

2014-17

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



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Strategic plan and budget
of the
Auditor-General of South Africa
for 2014-17

Table of contents

Draft strategic plan and budget 2014 -17

1. Purpose of this document	1
2. Constitutional and legislative mandate	1
3. Auditor-general's statement of policy and commitment	2
4. Overview by the deputy auditor-general	3
5. Organisation's environmental context and strategic risks	5
6. Strategic goals	6
6.1 Simplicity, clarity and relevance of messages	8
6.2 Visibility of our leadership	10
6.3 Funding	12
6.4 Strengthening human resources	14
6.5 Leading by example	18
6.6 Sustainability	22
7. Summary of the 2013-14 strategic initiatives	23
8. The AGSA's balanced scorecard 2014 – 2017	25
9. Projected statement of comprehensive income	28
10. Projected statement of financial position	29
11. Projected cash flow	30
12. Annexure I – Detailed budget	31
13. Annexure II – Notes	38
14. Annexure III – Proposed internal rates	69
15. Annexure IV – SAICA rates	74
16. Annexure V – B-BBEE scorecard	76
Glossary of terms	81
Contact details	82

List of tables

Table 1: Performance measures and targets for communicating root causes and recommendations	8
Table 2: Performance measures and targets for adherence to quality standards	10
Table 3: Performance measures for visibility of leadership with external stakeholders	11
Table 4: Performance measures and targets for net surplus	12
Table 5: Performance measures and targets for creditors' days	12
Table 6: Performance measures and targets for debt collection	13
Table 7: Performance measures and targets for occupancy levels	15
Table 8: Performance measures and targets for staff turnover levels	15
Table 9: Performance measures and targets for culture	16
Table 10: Performance measures and targets for leadership	16
Table 11: Performance measures and targets for staff engagement	17
Table 12: Performance measure and targets for unmodified audit opinion	18
Table 13: Performance measures and targets for the timeliness of our reports	20
Table 14: Performance measure and targets for the required B-BBEE level	21
Table 15: 2014-15 strategic initiatives	23
Table 16: The AGSA's balanced scorecard 2014 – 2017	25

List of figures

Figure 1: Strategic risk profile	6
Figure 2: The AGSA's strategic commitments	7
Figure 3: Sustainability model	22

1. PURPOSE OF THIS DOCUMENT

The strategic plan and budget highlights the strategic direction of the Auditor-General of South Africa (AGSA) as well as the performance and financial plan for the period April 2014 to March 2017. It is the outcome 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 AND LEGISLATIVE MANDATE

Mandate and functions

Chapter 9 of the Constitution of the Republic of South Africa, 1996, establishes the institution of the Auditor-General as one of the state institutions supporting constitutional democracy. The Constitution recognises the importance of the institution and guarantees our independence by stipulating that the AGSA is subject only to the Constitution and the law. Furthermore, the Constitution declares that the AGSA must be impartial and that we must exercise our powers and perform our functions without fear, favour or prejudice¹.

Our functions are described in section 188 of the Constitution and further regulated in the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), which mandates the AGSA to perform constitutional and other functions. Constitutional functions are those we perform to comply with the broader mandate described in the Constitution.

Section 4 of the PAA further differentiates between mandatory and discretionary constitutional functions or audits, while section 5 of this act regulates the other functions performed by the AGSA. Those functions entail audit-related services commonly performed by supreme audit institutions and include support rendered to legislatures or any of their committees outside the scope of the AGSA's normal auditing and reporting functions. The AGSA, furthermore, cooperates locally and internationally with persons, institutions and associations in its endeavour to fulfil the role of a supreme audit institution effectively.

Accountability and reporting

The AGSA is accountable to the National Assembly in terms of section 181(5) of the Constitution and section 3(d) of the PAA. We report on our activities and the performance of our functions in terms of section 10 of the PAA. Our main accountability instruments are the Strategic plan and budget and the Annual report, both of which are tabled annually in the National Assembly. The Standing Committee on the Auditor-General (SCoAG), established in terms of section 55(2)(b)(ii) of the Constitution, read with section 10(3) of the PAA, oversees our performance on behalf of the National Assembly.

Our products

Each year we produce audit reports on government departments, public entities, municipalities and other public institutions. In addition to these entity-specific reports, we analyse the audit outcomes in general reports that cover both cycles of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). We also produce reports on discretionary audits, performance audits and other special audits. Our reports are then tabled in the legislatures that have a direct interest in the particular audit, namely Parliament, provincial legislatures or municipal councils. These bodies use the reports in accordance with their own rules and procedures for oversight.

¹ Constitution of the Republic of SA, section 181(2)

The AGSA plays a unique role in our society by exercising its responsibilities to scrutinise public spending for Parliament while being independent of government. This is the underlying driver in our strategy and the work of the organisation, which ultimately enables our country's democracy to be cemented. We examine the local, provincial and national government's use of public funds and provide an independent opinion on their financial statements and performance against predetermined objectives. The AGSA's responsibility extends to the auditing of a wide range of state-owned companies and other public bodies and organisations.

Our integrated audit approach highlights, where applicable, the reasons for inefficient, ineffective or uneconomical use of public funds while our value-adding recommendations on good practices help government to further improve the administration of the public sector and, ultimately, to reach the goal of clean and effective administration. The **increased** attention to performance auditing is intended to support sustainable public service delivery in the long term and contributes to improving the lives of citizens.

Producing insights continually, consistently and on time will ensure our relevance as a supreme audit institution. Regular enhancement of the manner and frequency in which we report our diagnosis of the key financial management challenges facing the public sector is targeted at delivering the appropriate message to a wide spectrum of executive and oversight authorities and the public at large, to provide more effective impetus for strengthening financial management across government. The excellent quality of our reports is paramount to this objective, reinforced by regular updates of methodologies and standards in line with the best international practices and independently assessed by the Independent Regulatory Board for Auditors (IRBA).

Given the slow pace in achieving unmodified audit opinions, it is clear that change must be accelerated. In that regard, the continued personal engagements with the responsible officials should encourage them to confront the challenges they face in their respective organisations, take responsibility for weaknesses in internal controls and to address them quickly. Our understanding and knowledge of the business of our auditees and knowledge of the public sector developments will guarantee the success of such purposeful and persuasive engagements. Our aim is to use every avenue to secure commitments by the country's leadership to improve public services and adhere to strict financial discipline.

The success of our strategy is rooted in the availability of skilled professional staff and the ability of the organisation's leaders to inspire them to apply their knowledge and use their talent to achieve the noble goals of the institution. We create a stimulating and enabling work environment, learning and developmental opportunities, professionalisation and effective leadership, which all lead to performance excellence. We will increase our own efficiencies by integrating our frontline services with our support functions and by improving and enhancing our trainee auditor (TA) scheme to be aligned to our audit strategy.

The financial stability of the organisation is the cornerstone of our independence and is realised through charging fees for our audits. This emphasises further the importance of the value-adding and relevant insights delivered through our work as well as the efficient, effective and economical examination of the financial and performance status of our auditees, while ensuring a stable cash flow and adequate surplus margins sufficient to finance our operations.

The impeccable nature of the AGSA is demonstrated by the behaviour of all employees who abide by sound ethical principles and organisational values and are committed to supporting the transformational agenda of the country. Our own unmodified audit opinion is an example of our leadership in adherence to sound internal controls and proactive risk management. We submit the audit and corporate reports that we produce to Parliament within the legislated timelines. We perform our daily duties with enthusiasm, in pursuit of the noble goal of enabling accountability in the public sector.

Our leadership extends beyond the country and we actively participate in the work of the various international organisations of supreme audit institutions and adopt the ethical principles they prescribe.

As head of administration in terms of section 32 and as the accounting officer in terms of section 43 of the PAA, I am pleased to present to you the AGSA's strategic plan and budget for the period 1 April 2014 to 31 March 2017.

The document outlines our organisation's planned activities for the next three years aimed at enabling us to execute our mandate at the best possible level. The current strategic cycle reflects a complex situation in which the organisation finds itself both at the tail-end of the current strategy and at the onset of the term of a new incumbent in the position of auditor-general.

Although we are continuing with the strategic goals that we set for ourselves six years ago and increasing the success we have achieved as an organisation, we are beginning to see a strong need for reviewing and overhauling our strategy. We intend to do this before the onset of the strategic period we are planning for here, in order to include any possible direction resulting from the change in the top leadership of the organisation.

In line with the PAA, we will communicate and consult possible amendments to this document with our oversight mechanism, SCoAG.

Currently the strategy remains anchored around the following five strategic goals:

- Simplicity of our messages
- Visibility of our technical leadership
- Funding for business viability
- Strengthening our human resources
- Leading by example in all aspects of our work

We are making conscious efforts to ensure organisational sustainability by embedding elements that address our longevity and relevance as an organisation in these goals.

Simplicity of our messages

It is our firm belief that the key to achieving and sustaining unmodified audit opinions is to implement and adhere to sound internal controls. We will continue to provide consistent, simple audit messages of impeccable quality outlining relevant root causes of audit findings.

Our audit approach will be enhanced with optimal integration of our different types of audits to address the shortcomings in financial management, compliance and service delivery holistically.

In the previous reporting period we responded to our external stakeholders' needs for more non-financial audits by committing to an increase in performance audit hours to 10% of the organisation's total audit hours. We have made progress in repositioning and aligning our performance auditing resources to this exciting challenge. We aim to continue with further research and consultations to confirm the required growth in performance auditing and the relevant topics and areas for such auditing.

Visibility of leadership

We have confirmed that targeted interactions and continual engagements with both our internal and external stakeholders are beneficial to the impactful delivery of our organisational mandate.

Our senior management will persist in developing excellent stakeholder relationships with those charged with governance in the public sector, to encourage clean administration and follow up on progress made on commitments in response to audit findings. These interactions will be tailored to focus on auditees that have shown progress, thereby maximising the return on time invested in these interactions.

A further aim of such communication with stakeholders is to close gaps in the understanding of our mandate, which has been identified as one of our strategic risks.

The visibility of our leadership to our employees will be fine-tuned to ensure that we all have a common understanding and support of organisational strategy.

At an international level, we will continue our brand presence by participating in the structures of the International Organisation of Supreme Audit Institutions (INTOSAI), providing input to capacity-building initiatives globally, specifically in the African region.

Funding

Our financial strategy is to optimise the audit fees in response to the current difficulties experienced by some of our auditees in paying for our services. We will run our operations in a cost-effective manner, continuously tracking our initiatives to ensure that our resources are directed appropriately at all times. We envisage a minimum surplus margin of 1% for reinvestment in the organisation.

Strengthening human resources

Our employees are at the centre of our strategy. We strive to build an environment that is characterised by trust, accountability, communication and effective leadership to maintain an enabling environment for high performance and to be better positioned, as an organisation, to attract and retain skilled professionals of high quality.

We recognise that it is only through committed employees and by creating the right culture that we will sustain a transformed and diverse workforce to ensure business continuity at all times. Our focus will be on the enhancement and implementation of our performance management tools and processes and continuous and deliberate succession planning.

Leading by example

Our business administration is the machinery that supports the execution of our mandate. A sound internal control environment will ensure that our messages are taken seriously by those on whom we report. Our decision to lead by example and be a model institution for clean administration, effective controls and efficient business processes ensures that we consciously mitigate reputational risk. We commit to adhering to standards of excellence in all we do.

We acknowledge the importance of transformation to ensure organisational relevance in the environment in which we operate. We will continuously engage with our stakeholders in aligning the AGSA's transformation goals and keeping abreast of updates in the field of transformation. We will maintain the implementation of the broad-based black economic empowerment (B-BBEE) prescripts to achieve maximum transformation.

Sustainability

The notion of sustainability is integral to all our activities. We recognise the need to heighten awareness of our impact on the environment as an indication of our good stewardship and commitment to adhering to standards of excellence. We work towards implementing the required systems for monitoring our environmental impact and establishing baseline with the view to set targets for measurement and offsetting initiatives in the future.

Our external environment 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 and respond to them appropriately in our strategic planning process.

We have classified the relevant factors as **political, economic, social, technological, environmental and legal**.

Political context

Envisaged changes in government after the 2014 national elections have the potential to impact the continuity and implementation of commitments made by auditees' leadership to address the root causes of poor audit outcomes and could impact negatively on the strength of the relationships built with the auditees and other relevant stakeholders.

Economic context

Collecting outstanding debt from local government remains a challenge that the organisation has been faced with over the years. We envisage that this trend might increase, given the number of factors that make increased demands on the government purse. To ensure our financial sustainability, our strategy seeks to mitigate this trend.

The **increased war for talent** as a result of **scarce auditing skills** in the country requires us, as an organisation, to have robust strategies in place to recruit and retain professionals that enable us to deliver on our mandate. Additionally, the scarcity of professionals contributes to the **persistent lack of skills in the public sector in finance and service delivery**.

Social context

The AGSA has offices in all nine provinces of the country, some of which have less developed areas and as a result we experience challenges in attracting skilled staff in those provinces. The reported **growth in urbanisation** (Census 2011) could have a negative effect on our drive to resource our regional offices optimally.

The legacy issues of apartheid that our country is dealing with, such as **inequality in education and access to income-generating opportunities**, prompt us to continue our contribution to transformation in the country. Specifically, we look at strengthening the auditing profession through supporting and growing professionals coming from previously disadvantaged backgrounds, enterprise development and other corporate social initiatives.

