities	9 688	9 953	265	2.7%	10 398	710	7.3%
Total	23 526	23 462	-63	-0.3%	27 789	4 263	18.1%

NOTES ON BUDGET

11.3 Study assistance: Employees

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 and the increase in the numbers of employees that qualify for study assistance.

COURSE OF STUDY	2014-15 BUDGET	2015-16 BUDGET	COMMENTS
	R'000	R'000	
Diploma	62	208	In line with the AGSA's preference to focus on graduate students. The bulk of the amount budgeted relates to 1 285 trainee auditors (2014-15 budget: 1 205).
Degree	817	908	
CTA/Honours	14 666	13 633	
FQE support courses	3 138	2 451	
Non accounting degrees and diplomas	698	983	
MBA	304	121	
Post-graduate, RGA ,CISA	3 255	6 847	
Total	22 940	25 151	

11.4 External student bursaries and tertiary assistance

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

	2014-15 BUDGET	2014-15 FORECAST	2015-16 BUDGET
	R'000	R'000	R'000
Thuthuka	1 944	1 901	2 016
External bursaries	10 481	10 250	9 632
Sponsorship, functions & other	535	523	581
Tertiary assistance (including Fort Hare)	3 501	3 424	2 252
Total	16 461	16 099	14 480

SAICA Thuthuka programme

This amount is per the signed agreement. It relates to approximately 40 students (2014-15 budget: 43 students) whom the AGSA sponsors on the Thuthuka programme.

External bursaries and centenary scholarship

This refers to the cost of our commitment to 124 external bursary holders (2014-15 budget: 118). In addition, there are 32 students under our centenary scholarship programme (funded through the AGSA centenary scholarship fund; refer to note 12 below)

NOTES ON BUDGET

NAME OF UNIVERSITY	NO. OF STUDENTS: 2014-15 BUDGET	NO. OF STUDENTS: 2015-16 BUDGET	CENTENARY SCHOLARSHIP: NO. OF STUDENTS: 2015-16 BUDGET
Johannesburg	17	21	3
Wits	7	13	4
Pretoria	6	5	8
UNISA	2	0	
Free State	5	12	2
KwaZulu-Natal	13	12	2
Cape Town	17	16	8
Stellenbosch	9	10	
Nelson Mandela Metro	6	5	1
North West	20	19	4
Fort Hare	5	3	
Rhodes	2	2	
Limpopo	0	0	
Western Cape	9	6	
Total	118	124	32

Fort Hare

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

12. EMPLOYEE WELLNESS PROGRAMMES

BUDGET ITEM	REF.	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		COMMENTS
		R'000	R'000	R'000	%	R'000	R'000	%	
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Employee wellness programmes		4 407	4 407	0	0,0%	2 592	(1 815)	-41,2%	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 decrease is due to the alignment of the 2015-16 budget to the narrowing of the programmes to high impact initiatives in line with the call for cost-cutting measures.

NOTES ON BUDGET

BUDGET ITEM	REF.	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		COMMENTS
		R'000	R'000	R'000	%	R'000	R'000	%	
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Employee social responsibility		340	158	(182)	-53,5%	400	60	17,6%	These are investments made to uplift the living standard of the communities.
AG social responsibility		4 320	4 321	0	0,0%	4 190	(130)	-3,0%	These costs relate to the AGSA centenary scholarship fund - open to scholars and university students from all nine provinces.
Corporate social responsibility		2 354	2 413	58	2,5%	2 900	546	23,2%	Corporate social responsibility relates to the AGSA's contribution to enterprise development and social responsibility for community involvement. The cost includes programmes such as poverty eradication, bring a girl/ boy child to work day.
Total		11 421	11 298	-123	-1,1%	10 082	-1 340	-11,7%	