Technological context

The **rapid change in technologies** can result in even more complex environments and increased business reliance on information technology (IT) systems. We need to ensure that our staff are skilled to keep abreast with such changes in order to deliver quality information systems audits. Furthermore, evolving technology presents internal opportunities for **streamlining operations, eliminating bottlenecks** and providing our workforce with **collaborative knowledge management systems**.

Environmental context

The growing trend and range of activities in **protecting the environment** could result in an increase in the scope of our audits due to **legislation, public pressure and adherence to best practice** as a member of the INTOSAI community, which is playing an increasingly important role internationally in that field through environmental audits.

Additionally, as responsible citizens, we are committed to addressing the impact of our **environmental footprint**.

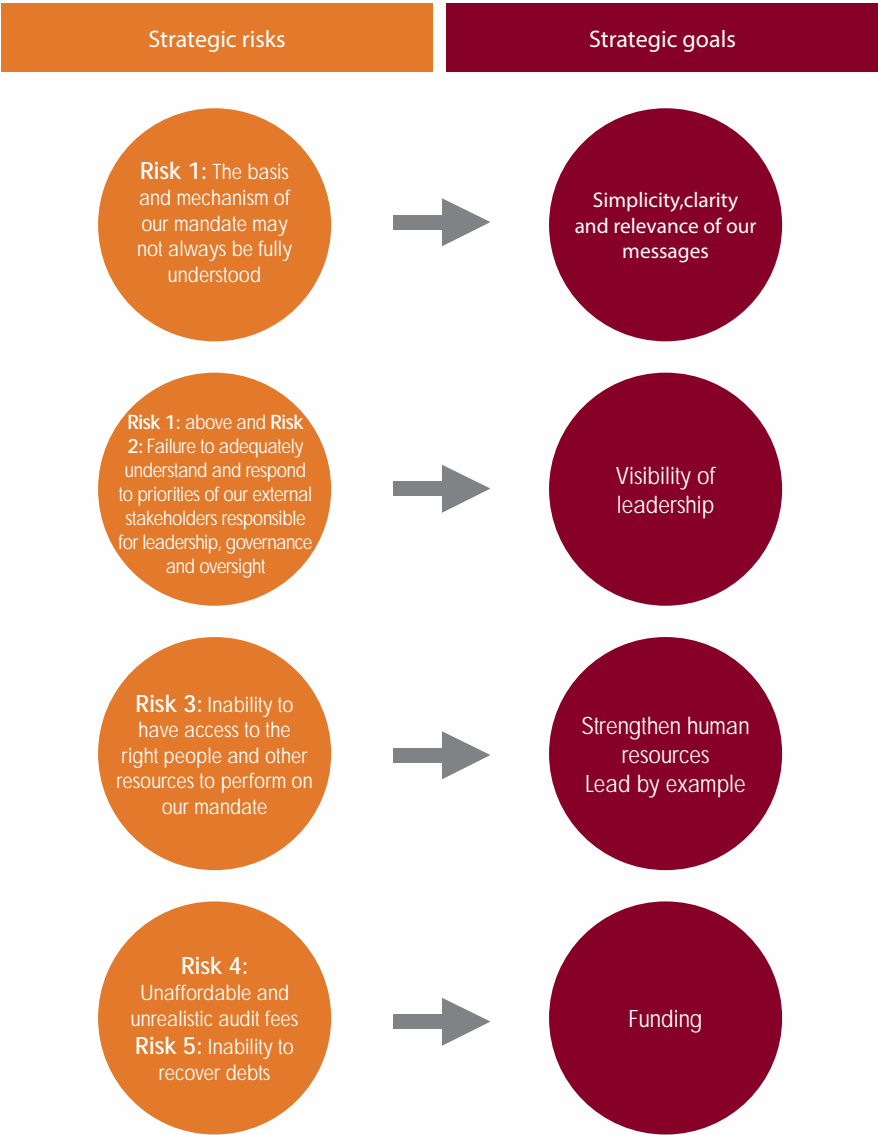
Legislative context

Lack of consequences for non-compliance with legislation in the public sector and a continuous string of modified audit opinions result in slow progress in achieving clean administration in the public sector. We run the risk that citizens might perceive our work as adding little value.

Strategic risk profile

The main strategic risks that the organisation faces are identified and prioritised annually by the executive leadership and approved by the audit committee. For the current period, the top five organisational risks to which the strategy seeks to respond are shown in figure 1.

Figure 1: Strategic risk profile



6. STRATEGIC GOALS

Based on the understanding of our mandate to strengthen the country’s democracy and the environment in which we operate and being cognisant of risks that can potentially impact on our ability to execute our mandate, we have translated our mandate into five strategic commitments. Underpinning these commitments is the sustainability of our organisation. These commitments are shown in figure 2.

Figure 2: The AGSA's strategic commitments

Strategic commitment	Strategic objectives	Impact to be achieved
Simplicity, clarity and relevance of our messages	<ul style="list-style-type: none">• Make value-adding recommendations to auditees• Maintain excellent quality of auditing• Make certain that our messages reach all stakeholders	Improving the lives of SA citizens through executing our constitutional mandate of strengthening our country's democracy
Visibility of leadership	<ul style="list-style-type: none">• Establish, maintain and own stakeholder relationships to encourage clean administration	
Funding	<ul style="list-style-type: none">• Execute the organisational mandate economically, efficiently and effectively• Ensure sufficient funding for the achievement of the mandate while maintaining our independence	
Strengthening human resources	<ul style="list-style-type: none">• Build a motivated, high-performing and diverse workforce• Create access to the relevant skills and knowledge required for our work	
Leading by example	<ul style="list-style-type: none">• Adhere to standards of excellence for clean administration• Continually improve the timeliness of AGSA reports• Maximise the AGSA's contribution to transformation	
Sustainable organisational practices		

The focus of this strategic goal is on enhancing and consolidating our audit efforts to provide one consistent, simple, clear and relevant audit message of impeccable quality. The main reason for ensuring that the audit messages contained in our audit reports are relevant is to enable those charged with governance to act on, and implement, our recommendations so as to improve public sector administration.

We strive to continuously improve our audit approach by focusing on better integration of our audit service lines to address challenges experienced by government. The improvement in the audit methodology will allow for a risk-based audit approach which will minimise audit in areas where auditees are mature or are in a process of improving and focus on addressing auditee-specific risk profiles based on research done before the start of the audits.

Objective: Provide value-adding recommendations to stakeholders based on audit results

Through identifying the relevant root causes of failures in the control environment of our auditees and the reasons for insufficient delivery on predetermined objectives, we seek to encourage improvement in the administration of the public sector and ultimately to reach the goal of **clean and effective administration**.

Table 1: shows the targets we will work towards for the next three financial years, together with the tools to be used to assess our own progress.

Table 1: Performance measures and targets for communicating root causes and recommendations.

Performance measure	Targets		
Clear communication of relevant root causes and recommendations in our reports	2014 - 15	2015-16	2016-17
	100%	100%	100%
Tool	<ul style="list-style-type: none"> Qualitative rating by immediate supervisor on communication with the relevant stakeholder Source of information: reports and presentation experience and stakeholder feedback 		

Note: Internal products will be rated according to quality and timelines agreed with the relevant line manager. Staff will be guided on this process in a document accompanying the strategic plan and budget.

Key activities to achieve our goal of simplicity

The focus will be on further **enhancing the packaging and positioning of our messages** to reach the broad range of stakeholders and inform appropriate corrective action. We will reflect on the **timing and structure of our general reports** to ensure that their use is maximised. We will further introduce an interim report to oversight committees on the progress made in implementing commitments included in the general reports, informed by the quarterly key control discussions.

We will persist in **communicating our message in a manner that is consistent with our findings** to ensure that our messages remain credible. Focus will be placed on **skilling our employees in purposeful and persuasive engagements** to encourage clean administration and unlock the value inherent in all AGSA products.

In our quest to encourage service delivery, we will further **conduct interim audits of the annual performance plans (APPs)** and share outcomes with relevant portfolio committee chairs and ministers before APPs are approved. This will be aided by our **knowledge of both our auditees and public sector developments**.

We will continue to **oversee and influence the audit process** where we opted not to conduct the 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. This will ensure consistency in reporting on all public sector organisations and entities. We will **increase the number of audits of state-owned companies (SOCs) we perform**, as these provide developmental opportunities for our staff and increase our expertise in auditing in an environment close to that of the private sector with the application of the International Financial Reporting Standards (IFRS).

The auditing of universities and further education and training (FET) colleges presents an exciting challenge for the organisation, with some of the audits being brought back into the office and providing opportunities for the development of methodologies, relationships and audit skills.

We will intensify **organic integration between regularity auditing and the specialised units for performance auditing, investigations and information systems auditing** until any division between these aspects of an audit is eliminated. Of utmost importance is the seamless **integration of these various aspects of the audit methodology** to achieve a unified audit approach in the short term. We will provide **increased access to specialised advice, specifically legal expertise**, to deal with unique issues arising during the audit process.

In addition to integration of the various aspects of the audits we perform, the organisation is continuously **working on optimising the efficiency of the audit process by reviewing the existing audit practices, the structures and the resources used in audits, the use of contracted firms, as well as the scope and impact of the use of technology on the audit**.

The implementation of our **performance auditing growth strategy** as initiated in the previous reporting period continues with the repositioning of the specialised unit. We will direct our attention to the **alignment of the diverse needs of the unit in terms of skills with the operations of our human resources, learning and development and change units**. The general reports on the audit outcomes of the national, provincial and local government (MFMA and PFMA audit cycles) will continue to incorporate a chapter outlining the outcomes of the performance audits conducted during those cycles.

Our corporate products, i.e. our annual report and the strategic plan and budget and all our internal deliverables, will employ the same principles of clarity, simplicity and relevance, thus making certain that they are understood and accepted by the respective stakeholders.

Objective: Continued excellence of the quality of audits performed

Quality of the audits performed is a measure of the relevance of our audit opinions. It is directly dependent on the effective functioning of the organisation's systems of quality control consisting of leadership responsibilities, ethical requirements, management of client relationships, human resource development, audit performance and monitoring our standards against the International Standards of Quality Control (ISQC1). We will continue to ensure compliance with ISQC1 and effective functioning of our internal control processes. Our targets are specified in table 2.

Table 2: Performance measures and targets for adherence to quality standards

Performance measure		Targets		
		2014-15	2015-16	2016-17
Adherence to all quality standards	Audit engagements	87% (C1, C2 and C3 rating)	90% (C1, C2 and C3 rating)	90% (C1, C2 and C3 rating)
Tool	Quality control assessment committee review			
Adherence to all quality standards	Corporate reports	100%	100%	100%
Tool	<ul style="list-style-type: none"> Qualitative rating by the auditor-general 			

Key activities to achieve the desired quality of audits

- Constantly raise and maintain awareness of the importance of the quality of audits.
- Continue with proactive pre-issuance reviews on selected engagements to objectively evaluate the significant judgements made by the engagement team and the conclusions reached in preparing the report.
- Perform independent post-issuance reviews (including those performed by contracted firms) to ensure adherence to the International Standards on Auditing. Excellent performance by individuals is appropriately recognised during the engagement review process.
- Implement and monitor policies and procedures in respect of all elements of ISQC1.
- Heighten guidance and involvement in the review of audit work by senior management.
- Continuously benchmark our audit practices internationally and obtain assurance from independent external bodies.

6.2.

VISIBILITY OF OUR LEADERSHIP

We continue with our journey of leadership visibility to share our insights with auditees and recommend good practices. By doing so, we will also mitigate, to a large degree, the risk that the basis and mechanism of our mandate are not always fully understood by our stakeholders. Most importantly, our visibility programme enhances public awareness and debate around the audit results.

Our staff will ensure close liaison with all levels of executives, councils and other oversight structures in all three spheres of government. Further, we will interact with governing bodies and standard setters, our contracted private firms and everyone who focusses on enabling and encouraging clean and effective administration.

In the centre of our visibility programme will be the **optimising of the return on investment** of our interactions with stakeholders by concentrating on the impact of our engagements. We will re-evaluate and tailor our engagements to focus on those stakeholders that display willingness to improve by providing support in the **most innovative and cost-effective way possible**. We will pursue balance between visibility, quality of our product and growing the skills of our staff.

We will improve **visibility to internal stakeholders** significantly to create a room for strategic discussion and ensure that the brand promise outside the office is also part of the staff's experience. The impact of our internal visibility efforts will be evident from, and indirectly measured by, our success in achieving the intentions of our people strategy.

The role we play in the broader community of INTOSAI remains of strategic importance as it ensures that we stay relevant beyond our borders. We are **geared for aligning our strategy with any significant decisions** resulting from the work of the XX1st INCOSAI held in Beijing in October 2013. If required, we will adapt our methodology, approach and behaviour to continue leading by example internationally. Our **expertise and efforts will be directed towards contributing to capacity building** globally, particularly on the African continent.

Objective: Develop stakeholder relationships to encourage clean administration

We will continually take care in connecting with our stakeholders to build relationships of mutual benefit, thereby ensuring organisational sustainability through stakeholder engagements. Such engagements will be centred on issues identified in our audit reports and we will form and own the relationships that will ultimately impact audit outcomes positively.

Table 3: Performance measures for visibility of leadership to external stakeholders

Performance measure	Targets		
High-quality, value-adding external stakeholder interactions conducted and escalated, where necessary	2014 - 15	2015-16	2016-17
	100%	100%	100%
Tool	<ul style="list-style-type: none"> Qualitative rating by immediate supervisor on engagements and interactions with relevant stakeholders Source of information: stakeholder feedback 		

Note: Internal products will be rated according to quality and timelines agreed with the relevant line manager. Staff will be guided on this process in a document accompanying the strategic plan and budget.

Key activities to achieve our goal of visibility

- Pursue high-quality interactions – creating, owning, managing and sustaining relationships.
- Implement detailed tracking to determine the amount of time and other costs spent on the different areas of stakeholder engagements.
- Proactively share the audit approach and results with relevant stakeholders to influence appropriate legislation/interventions.
- Scan and analyse the stakeholder landscape on an ongoing basis to keep up with stakeholder developments to ensure deepened understanding of our stakeholders' environment.
- Grow and strengthen interactions with oversight structures by tracking the success linked to dealing with issues placed on work programmes of committees as a result of our reports.
- Adequately train our employees to ensure consistent positioning of the AGSA's message across the country.
- Engage and encourage the private firms that conduct audits on our behalf to align to our visibility programmes.
- Further align our staff to the strategic goals through regular VA/OA sessions, structured senior management strategic forums, informal strategic discussions and organisational culture activities.
- Enhance maturity of our management of information system (MIS) by focusing on clarity of information, stability of system and refinement of capabilities.
- Intensify the use of social media platforms to engage directly with the public.
- Formalise national and provincial media engagement plans, with a focus on enhancing our reach to citizens.
- Actively participate in the INTOSAI working groups and specifically collaborate closely with colleagues within the African Organisation of Supreme Audit Institutions in English-speaking Africa (AFROSAI-E) community.

The AGSA strives at all times to execute the organisation's mandate economically, efficiently and effectively by ensuring that our services to our auditees are cost-effective, while at the same time ensuring long-term financial sustainability. The organisational focus remains on providing value-for-money audits to the public sector.

To maintain audit fees at a level that is affordable to our auditees, we continue to keep our surplus to the lowest possible level to allow us to generate the minimum funds for the required reinvestment in the AGSA's infrastructure and human capital needs.

The organisation will continue to pay special attention to effective debt collection, particularly from local government auditees.

Objective: Execute the organisational mandate economically, efficiently and effectively

We achieve this by continuously reviewing and managing our financial indicators, such as own hours' revenue, contract work (outsourced audits to private audit firms), working capital management and overhead costs and by targeting a predetermined surplus to ensure that we attain the desired financial performance and remain cost-effective. The current funding model has enabled the AGSA to generate sustainable finances over the last few years; hence we will adhere to it to ensure that the AGSA can operate independently for the foreseeable future.

Table 4: Performance measures and targets for net surplus

Performance measure	Targets		
	2014 - 15	2015-16	2016-17
Net surplus (%)	1%	2%	2%
Tool	Analysis of income statement		

Table 5: Performance measures and targets for creditors' days

Performance measure	Targets		
	2014 - 15	2015-16	2016-17
Creditors' days	45 days	45 days	45 days
Tool	Analysis of creditors' ageing report		

Table 6: Performance measures and targets for debt collection

Performance measure	Targets		
	2014 - 15	2015-16	2016-17
Percentage debt collected averaged over 12 months' invoices for the period April – March collected over 13 months – all national business units	98% -100%	98% -100%	98% -100%
1% debt collected from the National Treasury averaged over 12 months' invoices for the period April – March collected over 13 months – Finance BU	100%	100%	100%
Percentage debt collected averaged over 12 months' invoices for the period April – March collected over 13 months – all provincial business units	96% - 98%	96% - 98%	96% - 98%
Tool	Analysis of creditors' ageing report		

To sustain our financial stability we will be focusing on the following key activities and initiatives:

We will review our funding strategy considering the containment of our revenue growth, the required cash position of the organisation and specifically noting the declining capacity of our clients to pay their audit fees.

We will pursue further maturity of our finance systems and consider conscious cost-cutting programmes/austerity plans where appropriate.

We will closely track all strategic initiatives that are being implemented to enable faster decisions and direct resources appropriately.

As part of our debt-collection efforts, we will **continue to negotiate direct appropriation of municipal audit fees** from the National Treasury. Other measures in this regard focus on:

- engaging key government stakeholder to influence the debt payment by auditees
- encouraging auditees with long outstanding debts to sign up for ring-fencing to allow them to catch up with their payments.

The organisation requires skilled and motivated employees to ensure that its mandate is meticulously and flawlessly executed. Significant progress has been made in positioning people at the centre of our strategy in the last five years. A number of tools have been developed and implemented, which are still fresh in approach and practices and will continue to be used. Our position regarding this strategic goal will be fine-tuned further in a dedicated people management strategy.

During the last few years we have effectively applied the McKinsey 7S model as the change philosophy for our organisation to ensure that we remain watchful of the impact of change in one element on all others. Thus our strategy continuously addresses all areas of this model simultaneously, with specific attention to the impact related to people.

During the process of strengthening the human capital of the organisation we focus on certain topics that are relevant to a specific aspect. The next short-to-medium term will aim at further **developing our leadership competence, talent management and creation of an environment for a high-performing and ethical workforce.**

Leadership competence and performance

The success of the organisational strategy is dependent on the ability of the organisation's leaders to motivate and retain employees. The AGSA will continue to prioritise leadership development to drive accountability, continuously focus on people development and create an enabling environment.

Talent management

We will intensify the implementation of the recruitment measures and talent management strategy to ensure availability and retention of organisational knowledge and skills for business continuity. Our staff occupancy level will be kept optimal for sustained revenue generation and the staff turnover rate will be controlled across all staff levels through the talent management interventions.

We will make certain that we support our staff in pursuing various professional qualifications to respond to the needs of our diverse audit teams and provide suitable career paths for our employees, thereby ensuring continuous professionalisation of the organisation.

Creating an enabling environment for a high-performance culture

The culture of high performance and work excellence is essential in enabling the organisation to respond to the internal and external challenges we face.

We define a high-performance culture at the AGSA as the environment in which people understand their specific roles, are aligned to the organisational strategy and work effectively as a team towards the achievement of our mandate while living the values, demonstrating high levels of innovation and producing excellent results. Hence, the organisation is committed to providing an enabling work atmosphere through affording our staff opportunities for continuous learning and development, ensuring a better work-life balance through adequate work planning and, most importantly, through nurturing leadership that demonstrates ethical and performance excellence.

Transformation as a key agenda in South Africa remains important for us; with the emphasis shifting from simple equitable demographic representation at all levels to building indisputable technical and leadership skills.

Systems and tools

A considerable investment has been made in improving the people management and development tools required to guide us on our journey towards a high-performance culture and we will actively practise the integration and enhancement of these tools to address all aspects of our human capital growth and maturity consistently and holistically.

Objective: To achieve a motivated, high-performing and diverse workforce

Occupancy level

Maintaining optimal occupancy levels in our organisation contributes to efficient operations and improved employee engagement. Given the mobility of the workforce in the profession, we intend to keep the occupancy levels at 90% until we can clearly see the results of our internal pipeline development.

Table 7: Performance measures and targets for occupancy levels

Performance measure	Targets		
	2014 - 15	2015-16	2016-17
Occupancy level (%)	90%	90%	90%
Tool	Staff occupancy rate report from the ERP system averaged over 12 months		

Staff turnover level

Table 8: Performance measures and targets for staff turnover levels

Performance measure	Targets		
	2014 - 15	2015-16	2016-17
Maximum staff turnover (%)	12%	12%	12%
Tool	Staff turnover report from the ERP system (the targets exclude TAs and short-term contract (STC) employees) averaged over 12 months		

Culture index

The culture index gauges the organisational culture and tracks our progress in creating an enabling environment for a high-performance culture.

Table 9: Performance measures and targets for culture

Performance measure	Targets		
	2014 - 15	2015-16	2016-17
Culture index	3.75	3.77	3.79
Tool	Annual survey and focus groups interviews. The target is expressed on a 5-point scale		

Leadership index

The leadership index determines the leadership style and competencies within the AGSA and then tracks progress towards the desired outcome.

Table 10: Performance measures and targets for leadership

Performance measure	Targets		
	2014 - 15	2015-16	2016-17
Leadership index	3.74	3.76	3.78
Tool	Annual survey and focus group interviews. The target is expressed on a 5-point scale		

Staff engagement index

The staff engagement index assesses the level of motivation and commitment among our employees.

Table 11: Performance measures and targets for staff engagement

Performance measure	Targets		
	2014 - 15	2015-16	2016-17
Staff engagement index	4.05	4.07	4.09
Tool	Annual survey and focus group interviews. The target is expressed on a 5-point scale		

Key activities to strengthen human resources remain continuation and integration of the following existing initiatives:

Leadership competence and performance

Augmenting the capacity and performance of our leaders through:

- ongoing competency assessment of the AGSA leadership profile
- providing executive coaching and mentoring
- developing and strengthening the leadership pipeline for succession planning
- enhancing the level of team performance (team-effectiveness initiatives)
- participating in executive development programmes
- sharing best practice knowledge with other SAs
- ongoing focus on self-development by the leadership.

Enabling environment for a high-performance culture

Further enhancing and building our high-performance culture through:

- relevant leadership, diversity management, ethics and values interventions
- strengthening the performance management process and rigorously implementing the total performance management concept
- embracing and creating an environment that provides equal opportunities for all employees
- relevant employee wellness interventions to enhance our model of care and well-being.

Talent management

Attracting, retaining and cultivating key talent continuously through:

- improving the talent-sourcing mechanism
- developing and monitoring talent within the AGSA
- monitoring occupancy levels and reducing staff turnover rates throughout the business units
- implementing a total reward strategy.

Learning and development

Building a highly skilled workforce by enhancing and developing the skills and competency base of our employees through:

- growing qualified audit professionals belonging to various professional bodies as part of the desired professional qualifications profile
- enhancing the learning and skills development interventions for continuous growth of our employees, e.g. enhancing technical capacity through technical learning courses and updates; and holistic skills development for all employees (soft skills, foundations workshops, deepened understanding of public sector, etc.)
- maintaining an effective TA scheme and further strengthening our pipeline through providing external bursaries and partnering with stakeholders in the auditing industry.

6.5.

LEADING BY EXAMPLE

The commitment to our daily disciplines with the objective of being an example of clean and effective administration remains our utmost priority. Our urgent focus is on aligning and integrating our systems to drive better collaboration and ensure efficiencies and effectiveness in all work streams. We aim to minimise, and ultimately eliminate, inefficiencies by streamlining our processes through reducing unnecessary formalities and ensuring that our systems and processes serve us at all times.

We will prioritise investment to enhance our current information and communication technology (ICT) infrastructure and business systems to ensure stability and data integrity of our systems. We further focus on identifying key business processes for automation.

We monitor the implementation of our policies and procedures effectively to ensure that they are consistently applied throughout the organisation with the objective of increasing the effectiveness of our internal controls.

Objective: Adhere to standards of excellence

Our reputation is dependent on our adherence to standards of excellence in our everyday behaviour and in all our governance processes and systems. Achieving our reputational promise means that risk management and ethics are embedded in the AGSA culture and we understand, internalise, and take accountability for, being a risk-intelligent organisation and displaying all-encompassing ethical behaviour. Our own clean administration is a testament to our commitment to ethical work conduct, operating in a manner that complies with laws and regulations and effective control practices.

Table 12: Performance measure and targets for unmodified audit opinion

Performance measure	Targets		
	2014 - 15	2015-16	2016-17
Unmodified audit opinion on the AGSA	Unmodified audit opinion	Unmodified audit opinion	Unmodified audit opinion
Tool	External audit report		

Key activities to achieve this objective remain the continuation of the following existing initiatives:

Applying standards and methodology

The International Standards of Supreme Audit Institutions (ISSAI) provide application guidance on performance audits and the auditing of financial statements, internal control and legislative compliance which is specific to the public sector. We have fully implemented the International Standards of Accounting (ISA), and this has put us at the forefront of developments in the INTOSAI community. We will ensure we remain abreast by:

- sustaining efficient application and understanding of the audit methodology for audit efficiencies
- ensuring that our methodology, working papers and templates remain sound and adhere to the ISA
- continuing with our active participation in INTOSAI working groups that further refine and improve ISSAI standards and guidelines.

Creating a risk-intelligent organisation

- Continue creating awareness to ensure that risk management is a daily priority.
- Ensure that there is a seamless integration of controls between business processes, thereby creating a complementary control environment.
- Continue with risk identification and assessment of key business processes and strategic projects to proactively manage potential control deficiencies.
- Continuously monitor the organisational policy requirements, ensuring that policies exist for all key risk exposures, are in line with regulatory and legislative requirements and adherence thereto is monitored periodically.
- Rectify control deficiencies identified through independent audits in time, to ensure sustainable remedial action.
- Uphold self-assessments of adherence to internal controls by business units, thereby maintaining ownership and accountability at all levels of the organisation.

Modelling ethical behaviour

- Increase staff's awareness of ethics and ensure that employees consistently 'do the right thing'.
- Share experiences to increase awareness and understanding of ethical dilemmas that impact the organisation.
- Continue to monitor the annual declaration of interests to mitigate threats to independence.
- Deal in an open, transparent and just manner with all matters regarding unprofessional conduct.