13. TECHNOLOGICAL SERVICES

BUDGET ITEM	REF.	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
License and equipment maintenance	13.1	46 277	48 385	2 108	4,6%	35 869	(10 408)	-22,5%
Hiring of equipment - rental	13.2	5 154	3 969	(1 185)	-23,0%	3 397	(1 757)	-34,1%
Hiring of equipment - copy charges		2 285	1 874	(410)	-18,0%	2 409	124	5,4%
Total		53 716	54 228	513	1,0%	41 675	(12 040)	-22,4%
% of total income		2,0%	2,0%			1,4%		

NOTES ON BUDGET

13.1 COMPUTER SERVICES

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		COMMENTS
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
IT maintenance and support	20 359	21 286	927	4,6%	11 392	(8 967)	-44,0%	The bulk of these expenses are made up of software licence fees for PeopleSoft, Team Mate, Microsoft and investments in networks. The 22,5% decrease is due to the prepayment of licence costs in 2014-15.
Networks	20 118	21 034	916	4,6%	21 286	1 168	5,8%	
Security	5 800	6 064	264	4,6%	2 591	(3 209)	-55,3%	
Telecommunications	-	-	-	0,0%	600	600	0,0%	
Total	46 277	48 385	2 108	4,6%	35 869	(10 408)	-22,5%	
% of total income	1,7%	1,8%			1,2%			

13.2 Hiring of equipment - rental

The decrease of 34% is due to a reduction in the estimated cost of rental for multi-functional devices from R4 500 to R3 200 per month

14. INSURANCE AND LEGAL FEES

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		COMMENTS
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Insurance premiums	1 654	1 229	(425)	-25,7%	2 680	1 026	62,0%	The increase is due to the provision for rental vehicles excess payments included in the 2015-16 budget for the first time, in addition to the AGSA pool vehicle excess payments. The AGSA will be appointing an insurance risk assessor to determine the AGSA office insurance needs and therefore a provision has been made for an increase in insurance premiums should the outcome of the assessment indicate a need for increased cover.
Legal fees and contingency	2 110	1 844	(266)	-12,6%	2 003	(107)	-5,1%	The budget for 2015-16 is estimated on the actual costs incurred in the previous financial years.
Total	3 764	3 074	(690)	-18,3%	4 683	919	24,4%	
% of total income	0,1%	0,1%			0,2%			

15. OFFICE MAINTENANCE

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE		
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Office maintenance	27 769	25 117	(2 651)	-9,5%	27 023	(746)	-2,7%	Note 1
Total	27 769	25 117	(2 651)	-9,5%	27 023	(746)	-2,7%	
% of total income	1,0%	0,9%			0,9%			

Note 1: does not include present value adjustment of sundry expenses .

Included in office maintenance are costs for cleaning (R4,5 million), office improvements, refreshments and publications (R6,8 million), repairs and maintenance (R5,0 million) stationery and printing (R9,8 million) and others (R0,9). The decrease of 2,7% is due to the austerity measure initiatives aimed at reducing operating costs.

16. COMMUNICATION

BUDGET ITEM	REF	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Telephone charges	17.1	4 755	3 691	(1 064)	-22,4%	5 033	278	5,9%
Cell phone charges	17.2	4 739	4 494	(245)	-5,2%	4 807	68	1,4%
Postage and courier services		2 195	2 200	4	0,2%	2 296	101	4,6%
Total		11 689	10 384	(1 305)	-11,2%	12 136	447	3,8%
% of total income		0,4%	0,4%			0,4%		

16.1 Telephone charges

The costs are mainly influenced by the movement in head count. 2015-16: 3 568 heads (budget 2014-15: 3 412 heads).

16.2 Cell phone charges

The increase is due to the growth in the number of users. The monthly cell phone allowance per user is R1 000 (2014-15 budget: R1 000).

17. DEPRECIATION

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
	R'000	R'000	R'000	%	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Motor vehicles	1 468	1 063	(405)	-27,6%	1 454	(14)	-1,0%
Furniture & equipment	8 064	6 850	(1 214)	-15,1%	7 953	(111)	-1,4%
Computer equipment	23 341	19 466	(3 875)	-16,6%	25 907	2 566	11,0%
Computer software	11 010	6 831	(4 179)	-38,0%	13 378	2 367	21,5%
Leasehold improvements	6 060	6 065	5	0,1%	7 666	1 606	26,5%
Total	49 943	40 275	(9 668)	-19,4%	56 357	6 414	12,8%
% of total income	1,9%	1,5%			1,9%		

The depreciation expense budget is based on the depreciation of existing assets and the depreciation of assets to be purchased as the 2015-16 capital expenditure budgets based on the AGSA's asset management policy. The increase in depreciation expense of R6,4 million is due mainly to computer equipment and software planned purchases which will be written off over 3 years. Computer equipment and software budget for 2015-16 is R67,7 million (2014-15 budget: R42,8 million).

18. CAPITAL EXPENDITURE BUDGET

18.1 Motor vehicles

DESCRIPTION	2014-15 FORECAST	ACQUISITIONS: 2015-16 BUDGET	DEPRECIATION ON	2015-16 BUDGET
	NCV			NCV
	R'000			R'000
Motor vehicles	3 696	1 580	1 454	3 822
Total	3 696	1 580	1 454	3 822

LOCATION	2014-15 BUDGET	2014-15 FORECAST	2015-16 BUDGET
	R'000	R'000	R'000
Purchase of motor vehicle for the recently appointed AG (head office) and pool vehicle for the Mpumalanga business unit.	2 400	2 550	1 580
Total	2 400	2 550	1 580

18.2 Furniture and equipment

DESCRIPTION	2014-15 FORECAST	ACQUISITIONS: 2015-16 BUDGET	DEPRECIATION ON	2015-16 BUDGET
	NCV			NCV
	R'000			R'000
Furniture and equipment	28 710	14 926	7 953	35 684
Total	28 710	14 926	7 953	35 684

LOCATION	2014-15 BUDGET	2014-15 FORECAST	2015-16 BUDGET	COMMENTS
	R'000	R'000	R'000	
Pretoria and other regional offices	14 572	9 123	14 926	New furniture acquisition is budgeted centrally at head office for all the AGSA offices. The increase is due to new leases and furniture replacement in line with branding requirements and to create more seating space for staff.
Total	14 572	9 123	14 926	

NOTES ON BUDGET

18.3 Leasehold improvements

DESCRIPTION	2014-15 FORECAST	ACQUISITIONS: 2015-16 BUDGET	DEPRECIATION ON	2015-16 BUDGET
	NCV			NCV
	R'000			R'000
Leasehold improvements	34 782	15 200	7 666	42 316
Total	34 782	15 200	7 666	42 316

LOCATION	2014-15 BUDGET	2014-15 FORECAST	2015-16 BUDGET	COMMENTS
	R'000	R'000	R'000	
Pretoria and other regional offices	19 870	19 771	15 200	New leasehold improvements are budgeted centrally at head office for all the AGSA offices. The leasehold improvements will be rolled out in the following business units: Western Cape, Pretoria, Gauteng, Mpumalanga and North West.
Total	19 870	19 771	15 200	

18.4 Computer hardware, network and security

DESCRIPTION	2014-15 FORECAST	ACQUISITIONS: 2015-16 BUDGET	DEPRECIATION ON	2015-16 BUDGET
	NCV			NCV
	R'000			R'000
Computer hardware	54 271	37 547	25 907	65 910
Total	54 271	37 547	25 907	65 910

BUDGET ITEM	REF.	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	CHANGE	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Computer hardware	18.4.1	16 178	23 466	7 288	45,0%	7 065	(9 113)	-56,3%
Networks	18.4.2	1 937	1 922	(15)	-0,8%	11 525	9 588	495,0%
Security	18.4.3	950	943	(7)	-0,8%	3 580	2 630	276,8%
Notebooks	18.4.4	5 364	(2 088)	(7 452)	-138,9%	15 377	10 013	186,7%
Total		24 429	24 243	(186)	-0,8%	37 547	13 118	53,7%

NOTES ON BUDGET

18.4.1 Regional equipment

R7 million relates to purchasing and replacing out-of-date regional servers, printers and other equipment which are beyond their three-year life cycle.