Optimising our business processes and information technology

- Improve connectivity to enable better resource mobility and timely access to information.
- Step up the ability to process growing data volumes, of different varieties, at improved speeds and leverage that information for enhanced insight and improved decision-making. This will provide benefits beyond those of a simple business intelligence tool.
- Initiate the process of minimising the organisation's dependence on paper records by digitising official engagement records, allowing faster access to, and an in-depth analysis of, data.
- Enhance information-sharing among teams, centres and business units (BUs).
- Continue to position IT as an important part of strengthening business process controls.
- Streamline our business processes even more to ensure minimal disruptions to business; by regularly refining, rather than occasionally overhauling, processes.
- Further develop and gradually implement new audit software to gain efficiencies, facilitate better interaction between the teams, interface with the centralised IT-based applications, improve remote access and enhance user experience.
- The automation of the CWC process is expected to minimise the time of processing the allocation of outsourced work and to almost eliminate use of paper in the process.

Objective: Continual improvement of the timeliness of the AGSA's reports

We will continue to comply with statutory and legislative obligations, including deadlines for the tabling of our reports. Continued **resource planning** and **proactive integration of work** will ensure timely completion of audits and reporting.

Table 13 outlines performance targets set for our audit and corporate reports.

Table 13: Performance measures and targets for the timeliness of our reports

Performance measure	Targets			
		2014 - 15	2015 - 16	2016 - 17
Timeliness of reports	PFMA reports	90% (within two months where annual financial statements are received as per the legislated deadlines)	90% (within two months where annual financial statements are received as per the legislated deadlines)	90% (within two months where annual financial statements are received as per the legislated deadlines)
	MFMA reports	90% (within three months where annual financial statements are received on time and four months where statements are not received on time)	90% (within three months where annual financial statements are received on time and four months where statements are not received on time)	90% (within three months where annual financial statements are received on time and four months where statements are not received on time)
	Performance audit reports	95% (deadlines as agreed with the AG/DAG)	95% (deadlines as agreed with the AG/DAG)	95% (deadlines as agreed with the AG/DAG)
	Corporate reports	100%	100%	100%
Tool	<ul style="list-style-type: none"> Measure on the audit reports (PFMA, MFMA) pertains to all annual financial statements received and required to be completed within the financial year Corporate reports as legislated 			

Objective: Maximise the AGSA's contribution to transformation

We will continuously engage with our stakeholders in aligning the AGSA's transformation goals and keeping abreast of updates regarding transformation. We continue to implement the B-BBEE to achieve maximum impact in terms of transformation.

Table 14: Performance measure and targets for the required B-BBEE level

Performance measure	Targets		
	2014 - 15	2015-16	2016-17
B-BBEE level	2	2	2
Tool	Independent review conducted by an external agency Levels defined through the accepted country-wide system		

We will continue our efforts to drive transformation throughout the organisation by enhancing our transformation agenda as follows:

- Present awareness sessions within the organisation to provide further understanding, alignment and support regarding the goals of B-BBEE and successfully address identified gaps.
- Maintain the B-BBEE-level rating process at a BU level.
- Provide access to training for black employees as described in the previous chapter to enable their career progress, thus assisting the growth of the profession.
- Promote preferential procurement from black-owned small to medium enterprises to contribute to sustainable economic growth.
- Use our CWC process to contribute towards the wider transformation and growth of the accounting and auditing profession.
- Extend support to rural communities through our schools adoption programme, thus assisting to improve the lives of learners and communities where our offices are based.

Our organisational strategy has embedded various aspects of economic, cultural and social sustainability into its five strategic goals as demonstrated earlier in this document. We acknowledge that, like any other organisation, we have an impact on the physical environment in which we operate and this chapter primarily focuses on the environmental aspect of our organisational sustainability.

Figure 3 shows the elements of our organisational sustainability.

Figure 3 :Sustainability model



The environmental aspects relate to the organisational impact on the natural systems such as land, air and water and, in our case, translate into the use of basic resources – energy and water. Travelling remains our most significant activity and we are committed to reducing our carbon footprint over the long term and possibly offsetting it in the future.

Considering that the AGSA has, for the first time, reported its electricity, water and paper usage and calculated its carbon footprint baseline in the 2012-13 performance year, **we are mainly focusing on understanding and integrating these environmental aspects in all our operations in the short term.**

Our firm commitment is to **establish and fine-tune our reporting processes and ensure credible and useful information** about our environmental impact.

We will further continue with existing, and where relevant, develop new initiatives to reduce energy and water consumption, minimise paper use and the generation of waste, and will optimise business travel to reduce our carbon footprint.

Key activities to achieve this objective

- Optimise and seamlessly integrate the 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.
- Intensify sustainability awareness campaigns among our internal and external stakeholders.
- Ensure continuous assessment and analysis of our carbon footprint.
- Regularly monitor and evaluate environmental sustainability initiatives.

7. SUMMARY OF THE 2013-14 STRATEGIC INITIATIVES

Table 15: 2014-15 strategic initiatives

Strategic goal	Initiatives
Simplicity	<p>Enhance the packaging of our messages</p> <p>Conduct interim audit of the APPs</p> <p>Skill our employees in purposeful and persuasive engagements</p> <p>Position the AGSA message consistently across the country</p> <p>Introduce an interim report to oversight committees on the progress made in implementing commitments included in the general reports</p> <p>Deepen knowledge of auditees and public sector developments</p> <p>Maintain awareness of audit quality control. Implement and monitor policies and procedures on all elements of ISQC1</p> <p>Ensure availability of specialised advice, e.g. legal, throughout the audit process</p>
Visibility	<p>Tailor our visibility program to maximise its impact</p> <p>Proactively share audit approach and results with relevant stakeholders to influence appropriate legislation/interventions</p> <p>Grow and strengthen interactions with oversight structures by tracking the successes linked to dealing with issues placed on work programs of committees as a result of our reports</p> <p>Further enhance our management information systems (MIS) with regard to clarity of information, stability of system, refinement of capabilities</p> <p>Actively participate in the INTOSAI working groups</p> <p>Collaborate closely within the AFROSAI-E community</p>
Funding	<p>Review the finance strategy</p> <p>Implement austerity plans</p> <p>Continue to engage the National Treasury on initiatives to effectively collect local government debt</p> <p>Track initiatives that are being implemented to enable faster decisions to direct resources appropriately</p>

<p>Strengthen human resources</p>	<p>Further develop our high-performance culture</p> <p>Attract, retain and cultivate key talent</p> <p>Enhance and develop the skills and competency base of our employees</p> <p>Maintain effective TA scheme and provide external bursaries to ensure uninterrupted pipeline of resources</p> <p>Executive coaching and mentoring</p> <p>Continuous self-development of the leadership</p>
<p>Lead by example</p>	<p>Understand and apply the audit methodology for audit efficiencies</p> <p>Institutionalise risk management</p> <p>Focus on enterprise development to enable the black audit firms to contribute towards the wider transformational growth of the profession</p> <p>Implement our CSI rural schools program through which we support the community directly linked to our adopted schools</p> <p>Increase staff awareness of ethics</p> <p>Optimise our business processes and information technology</p>
<p>Sustainability</p>	<p>Optimise and integrate our reporting procedures and processes</p> <p>Improve our information systems to enhance integrity and quality of information</p> <p>Intensify sustainability awareness campaigns among our internal and external stakeholders</p> <p>Assess our carbon footprint</p> <p>Monitor and evaluate environmental sustainability initiatives</p>

Table 16: THE AGSA'S BALANCED SCORECARD 2014 – 2017

Strategic goal	Weight	Objective	Performance measure	Target		
				2014-15	2015-16	2016-17
Simplicity	20%	Provide value-adding recommendations to stakeholders based on audit results	Clear communication of relevant root causes and recommendations in our reports	100%	100%	100%
			Adherence to all quality standards (audit engagements)	87% (C1, C2 and C3 rating)	90% (C1, C2 and C3 rating)	90% (C1, C2 and C3 rating)
			Adherence to all quality standards (corporate reports)	100%	100%	100%
Visibility	25%	Develop stakeholder relationships to encourage clean administration	High-quality, value-adding stakeholder interactions conducted and escalated, where necessary	100%	100%	100%
Strengthen HR	25%	Grow a motivated, high-performing and diverse workforce	Occupancy level	90%	90%	90%
			Staff turnover	12%	12%	12%
			Culture index	3.75	3.77	3.79
			Leadership index	3.74	3.76	3.78
			Staff engagement index	4.05	4.07	4.09

Strategic goal	Weight	Objective	Performance measure	Target		
				2014-15	2015-16	2016-17
Funding	15%	Execute the organisational mandate economically, efficiently and effectively	Net surplus	1%	2%	2%
			Creditors' days	45 days	45 days	45 days
			Debt collected (averaged over 12 months April – March) – all national business units	98% -100%	98% -100%	98% -100%
			1% debt collected from the National Treasury (averaged over 12 months April – March) – Finance BU	100%	100%	100%
			Debt collected (averaged over 12 months April – March) – all provincial business units	96% - 98%	96% - 98%	96% - 98%
Leading by example	15%	To continuously adhere to standards of excellence	Unmodified audit opinion on the AGSA	Unmodified audit opinion	Unmodified audit opinion	Unmodified audit opinion
			Timeliness of PFMA reports	90% (within two months where annual financial statements are received as per the legislated deadlines)	90% (within two months where annual financial statements are received as per the legislated deadlines)	90% (within two months where annual financial statements are received as per the legislated deadlines)

Strategic goal	Weight	Objective	Performance measure	Target		
				2014-15	2015-16	2016-17
		To continuously adhere to standards of excellence	Timeliness of performance audit reports	95% (deadlines as agreed with the AG/DAG)	95%(deadlines as agreed with the AG/DAG)	95% (deadlines as agreed with the AG/DAG)
			Timeliness of corporate reports	100%	100%	100%
			Identified B-BBEE rating level	Level 2	Level 2	Level 2

Budget of the
Auditor-General of South Africa
for 2014-15

	Actual 31 March 2013 R million	Forecast 31 March 2014 R million	Budget 31 March 2015 R million	Forecast 31 March 2016 R million	Forecast 31 March 2017 R million
AUDIT INCOME	2 214	2 447	2 658	2 854	3 083
Own hours	1 535	1 729	1 972	2 129	2 300
S&T recoverable	94	97	119	128	138
Contract work	625	660	616	649	701
Present value of revenue adjustment	(40)	(39)	(49)	(52)	(56)
DIRECT AUDIT EXPENDITURE	1 573	1 724	1 800	1 927	2 081
Personnel expenditure	861	973	1 071	1 157	1 249
S&T recoverable	94	97	119	128	138
Contract work	625	660	616	649	701
Present value of contract work adjustment	(7)	(6)	(6)	(7)	(7)
Contract work % of audit income excl. S&T	28,93%	27,64%	23,82%	23,38%	23,36%
Gross surplus	641	723	858	927	1 002
Own hours gross surplus	674	756	901	972	1 051
Gross surplus % of audit income	28,95%	29,54%	32,28%	3,47%	32,50%
Other income	79	86	97	106	113
Interest	34	18	21	23	24
Present value adjustments and other	45	68	76	83	89
Contribution to overheads	720	809	955	1 033	1 116
Overhead expenses	666	763	875	952	1 038
Overhead as % of audit income	3,09%	31,18%	32,91%	33,37%	33,65%

	Actual 31 March 2013 R million	Forecast 31 March 2014 R million	Budget 31 March 2015 R million	Forecast 31 March 2016 R million	Forecast 31 March 2017 R million
Depreciation	35	47	50	51	52
Net surplus	19	(1)	31	29	26
Net surplus as % of audit income	0,84%	- 0,04%	1,15%	1,03%	0,84%

10. PROJECTED STATEMENT OF FINANCIAL POSITION

	Actual 31 March 2013 R million	Forecast 31 March 2014 R million	Budget 31 March 2015 R million	Forecast 31 March 2016 R million	Forecast 31 March 2017 R million
Equity and liabilities					
Equity	459	458	489	518	544
General reserve	104	104	104	104	104
Special audit services fund	5	5	5	5	5
Accumulated surplus	350	349	380	409	435
Non-current liabilities	72	77	82	88	94
Retirement benefit obligation – Medical aid					
liability	72	77	82	88	94
Current liabilities	450	568	659	750	851
Trade and other payables	439	568	659	750	851
Provisions ²	6	–	–	–	–
Current portion of finance lease obligations ³	6	–	–	–	–
	981	1 104	1 230	1 356	1 489
Employment of capital					

² In the past we used to provide for Government Employees Pension Fund (GEPF) liabilities. Going forward no further provision has been made due to payments being done as they fall due.

³ Since January 2012, notebooks have been purchased for cash, hence no further lease obligations.

	Actual 31 March 2013 R million	Forecast 31 March 2014 R million	Budget 31 March 2015 R million	Forecast 31 March 2016 R million	Forecast 31 March 2017 R million
Non-current assets	101	117	146	175	202
Property, plant and equipment	101	117	146	175	202
Investments	270	283	298	315	332
Current assets	610	704	785	866	955
Trade and other debts	416	494	538	577	624
Bank and cash	194	210	248	289	331
	981	1 104	1 230	1 356	1 489

Working capital assumptions

- Trade and other payables are calculated on a 45-day payment period from date of approval of the AGSA payment.
- Percentage debt collected averaged over 12 months' invoices for the period April – March collected over 13 months – all national business units
- 1% debt collected from the National Treasury averaged over 12 months' invoices for the period April – March collected over 13 months – Finance BU
- Percentage debt collected averaged over 12 months' invoices for the period April – March collected over 13 months – all provincial business units

11.