18.4.2 Networks

The increase of R9,5 million is due to upgrading network to a higher link speed as well as the devices required (riverbed) to support document sharing and improved video conferencing.

18.4.3 Security

The increase of R2,6 million is due to the increased demand for backup services due to a number of new system implemented to backup and increase in the provision for secure mobile devices.

18.4 Notebooks

R15,4 million relates to the purchase of new laptop notebooks for new employees and the replacement of old laptops for existing employees.

18.5 Computer software

DESCRIPTION	2014-15 FORECAST	ACQUISITIONS: 2015-16 BUDGET	DEPRECIATION ON	2015-16 BUDGET
	NCV			NCV
	R'000			R'000
Computer software	16 702	27 246	13 378	30 570
Total	16 702	27 246	13 378	30 570

BUDGET ITEM	2014-15 BUDGET	2014-15 FORECAST	VARIANCE		2015-16 BUDGET	COMMENTS
	R'000	R'000	R'000	%	R'000	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	
Regional systems	-	-	-	0,0%	-	
Systems	-	-	-	-	-	
New software licence	5 230	5 157	(73)	-1,4%	10 596	The increase is due to growth in staff numbers and additional licenses procured, e.g. Oracle, Microsoft, VMWare licence and hardware, Mobile Iron and Qlickview.
New systems implementation	13 114	12 930	(184)	-1,4%	16 650	The increase is due to the catch up in the IT system investments, e.g. Data privacy protection software, Data analytics software and Network security assessment software, Scanning solution, Automated notebook backup.
Total	18 344	18 087	(257)	-1,4%	27 246	

ANNEXURE A: PROPOSED INTERNAL RATES 2015-16

CATEGORIES	SALARY INTERVAL		TARIFF
	LOWER	UPPER	2015-16 BUDGET
Business executives	1 305 711	1 958 566	2 690
Deputy business executives	1 114 001	1 135 400	2 657
	1 092 601	1 114 000	2 606
	1 071 201	1 092 600	2 555
Senior managers	1 290 401	1 311 800	2 459
	1 269 001	1 290 400	2 418
	1 247 601	1 269 000	2 378
	1 226 201	1 247 600	2 337
	1 204 801	1 226 200	2 297
	1 183 401	1 204 800	2 256
	1 162 001	1 183 400	2 216
	1 140 601	1 162 000	2 175
	1 119 201	1 140 600	2 135
	1 097 801	1 119 200	2 095
	1 076 401	1 097 800	2 054
	1 055 001	1 076 400	2 014
	1 033 601	1 055 000	1 973
	1 012 201	1 033 600	1 933
	990 801	1 012 200	1 892
	969 401	990 800	1 852
	948 001	969 400	1 812
	926 601	948 000	1 771
	905 201	926 600	1 731
	883 801	905 200	1 690
	862 401	883 800	1 650
	841 001	862 400	1 609
	819 601	841 000	1 569
	798 201	819 600	1 528
	776 801	798 200	1 488
	755 401	776 800	1 448

CATEGORIES	SALARY INTERVAL		TARIFF
	LOWER	UPPER	2015-16 BUDGET
Audit managers	985 001	1 006 400	1 791
	963 601	985 000	1 752
	942 201	963 600	1 714
	920 801	942 200	1 675
	899 401	920 800	1 637
	878 001	899 400	1 598
	856 601	878 000	1 560
	835 201	856 600	1 521
	813 801	835 200	1 483
	792 401	813 800	1 444
	771 001	792 400	1 406
	749 601	771 000	1 367
	728 201	749 600	1 329
	706 801	728 200	1 291
	685 401	706 800	1 252
	664 001	685 400	1 214
	642 601	664 000	1 175
	621 201	642 600	1 137
	599 801	621 200	1 098
	578 401	599 800	1 060
	557 001	578 400	1 021
	535 601	557 000	983
	514 201	535 600	944
	492 801	514 200	906
	471 401	492 800	867
	450 001	471 400	829
Auditors	368 201	378 900	583
	357 501	368 200	566
	346 801	357 500	550
	336 101	346 800	533
	325 401	336 100	516
	314 701	325 400	500
	304 001	314 700	483
	293 301	304 000	466