PROJECTED CASH FLOW

	Forecast 31 March 2014 R million	Budget 31 March 2015 R million	Forecast 31 March 2016 R million	Forecast 31 March 2017 R million
Opening bank balance	194	209	247	288

	Forecast 31 March 2014 R million	Forecast 31 March 2015 R million	Forecast 31 March 2016 R million	Forecast 31 March 2017 R million
Cash inflow	2 532	2 755	2 960	3 197
Audit income	2 487	2 707	2 907	3 140
Other income	45	48	53	57
Cash outflow	2 517	2 717	2 919	3 154
Operating expenditure	2 462	2 638	2 839	3 074
Capital expenditure	55	80	80	80
Closing bank balance	209	247	288	331

Note: The cash flow reflected above excludes investment balances which are ring-fenced for specific commitments

12.

ANNEXURE I – DETAILED BUDGET

Description	Notes	2013-14 budget (A)	2013-14 forecast (B)	2014-15 budget (E)	2015-16 forecast (F)	2016-17 forecast (G)
AUDIT INCOME	2	2 474 157 466	2 447 208 253	2 658 119 491	2 854 757 478	3 083 138 074
Own hours	2.1	1 809 851 592	1 728 953 295	1 971 575 588	2 129 301 637	2 299 645 767
Regularity audit		1 591 414 581	1 574 682 407	1 748 941 858	1 888 857 208	2 039 965 784
Specialised audit		218 437 011	154 270 888	222 633 730	240 444 429	259 679 983
Contract work	2.2	590 039 364	660 428 142	616 426 958	649 436 999	701 391 959
Regularity audit		565 364 414	602 930 684	596 843 459	628 804 792	679 109 175
Specialised audit		24 674 950	57 497 458	19 583 499	20 632 207	22 282 784
Subsistence and travel	2.3	113 634 870	97 195 174	118 682 193	128 176 769	138 430 910
Present value of revenue adjustments		(39 368 360)	(39 368 358)	(48 565 248)	(52 157 927)	(56 330 562)
DIRECT AUDIT COST		1 700 958 191	1 723 689 994	1 799 605 294	1 927 439 433	2 081 634 587
Staff remuneration: audit business units	3.3	997 283 957	972 566 188	1 070 917 111	1 156 590 480	1 249 117 718
Contract work recoverable	2.2	590 039 364	660 428 142	616 426 958	649 436 999	701 391 959

Description	Notes	2013-14 budget (A)	2013-14 forecast (B)	2014-15 budget (E)	2015-16 forecast (F)	2016-17 forecast (G)
Subsistence and travel recoverable	2.3	113 634 870	97 195 174	118 682 193	128 176 769	138 430 910
Present value of CWC recoverable		–	(6 499 510)	(6 420 968)	(6 764 815)	(7 306 000)
GROSS PROFIT		773 199 275	723 518 259	858 514 197	927 318 045	1 001 503 487
GROSS PROFIT PERCENTAGE		31,25%	29,57%	32,30%	32,48%	32,48%
OTHER INCOME	2.4	80 708 500	86 470 255	97 316 443	105 337 255	113 407 454
Interest received: PIC		17 650 346	13 085 079	15 195 538	16 319 648	17 625 220
Interest received: SCMB		6 000 000	5 046 356	5 808 012	6 237 668	6 736 681
Sundry income		15 945 282	27 225 946	27 247 645	30 122 012	32 214 991
Present value adjustments – revenue/ debtors		41 112 872	41 112 874	49 065 248	52 657 927	56 830 562
SURPLUS BEFORE OPERATING COST		853 907 775	809 988 514	955 830 640	1 032 655 300	1 114 910 941
OPERATING COST		781 147 000	772 160 460	875 289 997	952 168 663	1 036 890 450
Staff remuneration:	3.3.2	255 317 197	245 827 303	288 781 282	311 883 784	336 834 488
Support business units		249 837 305	241 479 316	284 548 105	307 311 953	331 896 910
Africa projects		5 479 892	4 347 988	4 233 177	4 571 831	4 937 578
Other personnel expenditure	3	110 616 238	113 113 273	135 425 508	146 259 549	157 960 313
Leave pay provision	3.1	8 621 000	8 500 000	5 074 500	5 480 460	5 918 897
Medical aid provision	3.2	6 809 001	5 112 177	5 112 000	5 520 960	5 962 637

Description	Notes	2013-14 budget (A)	2013-14 forecast (B)	2014-15 budget (E)	2015-16 forecast (F)	2016-17 forecast (G)
Group life scheme	3.4	10 772 270	13 450 214	13 450 212	14 526 229	15 688 327
Long service awards & other	3.4	1 497	200 000	–	–	–
Performance bonus	3.6	78 303 512	78 303 510	105 000 000	113 400 000	122 472 000
UIF: employer's contribution	3.5	4 217 512	4 985 512	4 603 153	4 971 405	5 369 118
Workmen's compensation premiums	3.5	810 326	919 179	990 874	1 070 144	1 155 755
BU recognition scheme	3.4	1 081 120	1 642 681	1 194 769	1 290 351	1 393 579
Outsourced services fees	4	17 393 168	17 951 237	27 446 175	28 818 484	30 259 408
Outsourced services fees – irrecoverable	4	17 393 168	18 130 582	27 735 075	29 121 829	30 577 920
Present value of outsourced services – irrecoverable		–	(179 345)	(288 900)	(303 345)	(318 512)
Subsistence and travel - irrecoverable	5	21 223 445	17 987 933	24 082 554	26 490 809	29 139 890
Accommodation	6	82 625 519	87 696 045	92 205 623	101 426 186	111 568 804
Rental	6.1	49 959 444	52 942 598	55 178 425	60 696 268	66 765 894
Operating costs	6.2	32 666 075	34 753 447	37 027 198	40 729 918	44 802 910
Stakeholder relationships	7	43 081 323	35 295 651	39 789 914	43 768 907	48 145 802
Liaison	7.1.1	9 361 400	5 862 068	4 113 500	4 524 850	4 977 335
Internal stakeholder liaison	7.1.2	9 657 811	7 847 170	3 713 170	4 084 487	4 492 936
External stakeholder liaison	7.1.3	5 035 679	4 766 762	6 539 855	7 193 841	7 913 226
Culture activities		88 195	19 665	654 500	719 950	791 945

Description	Notes	2013-14 budget (A)	2013-14 forecast (B)	2014-15 budget (E)	2015-16 forecast (F)	2016-17 forecast (G)
Constitutional liaison		933 430	1 014 234	1 161 198	1 277 318	1 405 050
Non-constitutional liaison		101 000	72 000	289 500	318 450	350 295
CE portfolio leadership sessions		–	930 847	2 447 850	2 692 635	2 961 899
Senior management workshop	7.2	–	–	3 626 140	3 988 754	4 387 630
Stakeholder workshops		8 400	2 184 298	2 713 699	2 985 069	3 283 576
Regional congresses	7.2	12 140 803	9 369 586	7 138 397	7 852 237	8 637 461
Foreign visitors	7.3	170 050	79 377	244 010	268 411	295 253
Overseas travel	7.4	5 584 555	3 149 644	7 148 095	7 862 905	8 649 196
Oversight and governance	8	1 287 610	826 537	1 486 906	1 635 597	1 799 156
Audit expenses	9	6 600 000	6 600 000	7 260 001	7 986 001	8 784 601
External audit fees	9.1	3 200 000	3 200 000	3 520 001	3 872 001	4 259 201
Internal audit fees	9.2	3 400 000	3 400 000	3 740 000	4 114 000	4 525 400
Bank charges		356 592	353 798	370 015	395 916	447 385
Finance charges	10	144 136	142 967	–	–	–
Recruitment expenses	11	10 548 901	8 487 038	8 482 308	9 330 539	10 263 593
Advertising		3 273 600	2 766 335	2 199 996	2 419 996	2 661 995
Personnel agency fees		3 000 000	2 582 247	3 000 000	3 300 000	3 630 000

Description	Notes	2013-14 budget (A)	2013-14 forecast (B)	2014-15 budget (E)	2015-16 forecast (F)	2016-17 forecast (G)
Interviews		2 375 305	1 952 585	2 282 312	2 510 543	2 761 598
Transfer & relocation		1 899 996	1 185 871	1 000 000	1 100 000	1 210 000
Learning and development	12	108 752 554	107 082 298	107 851 946	118 637 136	130 500 850
Membership fees	12.1	15 760 261	15 501 767	19 293 449	21 222 793	23 345 072
Training	12.2	37 097 321	30 645 415	23 525 889	25 878 476	28 466 324
Study assistance: employees	12.3	19 750 599	19 727 601	22 940 210	25 234 231	27 757 654
Study support incentive scheme		4 088 481	3 934 997	5 570 002	6 127 001	6 739 702
Institutional & learning development projects		2 209 026	3 246 952	2 097 200	2 306 920	2 537 612
Foundation programmes		8 000 000	7 198 720	14 479 403	15 927 343	17 520 077
Bursaries	12.4	11 976 140	11 591 978	12 960 036	14 256 039	15 681 643
Tertiary assistance	12.4	3 977 000	3 702 000	3 501 000	3 851 100	4 236 210
Skills development levy		11 893 726	11 532 868	13 222 973	14 545 270	15 999 797
Skills development levy - recovered		(6 000 000)	—	(9 738 216)	(10 712 037)	(11 783 241)
Employee wellness programmes	13	8 139 896	7 368 341	11 421 341	12 563 475	13 819 823
Employee wellness programmes		4 722 860	4 240 317	4 406 532	4 847 185	5 331 904
Employee social responsibility		345 000	220 000	340 000	374 000	411 400
AGSA social responsibility (general)		699 996	700 000	4 320 409	4 752 450	5 227 695
Corporate social investment		2 372 040	2 208 024	2 354 400	2 589 840	2 848 824
Technological services	14	55 012 389	58 905 738	53 715 799	59 087 379	64 996 116
Computer services	14.1	47 568 572	52 250 159	46 277 019	50 904 721	55 995 193

Description	Notes	2013-14 budget (A)	2013-14 forecast (B)	2014-15 budget (E)	2015-16 forecast (F)	2016-17 forecast (G)
Hiring of equipment: rental	14.2	5 207 290	4 474 167	5 154 088	5 669 497	6 236 446
Hiring of equipment: copy charges		2 236 527	2 181 412	2 284 692	2 513 161	2 764 477
Insurance and legal fees	15	2 820 632	3 148 526	3 764 000	4 333 000	4 972 382
Insurance		1 095 632	1 423 525	1 654 000	1 819 400	2 001 340
Legal costs		1 725 000	1 725 001	2 110 000	2 513 600	2 971 042
Office maintenance and sundry expenses	16	25 353 488	24 420 195	27 769 565	30 546 524	33 601 181
Cleaning: contracts/ services		2 906 376	2 843 705	3 225 574	3 548 132	3 902 946
Cleaning: materials		489 844	723 723	696 960	766 656	843 322
Office improvements		2 606 513	1 458 628	2 665 625	2 932 188	3 225 407
Refreshments		1 925 135	1 756 647	1 963 588	2 159 947	2 375 942
Publications		2 562 543	2 384 030	2 023 600	2 225 960	2 448 556
Repairs & maintenance: computer equipment & software		1 419 726	1 218 868	1 100 000	1 210 000	1 331 000
Repairs & maintenance: furniture and equipment		370 215	371 623	505 476	556 024	611 627
Repairs & maintenance: site and buildings		1 353 001	1 245 204	1 568 228	1 725 051	1 897 557
Repairs & maintenance: office vehicles		520 567	411 189	790 410	869 451	956 397
Printing of audit reports		1 940 000	3 903 500	4 462 486	4 908 735	5 399 609
Stationery and printing		8 893 758	7 847 622	8 259 218	9 085 140	9 993 654
Artwork & design		165 810	136 324	470 000	517 000	568 700
Medical examinations		200 000	119 132	38 400	42 240	46 464

Description	Notes	2013-14 budget (A)	2013-14 forecast (B)	2014-15 budget (E)	2015-16 forecast (F)	2016-17 forecast (G)
Communication	17	11 363 381	9 764 193	11 689 091	12 215 306	13 498 045
Cellphone charges	17.2	4 489 467	3 887 081	4 739 000	5 070 730	5 729 925
Postage & courier services		1 991 124	1 559 766	2 195 399	2 057 056	2 324 473
Telephone charges	17.1	4 882 790	4 317 346	4 754 692	5 087 520	5 443 647
Other expenses		20 510 531	27 189 386	33 747 969	36 790 071	40 298 614
Present value adjustment - creditors		(7 672 655)	(993 800)	(1 485 118)	(1 630 534)	(1 795 331)
Present value adjustment - expenses		8 183 194	8 183 194	8 394 987	8 898 695	9 619 844
Bad debt provision		19 999 992	19 999 992	26 838 100	29 521 910	32 474 101
SURPLUS BEFORE DEPRECIATION		72 760 775	37 828 054	80 540 643	80 486 637	78 020 491
Depreciation	18	47 422 975	38 716 259	49 943 162	51 113 660	52 145 071
Depreciation: motor vehicles		1 488 624	842 352	1 468 188	1 483 187	1 495 737
Depreciation: furniture & equipment		5 961 475	7 000 699	8 063 755	8 249 105	8 394 962
Depreciation: computer equipment		26 249 383	19 806 421	23 340 839	24 083 734	24 741 579
Depreciation: computer software		10 540 652	6 534 316	11 010 395	11 193 262	11 370 045
Depreciation: leasehold improvements		3 182 841	4 532 471	6 059 985	6 104 372	6 142 748
NET SURPLUS		25 337 800	(888 205)	30 597 481	29 372 977	25 875 420
Net surplus ratio		1,02%	-0,04%	1,15%	1,03%	0,84%
CAPITAL BUDGET	19	65 740 956	54 521 036	79 614 777	79 614 777	79 614 777