CATEGORIES	SALARY INTERVAL		TARIFF
	LOWER	UPPER	2015-16 BUDGET
	282 601	293 300	449
	271 901	282 600	433
	261 201	271 900	416
	250 501	261 200	399
	239 801	250 500	383
	229 101	239 800	366
	218 401	229 100	349
	207 701	218 400	333
	197 001	207 700	316
Assistant managers	710 601	721 300	1 208
	699 901	710 600	1 190
	689 201	699 900	1 172
	678 501	689 200	1 154
	667 801	678 500	1 136
	657 101	667 800	1 118
	646 401	657 100	1 100
	635 701	646 400	1 082
	625 001	635 700	1 064
	614 301	625 000	1 046
	603 601	614 300	1 027
	592 901	603 600	1 009
	582 201	592 900	991
	571 501	582 200	973
	560 801	571 500	955
	550 101	560 800	937
	539 401	550 100	919
	528 701	539 400	901
	518 001	528 700	883
	507 301	518 000	865
	496 601	507 300	847
	485 901	496 600	829
	475 201	485 900	811
	464 501	475 200	793
	453 801	464 500	775
	443 101	453 800	757

CATEGORIES	SALARY INTERVAL		TARIFF
	LOWER	UPPER	2015-16 BUDGET
	432 401	443 100	739
	421 701	432 400	721
	411 001	421 700	702
	400 301	411 000	684
	389 601	400 300	666
	378 901	389 600	648
	368 201	378 900	630
	357 501	368 200	612
	346 801	357 500	594
	336 101	346 800	576
	325 401	336 100	558
	314 701	325 400	540
	304 001	314 700	522
Audit supervisors	453 801	464 500	772
	443 101	453 800	754
	432 401	443 100	736
	421 701	432 400	718
	411 001	421 700	700
	400 301	411 000	682
	389 601	400 300	664
	378 901	389 600	646
	368 201	378 900	628
	357 501	368 200	610
	346 801	357 500	592
	336 101	346 800	574
	325 401	336 100	556
	314 701	325 400	538
	304 001	314 700	520
Audit clerks	293 301	304 000	502
	282 601	293 300	484
	239 801	250 500	388
	229 101	239 800	371
	218 401	229 100	354
	207 701	218 400	337
	197 001	207 700	321

CATEGORIES	SALARY INTERVAL		TARIFF
	LOWER	UPPER	2015-16 BUDGET
	186 301	197 000	304
	175 601	186 300	287
	164 901	175 600	270
Trainee auditors	391 701	402 400	745
	381 001	391 700	725
	370 301	381 000	705
	359 601	370 300	685
	348 901	359 600	665
	338 201	348 900	645
	327 501	338 200	625
	316 801	327 500	605
	306 101	316 800	585
	295 401	306 100	565
	284 701	295 400	545
	274 001	284 700	525
	263 301	274 000	504
	252 601	263 300	484
	241 901	252 600	464
	231 201	241 900	444
	220 501	231 200	424
	209 801	220 500	404
	199 101	209 800	384
	188 401	199 100	364
	177 701	188 400	344
	167 001	177 700	324
	156 301	167 000	304
	145 601	156 300	283
	134 901	145 600	263
	124 201	134 900	243
	113 501	124 200	223
	102 801	113 500	203
	92 101	102 800	183
	81 401	92 100	163

ANNEXURE B: HOURLY CHARGE OUT RATES FOR AUDITS CONDUCTED ON BEHALF OF THE AUDITOR-GENERAL SOUTH AFRICA

PERIOD: 1 APRIL 2015 TO 31 MARCH 2016

Rates (excluding value-added tax)

Partners	2 690
Specialists (maximum)	2 690

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



AUDITOR - GENERAL
SOUTH AFRICA

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