Description	Notes	2013-14 budget (A)	2013-14 forecast (B)	2014-15 budget (E)	2015-16 forecast (F)	2016-17 forecast (G)
Motor vehicles	19.1	620 000	1 300 000	2 400 000	2 400 000	2 400 000
Furniture & equipment	19.2	17 468 219	9 547 445	14 572 424	14 572 424	14 572 424
Computer equipment	19.4	26 403 441	21 940 068	24 428 067	24 428 067	24 428 067
Computer software	19.5	10 422 800	14 056 739	18 344 285	18 344 285	18 344 285
Leasehold improvement	19.3	10 826 496	7 676 784	19 870 001	19 870 001	19 870 001
CAPEX AS A % OF TOTAL INCOME		2,66%	2,23%	3,00%	2,79%	2,58%

13. ANNEXURE II – NOTES

2 Income

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change	
		R'000	R'000	R'000	%	R'000	%	
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Own hours	2.1	1 809 852	1 728 953	(80 898)	-4,5%	1 971 576	161 724	8,9%
Contract work	2.2	590 039	660 428	70 389	11,9%	616 426	26 387	4,5%
Subsistence and travelling	2.3	113 635	97 195	(16 440)	-14,5%	118 683	5 048	4,4%
Present value of revenue		(39 368)	(39 368)		0,0%	(48 566)	(9 198)	7,3%
adjustments								
Total audit income		2 474 157	2 447 208	(26 949)	-1,1%	2 658 119	183 962	7,4%

EFFECT OF THE ESTIMATES OF THE OFFICE FOR 2014-15 ON TOTAL STATE EXPENDITURE

The total estimated audit costs of R2,66 billion for 2014-15 (2013-14: R2,47 billion) amount to 0,23 % (2013-14: 0,24 %) of estimated state expenditure of approximately R1,140 trillion for 2014-15. The estimate of the office represents a 7,4% increase over 2013-14 budget and has no material effect on the total state expenditure.

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

The 2014-15 income has been compiled using the same tariff formula applied in the 2013-14 budgets.

2.1.1 Number of staff (ABU only)

Audit staff	Budget 2013-14 Staff numbers	Budget 2014-15 Staff numbers	Change		Comments
	(1)	(2)	Staff Members	%	
Business executives	18	18	0	0%	
Deputy business executives	17	18	1		The net increase of 1 is due to Free State and Limpopo appointing 2 deputy business executives and National D re-adjusting its historical budgeted establishment.
Senior managers	170	170	0	0%	
Audit managers	476	465	-11	-2%	
Assistant managers		472	472		The net decrease of 11 in audit manager staff is due mainly to Investigative Audit and Performance Audit adjustment of their budgeted establishment.
Audit supervisors		175	175		
Auditors	695	33	-662	-95%	
Audit clerks		142	142		The decrease of 662 staff in the auditor band is due to the reclassification of staff to assistant managers, audit supervisors and audit clerks bands previously included in the auditor band.
Trainee auditors	1 224	1 205	-19	-2%	
Total recoverable audit staff	2 600	2 698	98	4%	
Admin staff: non-recoverable audit staff	217	229	12	6%	Increase of 98 recoverable audit staff is due to additional centres (Gauteng, Information Systems Auditing and National D) and planned growth mainly as a result of taking back some of the section 4(3) audits and other audit activities.
Total audit staff	2 817	2 927	110	4%	

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. We arrive at the level of these recovery rates after providing for sufficient time for essential non-recoverable activities such as annual leave, study leave, sick leave, training, management and supervision. For the 2014-15 budget, the targeted recovery ratios were kept the same as the 2013-14 budget (refer to recovery rates and recoverable hours analysis in the table below). The average recovery rate for the 2014-15 budget is 61,29% (2013-14 budget: 63,13%), a decrease of 1,84% due to the reclassification of the auditor band into the assistant manager, audit supervisor and audit clerk bands.

The calculation of recoverable hours is based on the total available hours, which is equal to 2 017 hours per person per year (2013-14: 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 detailed analysis of recovery ratio and recoverable hours per band is reflected below:

Budget item	2013-14 expected recovery rate per band	2014-15 expected recovery rate per band	2013-14 budget	2014-15 budget	Change		Comments
			Hours	Hours	Hours	%	
			(1)	(2)	(2)-(1)	(2)-(1)	
Audit staff							
Business executives	25%	25%	8 687	8 734	47	0,5%	<p>The net increase in recoverable hours of 110 190 is due to the following:</p> <ul style="list-style-type: none"> • Increase of 98 in recovering staff (refer to 2.1.1 above). • decrease of 1,84% in average recovery rate (refer to 2.1.1A above).
Deputy business executives	30%	30%	9 990	11 102	1 112	11,1%	
Senior managers	55%	55%	166 426	165 873	(553)	-0,3%	
Audit managers	65%	65%	569 204	567 170	(2 034)	-0,4%	
Assistant managers		65%		611 336	611 336		
Audit Supervisors		65%		226 525	226 525		
Auditors	68%	68%	936 690	45 313	(891 377)	-95,2%	
Audit clerks		68%		188 997	188 997		
Trainee auditors	66%	66%	1 624 459	1 600 596	(23 863)	-1,5%	
Total			3 315 456	3 425 646	110 190	3,3%	Refer to 2.1.3 for calculation of total own hours income.

2.1.1 B Standard non-recoverable ratios

Budget item	2014-15 ratios						2014-15 budget		2013-14 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%		6%	54%	75%	27 230	1 513	27 230	1 513
Deputy business executives	11%	4%	0%	6%	49%	70%	25 414	1 412	25 414	1 412
Senior managers	11%	4%	0%	6%	25%	45%	155 888	917	155 888	917
Audit managers	11%	4%	2%	6%	12%	35%	328 287	706	328 287	706
Assistant managers	11%	4%	2%	6%	12%	35%	333 229	706	333 229	—
Audit supervisors	11%	4%	2%	6%	12%	35%	123 549	706	123 549	—
Auditors	11%	4%	4%	6%	7%	32%	21 285	645	21 285	645
Audit clerks	11%	4%	4%	6%	7%	32%	91 590	645	91 590	—
Trainee auditors	11%	4%	8%	9%	2%	34%	826 630	686	826 630	686

2.1.2 Recommended tariffs

Tariffs are based on average staff costs per band and interval, mark-up factor and recoverable hours (staff cost x mark-up factor ÷ recoverable hours). The average 2014-15 budget tariff is R576 per hour (2013-14: R546 per hour). The increase of R30 per hour is due to an effective salary increase of 7,47% and is explained in the table below.

Budget item	2013-14 budget	2014-15 budget	Change		Comments
	Rand/hour	Rand/hour	Rand/hour	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Audit staff					The increase in the average tariff is due to an effective salary increase of 7,47% (7,8%/12 x 4 months + 7,3%/12 x 8 months). This is lower than the 8,07% for the 2013-14 budget. The average tariff increase of 5,4% is lower than the 5,7% average tariff increase of the 2013-14 budget.
Business executives	2 440	2 562	122	0,05%	
Deputy business executives	2 476	2 713	236	9,5%	

Budget item	2013-14 budget	2014-15 budget	Change		Comments
	Rand/hour	Rand/hour	Rand/hour	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Senior managers	1 591	1 670	78	4,9%	The 32,1% decrease in the average auditor's tariff is mainly due to the reclassification of the auditor band into the assistant manager, audit supervisor and audit clerk bands.
Audit managers	1 122	1 191	69	6,1%	
Assistant managers		670			
Audit supervisors		457			
Auditors	571	388	(183)	-32,1%	
Audit clerks		224			
Trainee auditors	195	240	46	23,4%	
Average	546	576	30	5,4%	

Refer to 2.1.3 for calculation of total own hours income. Also refer to annexure 3 for detailed tariff schedule for 2013-14

2.1.3 Calculation of own hours income

Budget item	2013-14 budget	2014-15 budget	Change	
			Hours	%
	(1)	(2)	(2)-(1)	(2)-(1)
Recoverable hours ('000)	3 315	3 426	111	3,3%
Average tariff (Rand per hour)	546	576	30	5,4%
Own hours income (R'000)	1 809 852	1 971 576	161 724	8,9%

The increase in own hours income of R161,7 million is due to additional 110 190 recoverable hours and the increase of R30 per hour in average tariff.

2. 2 Contract work movement

Given the importance of private audit firms in contributing strategic resources towards the audit process, it is the AGSA's practice to outsource a certain amount of audit work to the 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 contract work to accommodate employee vacancies, especially during peak audit periods (PFMA and MFMA).

Budget item	2013-14 budget	2014-15 budget	Comments
	R'000	R'000	
Enterprise development	429 344	462 821	This is in line with the AGSA's practice of outsourcing work to private audit firms.
Pre-issuance	49 468	52 343	Review of audit files before the finalisation of audit reports for presentation to auditees.
Vacancies	111 227	101 263	Provision for additional contract work to accommodate vacancies. The decrease of R10 million is due to an increase in the AGSA's recoverable staff complement.
Total	590 039	616 427	

2.3 Subsistence and travel recoverable

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change	
		R'000	R'000	R'000	%	R'000		
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Subsistence and travel recoverable	2.3.1	113 635	97 195	(16 440)	-14,5%	118 683	5 048	4,4%
Total		113 635	97 195	(16 440)	-14,5%	118 683	5 048	4,4%

2.3.1

The subsistence and travel calculation is based on the subsistence and travel policy rates and the planned trips to carry out the audits. For the 2014-15 budget, the same rate per kilometre of R4,80 used for the 2013-14 budget is applied. The increased audit activities resulted in the increase in budget of R5,0 million.

2.4 Other income

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014-15 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: PIC	2.4.1	17 651	13 085	(4 566)	-25,9%	15 196	(2455)	-13,9%
Interest received: Current account	2.4.1	6 000	5 046	(954)	-15,9%	5 808	(192)	-3,2%
Sundry income	2.4.2	15 945	27 226	11 281	70,7%	27 248	11 303	70,9%
Total		39 596	45 357	5 761	14,6%	48 252	8 656	21,9%

2.4.1 Interest received

The decrease between the 2013-14 and 2014-15 budgets in interest received on investment accounts is due to the fact that last year's budget was based on an optimistic planned budget of R387 million compared to a realistic planned budget of R290 million for 2014-15 (the actual balance as at August 2013 was R275,6 million).

2.4.2 Sundry income

Sundry income is mainly made up of interest charged on overdue debts of R23,83 million (2013-14: R12,74 million). The balance is made up of recovery on tender documents, sales generated from the gift shop and recovery on employees seconded to AFROSAIE.

3 PERSONNEL EXPENDITURE

Budget item	Note	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Leave pay provision	3.1	8 621	8 500	(121)	-1,4%	5 075	(3 546)	-41,1%
Medical aid provision	3.2	6 810	5 112	(1 698)	-24,9%	5 112	(1 698)	-24,9%
Normal salary and benefits	3.3	1 252 602	1 218 394	(34 208)	-2,7%	1 359 699	107 097	8,5%
Other incentives	3.4	11 854	15 293	3 439	29,0%	14 645	2 791	23,5%
UIF & WCA	3.5	5 030	5 905	875	17,4%	5 595	565	11,2%
Total		1 284 917	1 253 204	(31 713)	-2,5%	1 390 126	105 209	8,2%
% of total income		51,9%	51,2%			52,3%		

3.1 Leave pay provision

Leave pay provision is influenced by the accumulation of leave days allowed in terms of the policy and salary increases. The number of accumulated leave days will be limited to a maximum of 30 days per year at resignation and 120 days on retirement. The 2014-15 leave pay provision of R5,1 million is 8,5% of the accumulated leave pay provision of R59 million. With the implementation of the new leave policy, a new trend where employees are encashing their leave is noticed and this is contributing to the 41% drop in the leave pay provision.

3.2 Post-retirement medical aid provision (PRMA)

The PRMA estimates were based on actuarial projections by Alexander Forbes for the 2013-14 forecast. The R5,1 million, 2014-15 budget is the expected increase in the actual accumulated PRMA provision from R72 million to R77 million.

3.3 Normal salary

3.3.1 Audit staff

Employee group	Total		Average salary per band R'000	Positioning against benchmark – range R'000	Comments
	No.	R'000			
Business executives	18	27 264	1 515	1 306 - 1 959	• The average salary per band is in line with the salary surveys conducted by the Human Capital Business Unit
Deputy business executives	18	26 057	1 448	1075 -1612	
Senior managers	170	164 682	969	764 -1 147	
Managers	465	346 868	746	475 - 686	

Employee group	Total		Average salary per band R'000	Positioning against benchmark – range R'000	Comments
	No.	R'000			
Assistant managers	472	199 723	423	306 - 712	<ul style="list-style-type: none"> The audit clerks group consists of audit clerks who are behind in academic progress and those that have completed their articles. Those that are behind in academic progress are transferred from trainee accountants to audit clerks at the same salary rate
Audit supervisors	175	50 654	289	284 - 453	
Auditors	33	8 705	264	202 - 368	
Audit clerks	142	20 095	142	91 - 363	
Trainee auditors	1 205	158 104	131	91 - 363	
Admin staff	229	68 765	300	108 - 319	
Total	2 927	1 070 917	366		

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

3.3.2 Support staff

Employee group	Total		Average salary per band R'000	Positioning against benchmark – range R'000	Comments
	No.	R'000			
Corporate executive group	12	32 118	2 677		Includes salaries of the AG and DAG The average salary per band is in line with the salary surveys conducted by the Human Capital Business Unit.
Business executives	16	20 778	1 299	1 243 - 1 865	
Senior managers	50	48 813	976	764 - 1 147	
Managers	202	126 106	624	350 - 876	
Specialists	184	57 198	311	249 - 430	
Admin staff	21	3 768	179	108 - 319	
Total support staff	485	288 781			

3.3.3 Total staff

Business focus areas	2013-14 total		2014-15 total		Comments
	No.	R'000	No.	R'000	
Total audit staff	2 600	997 284	2 698	1 070 917	The increase is influenced by the projected average salary increase rate of 7,3% per annum (effective rate of 7,47%) and 154 increase in the staff complement (recoverable staff: 98; non-recoverable staff: 56).
Total support staff	658	255 318	714	288 781	
Total	3 258	1 252 602	3 412	1 359 698	

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 7,47% is in line with the salary survey.

3.4. Other incentives

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 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	10 772	13 450	2 678	24,9%	13 450	2 678	24,9%	The increase is due to salary increases and the growth in the number of staff, plus increase in cost of group life.
Long service awards	1	200	199	100%	–	(1)	100%	Long service awards will now form part of the total rewards initiatives which are now being refined.
Business unit recognition scheme	1 081	1 643	562	51,9%	1 195	114	10,5%	This is used for team excellence recognition initiatives and the budget is driven by the number of staff at R350 per person (R350 x 3412)
Total	11 854	15 293	3 439	29,0%	14 645	2 791	23,5%	

3.5 UIF and WCA

Budget item	2013-14 budget	2014-15 budget	Change		Comments
	R'000	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
UIF employer's contribution	4 218	4 603	385	9,1%	The increase is due to an increase in the number of staff as well as the salary increase.
Workmen's compensation premiums	812	991	179	22,0%	The budget is based on the last assessment.
Total	5 030	5 594	564	11,2%	

These levies are based on the full staff complement of 3 412 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 2014-15 is R105 million (2013-14: R78,3 million) which is based on the actual performance bonus of R87,0 million paid in 2012-13 (2012-13 budget: R68,4 million) accrued at 10% over the years. The AGSA has a performance management system and process that commits the organisation to recognise and reward employees when they have achieved the agreed work performance targets.

4. OUTSOURCED SERVICES FEES

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change	
	R'000	R'000	R'000	%	R'000	R'000	%
	(1)	(2)	(2-1)	(2-1)	(3)	(3)-(1)	(3)-(1)
- Ongoing	13 222	13 783	561	4,2%	13 990	768	5,8%
- One-off ad hoc projects	4 171	4 348	177	4,2%	13 745	9 574	229,5%
Total	17 393	18 131	738	4,2%	27 735	10 342	59,5%

% of total income 0,7% 0,7% 1,0%

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

Outsourced service fee analysis

Budget item	2014-15 budget			Comments
	Ongoing	One-off	Total	
	R'000	R'000	R'000	
Quality Control	847	–	847	External firm-level review and annual quality control reviews by IRBA. Experts for mandatory quality control, e.g. ISA audit. Experts for firm-level reviews performed by the internal QC component.
Finance	1 291	–	1 291	Budget tool maintenance and enhancement, quantity surveyor fees for facilities projects, audit of tenders and contracts for SCM and actual fees for post-retirement medical evaluations.
Corporate Secretariat	237	–	237	Outsourced services to evaluate governance committees (audit committee, remuneration committee, and policy committee) per King III requirements.
Communication	1 624	–	1 624	Outsourced services for media monitoring, technical writer for the annual report and audit of content to ensure that our messages are simple, clear and relevant.
Information and Communication Technology	4 171	11 712	15 883	External support for the PeopleSoft ERP application upgrades for PeopleSoft FIN and HR, infrastructure and other projects, e.g. MIS phase 2, Data warehouse.
Performance Monitoring, Evaluation and Reporting	260	–	260	Internal control monitoring tool: maintenance and improvements.
Research and Development	–	400	400	Outsourced services in respect of AoPI and themes for sectors; methodology transfer to new audit software; special opinions and support; assistance with control and governance; and audit software project.
Performance Auditing		1 500	1 500	Research in terms of existing memorandums of understanding with HSRC and CSIR
Human Capital projects	3 000		3 000	Psychometric assessment costs for existing and new employees, marketing for career days at university/graduate recruitment, job evaluation surveys and e-performance enhancement surveys.

Budget item	2014-15 budget			Comments
	Ongoing	One-off	Total	
	R'000	R'000	R'000	
Knowledge Management	210	–	210	Stakeholder profiling, SharePoint and information management outsourced services.
Strategic Audit Work		600	600	Outsourced services for audit optimisation projects.
National Leader 2		250	250	Outsourced services for special projects: audit support projects conducted through the office of the national leader.
Organisational Development & Leadership	–	1 633	1 633	Fees payable to service providers for the development of the leadership programmes (succession planning, executive coaching and thought leadership).
Total	11 640	16 095	27 735	

One-off initiatives are defined by those projects necessary to establish capabilities that have not previously existed and/or to upgrade current capabilities and technologies.

5 SUBSISTENCE AND TRAVEL - IRRECOVERABLE

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 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)	21 223	17 988	(3 236)	-15,2%	24 083	2 859	13,5%
Total	21 223	17 988	(3 236)	-15,2%	24 083	2 859	13,5%

% of total income	0,9%	0,7%	0,9%
-------------------	------	------	------

The 13,5% increase is due to more planned interactions with both external and internal stakeholders. The 2014-15 subsistence and travel (irrecoverable) (S&T) budget was calculated based on planned trips and the AGSA's revised S&T policy that was reviewed in April 2012.

6 ACCOMMODATION

6.1 Rentals

The average 5% increase in rentals from R49,95 million in the 2013-14 budget to R55,17 million is mainly due to annual escalations on leased properties and new premises for the Western Cape BU.

Location	Budget 2013-14		Budget 2014-15			Monthly cost per square metre: 2014-15	Comments
	Square metres occupied	Monthly cost per square metre	Square metres occupied	Total Staff establishment	Basic rental cost		
Western Cape	1 839	73	2 100	235	2 962 800	118	<ul style="list-style-type: none"> The year-on-year increase in rental costs is attributed to annual escalation per lease agreement and additional space of 816 square metres due to the following: Western Cape has budgeted to move into new premises with additional space of an average of 261 square metres. KwaZulu-Natal increased square metres by 167 due to planned closure of Durban offices and relocation to Pietermaritzburg offices. Mpumalanga increased square metres by 388 to accommodate growth in staff.
Eastern Cape	3 827	111	3 827	310	5 497 104	120	
Mpumalanga	1 210	113	1 598	148	2 267 754	118	
KwaZulu-Natal	2 330	99	2 497	233	2 726 724	91	
North West	1 804	111	1 618	112	2 330 761	120	
Limpopo	2 130	173	2 130	155	4 864 835	190	
Free State	1 960	92	1 960	181	2 275 560	97	
Johannesburg	2 672	110	2 672	234	3 577 060	112	
Northern Cape	2 000	93	2 031	152	2 437 200	100	
Pretoria	14 865	135	14 415	1 652	26 238 627	152	
Total	34 637	120	34 848	3 412	55 178 425	132	

6.2 Operating costs

The operating costs for the 2014-15 budget are based on service agreements, which are linked to the rental agreements and reflect much higher cost of utilities.

7. STAKEHOLDER RELATIONSHIPS

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014-15 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	9 361	5 862	(3 499)	-37,4%	4 114	(5 248)	-56,1%
Internal stakeholders	7.1.2	9 658	7 847	(1 811)	-18,7%	3 713	(5 945)	-61,6%
External stakeholders	7.1.3	5 036	4 767	(269)	-5,3%	6 540	1 504	29,9%
Total		24 055	18 476	(5 579)	-23,2%	14 367	(9 689)	-40,3%
		1,0%	0,7%			0,5%		

7.1 STAKEHOLDER RELATIONSHIPS

7.1.1 Liaison

Contained in liaison are costs for employee communication, media management, events management and branding. The decrease is mainly due to the one-off provision of R6,8 million for events, stakeholder interactions and plans related to the retirement of the AG in the 2013-14 budget.

7.1.2 Internal stakeholders

Budget item	2013-14 budget			2014-15 budget			Variance		Comments
	Number of employees	Average amount	Total	Number of employees	Average amount	Total	Rate	Volume	
			R'000			R'000			
	(1)	(2)	(1)x(2)	(3)	(4)	(3)x(4)			
BU team	3 258	2 964	9 657	3 412	1 088	3 713	(6 111)	168	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 for these costs are R1 000 (budget 2014-15: R1 088). The decrease is due to the budgeting of CE-led strategic alignment intervention in a separate account.
Total	3 258	2 964	9 657	3 412	1 088	3 713	(6 111)	168	

7.1.3 External stakeholders

Budget item	2013-14 Budget			2014-15 Budget			Variance
	Number of employees	Allowance	Total	Number of employees	Allowance per month	Total	
		R'000	R'000		R'000	R'000	
	(1)	(2)	(3)	(4)	(5)	(6)	(6) - (3)
BE – National	25	24	600	23	34	779	179
BE – Provincial	9	24	216	9	31	281	65
DBE	17	18	306	18	22	397	91
SM	216	12	2 592	223	15	3 366	774
Exco	14	94	1 322	14	123	1 717	395
Total	281		5 036	287		6 540	1 504

The cost relates to the improvement of relationships and communication with internal and external stakeholders. The objective of interaction with external stakeholders is to improve the consistency of our messages and to provide insight into the purpose and outcomes of audits. Internal stakeholder interaction with staff is aimed at enabling them to understand their unique contribution to the vision and mission of the AGSA. The allowance applied per band to compute the budget has remained the same over the two previous budget periods and the increase of R1,5 million is due to the increase in the number of employees.

7.2 Regional congresses (strategic alignment workshops, vision alignment/organisational achievement)

Budget item	2013-14 Budget			2014-15 Budget			Variance	Comments
	Number of employees	Amount	Total	Number of employees	Amount	Total		
		Rand	R'000		Rand	R'000		
	(1)	(2)	(3)	(4)	(5)	(6)	(6) - (3)	
BU/CE workshop	3 258	3 009	9 804	3 412	2 092	7 138	(2 666)	The decrease is due to the controls introduced on the budget tool where budgeting is strictly based on the number of heads. Budget cost per head per annum is R2 000 as per budget guidelines, which is in line with actual budgeted cost per head per annum of R2 092.

Budget item	2013-14 Budget			2014-15 Budget			Variance	Comments
	Number of employees	Amount	Total	Number of employees	Amount	Total		
		Rand	R'000		Rand	R'000		
	(1)	(2)	(3)	(4)	(5)	(6)	(6) - (3)	
Senior management workshop	281	8 322	2 338	287	12 635	3 626	1 288	The 2014-15 SMW will be held in Cape Town. The increase is mainly due to costs related to air travel of R904 000 and accommodation of R679 000. Also included in the 2014-15 SMW budget is a provision for the booking deposit of R688 000 for the 2015-16 SMW.
Total	3 539	11 331	12 142	3 699	14 727	10 765	(1 377)	

7.3 Foreign visitors

Budget item	2013-14 Budget	2013-14 forecast	Variance		2014-15 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	170	79	(91)	-53,3%	244	74	43,5%
Total	170	79	(91)	-53,3%	244	74	43,5%

These expenses relate to foreign visitors to the AGSA from other supreme audit institutions and are based on the expected number of visitors for the following year. The increase is due to more visitors expected in the 2014-15 year compared to the 2013-14 financial year.

7.4 Overseas travel

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 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	1 718	1 718	–	0,0%	2510	792	46,1%	Planned trips for the AG and DAG's portfolio. AG's international commitments, including AFROSAI, AFROSAI-E, and INTOSAI GB
Institutional Cooperation and others	3 867	1 432	(2 435)	-63,0%	4 639	772	20,0%	The increase is due to the planned trips to benchmark our Learning and Development Business Unit to the SAls of China and India, QC international peer review, SADCOPAC conference and AFROSAI-GB meetings.
Total	5 585	3 150	(2 435)	-43,6%	7 149	1 564	28,0%	

8. OVERSIGHT AND GOVERNANCE

Budget item	2013-14 budget	2013-14 budget	Variance		2014-15 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 mechanism (SCoAG)	100	–	(100)	0,00%	80	(20)	100%	
Labour and staff relations	200	200	–	0,00%	495	295	100%	Provision for labour-related issues.

Budget item	2013-14 budget	2013-14 budget	Variance		2014-15 budget	Change		Comments
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Corporate governance boards (AG advisory board, audit committee and quality control assessment committee)	988	627	(361)	-36,6%	912	(76)	-7,7%	This is a provision for expenses relating to various advisory committees of the AGSA. These costs are mainly driven by the number of meetings held per annum. The decrease is due to the reduction of the number of AGSA staff members attending SCoAG meetings.
Total	1 288	827	(461)	35,8%	1 487	199	15,5%	

% of total income

0,05%

0,03%

0,06%

9. AUDIT FEES

9.1 External audit fees

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 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	1 898	1 898	(1 526)	-80,4%	2 334	436	23,0%	The audit costs are based on the estimates provided by our external auditors and cover planning, interim audit, final audit, BU visits and internal control reviews.
Performance information audit (balanced scorecard)	822	822	–	0,0%	686	(136)	-16,5%	The costs are based on the time estimated to conduct the balanced scorecard audit.

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 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	480	480	–	0,0%	500	20	4,2%	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 effected as per Exco resolution.
Total	3 200	3 200	–	0,0%	3 520	320	10,0%	

% of total income

0,1%

0,0%

0,1%

9.2 Internal audit fees

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 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	364	364	–	0,0%	925	561	154,1%
Routine human capital-related audits	438	438	–	0,0%	390	(48)	-11,0%
Routine internal control audits	984	984	–	0,0%	1 212	228	23,2%
Business unit visits	479	479	–	0,0%	–	(479)	-100,0%
Ad hoc assignments and system queries (CAATS application)	396	396	–	0,0%	417	21	5,3%
Project management and attendance of Audit Committee meetings	436	436	–	0,0%	467	31	7,1%

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change	
	R'000	R'000	R'000	%	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Risk management meetings and strategic risk assessment	141	141	–	0,0%	157	16	11,3%
Disbursements	162	162	–	0,0%	172	10	6,2%
Total	3 400	3 400	–	0,0%	3 740	340	10,0%
% of total income	0,1%	0,1%			0,1%		

The business unit visit costs are now consolidated into routine financial audit costs hence the 154% increase year on year.

10. FINANCE CHARGES

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change	
	R'000	R'000	R'000	%	R'000	R'000	%
	(1)	(2)	(2)-(1) budget	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Finance charge	144	143	(1)	-0,8%	-	(144)	100%
Total	144	143	(1)	-0,8%	0	-144	-100%
% of total income	0,0%	0,0%		0,0%			

There are no finance charges for the 2014-15 budget as notebooks have been purchased for cash since the beginning of 2012.

11. RECRUITMENT EXPENSES

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 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	3 274	2 766	(507)	-15,5%	2 200	(1 074)	-32,8%	Costs related to advertisement of vacancies and graduate recruitment programmes. The budget is in line with the previous year's actual expenditure.
Personnel agency fees	3 000	2 582	(418)	-13,9%	3 000	–	0,0%	
Interviews	2 375	1 953	(423)	-17,8%	2 282	(93)	-3,9%	
Transfer and relocation expenses	1 900	1 186	(714)	-37,6%	1 000	(900)	-47,4%	

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change		Comments
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1) budget	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Total	10 549	8 487	(2 062)	-19,5%	8 482	(2 067)	-19,6%	.
% of total income	0,4%	0,3%			0,3%			

12. LEARNING AND DEVELOPMENT

In 2012 the Learning and Development Business Unit was established to focus on training, learning and development for the AGSA. The business unit has made its statement of intent as follows:

- Serving the audit and oversight learning needs of our stakeholders
- Providing continuous innovative learning experiences to capacitate high performers
- Creating a trusted learning brand
- Assisting AGSA in achieving its mandate to improve the lives of all citizens and becoming leaders in public sector auditing

This relates to the investment the office is making towards continuous learning and development for staff, the details of which are as follows:

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014-15 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	12.1	15 760	15 502	(258)	-1,6%	19 293	3 533	22,4%
Training:	12.2	37 097	30 645	(6 452)	-17,4%	23 526	(13 571)	-36,6%
Internal training		13 155	12 781	(374)	-2,8%	8 698	(4 457)	-33,9%
External training		5 563	3 493	(2 070)	-37,2%	5 139	(424)	-7,6%
S&T: training		18 379	14 371	(4 009)	-21,8%	9 688	(8 691)	-47,3%
Study assistance: employees	12.3	19 751	19 728	(23)	-0,1%	22 940	3 190	16,1%
HC development projects		2 209	3 247	1 038	47,0%	2 097	(112)	-5,1%
Bursaries	12.4	11 976	11 592	(384)	-3,2%	12 960	984	8,2%
Study support incentive scheme		4 088	3 935	(153)	-3,7%	5 570	1 482	36,3%
Foundation programmes		8 000	7 199	(801)	0,0%	14 479	6 479	81,0%
Tertiary assistance	12.4	3 977	3 702	(275)	0,0%	3 501	(476)	-12,0%
Skills development levy		11 894	11 533	(361)	-3,0%	13 223	1 329	11,2%
Skills development levy - recovered		(6 000)		6 000	-100,0%	(9 738)	(3 739)	62,3%

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Total		108 753	107 082	(1 670)	-1,5%	107 852	(901)	-0,8%
% of total income		4,4%	4,4%			4,1%		

12.1 Membership fees

The 2014-15 budget for membership fees is based on current staff numbers, anticipated staff intake and the annual increase in membership fees, the increase is mainly due to the growth in members.

12.2 Training

Type of expense	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change	
	R'000	R'000	R'000	%	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Internal	13 155	12 781	(374)	-2,8%	8698	(4457)	-33,9%
External	5 563	3 493	(2 070)	-37,2%	5 139	(424)	-7,6%
S&T for training activities	18 379	14 371	(4 009)	-21,8%	9 688	(8 691)	-47,3%
Total	37 097	30 645	(6 452)	-17,4%	23 526	(13 571)	-36,6%

12.3 Study assistance: employees

The movement in this figure is influenced by the requirements of the study support policy that offers financial assistance only to employees that meet the academic progress requirements

Course of study	2013-14 budget	2014-15 budget	Comments
	R'000	R'000	
Diploma	15	62	In line with the AGSA's strategy to focus on graduate students. The bulk of the amount budgeted relates to 1 205 trainee auditors (budget 2013-14: 1 224).
Degree	239	817	
CTA/honours	12 482	14 666	
FOE support courses	3 014	3 138	
Non accounting degrees and diplomas	225	698	
MBA	35	304	
Post-graduate, RGA ,CISA	3 741	3 255	
Total	19 751	22 940	

12.4 External student bursaries and tertiary assistance

	Budget 2012-13	Forecast 2012-13	Budget 2014-15
	R'000	R'000	R'000
Thuthuka	1 800	1 726	1 944
External bursaries	9 200	8 820	10 481
Study support	277	266	—
Sponsorship, functions and other	699	670	535
Tertiary assistance (including Fort Hare)	3 977	3 813	3 501
Total	15 953	15 294	16 461

Fort Hare

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

Thuthuka

This amount is per the signed agreement. It relates to approximately 43 students (2013-14 budget: 40 students) whom the AGSA sponsors on the Thuthuka programme.

External bursaries and centenary scholarship programme

This refers to the cost of our commitment to 118 external bursary holders (2013-14 budget: 120). In addition, there are 34 students under our centenary scholarship programme (funded through the AGSA centenary scholarship fund; refer to note 13 below)

Name of university	No. of students: 2013-14 budget	No. of students: 2014-15 budget	Centenary scholarship: No. of students; 2014-15 budget
Johannesburg	17	17	3
Wits	6	7	5
Pretoria	6	6	8
UNISA	4	2	
Free State	5	5	2
KwaZulu-Natal	14	13	2
Cape Town	14	17	9
Stellenbosch	8	9	
Nelson Mandela Metro	6	6	1
North West	19	20	4
Fort Hare	13	5	
Rhodes	2	2	
Limpopo	1	0	
Western Cape	5	9	
Total	120	118	34

13. EMPLOYEE WELLNESS PROGRAMME

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014- 15 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		4 723	4 240	(483)	-10,2%	4 407	(316)	-6,7%	This relates to fees paid to external service providers for various services, which include employee assistance, executive wellness, lifestyle management and HIV/AIDS programmes.
Employee social responsibility		345	220	(125)	-36,2%	340	(5)	-1,4%	The decrease is due to the aligning of the 2014-15 budget to the 2012-13 actual.
AG social responsibility		700	700		0,0%	4 320	3 620	517,2%	The increase is due to the AGSA centenary scholarship fund – open to scholars and university students from all nine provinces.
Corporate social responsibility		2 372	2 208	(164)	-6,9%	2 354	(18)	-0,7%	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-child-to-work day, Radio Metro's bring-a-boy/girl-child-to-work day. The

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change		Comments
		R'000	R'000	R'000	%	R'000	R'000	%	
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
									decrease is due to the aligning of the 2014-15 budget to the 2012-13 actual historical spending.
Total		8 140	7 368	(772)	-9,5%	11 421	3 281	40,3%	

14. TECHNOLOGICAL SERVICES

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Computer services	14.1	47 568	52 250	4 682	9,8%	46 277	(1 292)	-2,7%
Hiring of equipment – rental	14.2	5 207	4 474	(733)	-14,1%	5 154	(53)	-1,0%
Hiring of equipment – copy charges		2 237	2 181	(55)	-2,5%	2 285	48	2,2%
Total		55 012	58 906	3 893	7,1%	53 716	(1 297)	-2,4%

% of total income

2,2%

2,4%

2,0%

14.1 Computer services

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 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	24 875	27 323	2 448	9,8%	20 359	(4 516)	-18,2%	Decrease is due to the review of licensing requirements and in-house provisioning of maintenance tasks.

Budget item	2013-14 budget	2013-14 forecast	Variance		2014- 15 budget	Change		Comments
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Networks	16 287	17 890	1 603	9,8%	20 118	3 831	23,5%	Network bandwidth increased to facilitate video messaging, increase in number of users and increase in number of applications that require network connectivity.
Security	5 599	6 150	551	9,8%	5 800	201	3,6%	
Telecommunications	807	886	79	9,8%	-	(807)	-100,0%	
Total	47 568	52 250	4 682	9,8%	46 277	(1 291)	-2,7%	
% of total income	1,9%	2,1%			1,7%			

14.2 Hiring services

The decrease of 1% is due to a reduction in the number of multi-functional devices.

15. INSURANCE AND LEGAL FEES

Budget item	2013-14 budget	2013-14 forecast	Variance		2014- 15 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	1 096	1 424	328	29,9%	1 654	558	51,0%	The increase is due to the 2014-15 budget that is estimated based on the AGSA's claims history.

Budget item	2013-14 budget	2013-14 forecast	Variance		2014- 15 budget	Change		Comments
	R'000	R'000	R'000	%	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)	
Legal fees and contingency	1 725	1 725		0,0%	2 110	385	22,3%	The budget for 2014-15 is estimated on the actual costs incurred in the previous financial years.
Total	2 821	3 149	328	11,6%	3 764	943	33,4%	
% of total income	0,1%	0,1%			0,1%			

16. Office maintenance and sundry expenses

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 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	25 353	24 420	(933)	(0,04%)	27 769	2 416	0,1%

Included in office maintenance are costs for cleaning (R3,9 million), office improvements, refreshments and publications (R6,7 million), repairs and maintenance (R4,0 million) stationery and printing (R12,7 million) and others (R0,428 million).

17. Communications

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014-15 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	4 883	4 317	(565)	-11,6%	4 755	(128)	-2,6%
Cell phone charges	17.2	4 489	3 887	(602)	-13,4%	4 739	250	5,6%
Postage and courier services		1 991	1 560	(431)	-21,7%	2 195	204	10,3%
Total		11 363	9 764	(1 599)	-14,1%	11 689	326	2,9%

% of total income	0,5%	0,4%	0,4%
-------------------	------	------	------

17.1 Telephone charges

The costs are mainly influenced by the staff complement of 3 412 (2012-13 budget: 3 258). The decrease in telephone charges is due to the planned stricter control of telephone usage.

17.2 Telephone charges

The increase is due to the growth in the number of users and is within the CPIX of 5,6%. The monthly cellphone allowance per user is R1 000 (2013-14 budget: R1 000).

18. Depreciation

Budget item	2013-14 budget	2013-14 forecast	Variance		2014-15 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	1 489	842	(646)	-43,4%	1 468	(20)	-1,4%
Furniture and equipment	5 961	7 001	1 039	17,4%	8 064	2 102	35,3%
Computer equipment	26 249	19 806	(6 443)	-24,5%	23 341	(2 909)	-11,1%
Computer software	10 541	6 534	(4 006)	-38,0%	11 010	470	4,5%
Leasehold improvements	3 183	4 532	1 350	42,4%	6 060	2 877	90,4%
Total	47 423	38 716	(8 707)	-18,4%	49 943	2 520	5,3%

The depreciation expense budget is based on existing assets and the expected capital expenditure using the current depreciation policy. The increase in depreciation expense of R2, 5 million is due to the fact that 54% of CAPEX is spent on computer equipment and software with a 3-year life cycle. Computer equipment and software budget for 2014-15 is R42, 8 million (2013-14 budget: R36, 8 million).

19. Capital expenditure budget

19.1 Motor vehicles

Description	2013-14 budget	Acquisitions	Depreciation	2014-15 budget
	NCV			NCV
	R'000	R'000	R'000	R'000
Motor vehicles	3 074	2 400	1 468	4 006
Total	3 074	2 400	1 468	4 006

Location	2013-14 budget	2013-14 forecast	2014-15 budget
	R'000	R'000	R'000
Purchases of five pool cars, combis for Mpumalanga to cater for six centres consisting of four teams with six staff members in a team.	620	1 300	2 400
Total	620	1 300	2 400

Description	2013-14 forecast	Acquisitions	Depreciation	2014-15 budget
		R'000	R'000	
	NCV			NCV
Furniture and equipment	27 160	14 572	8 064	33 669
Total	27 160	14 572	8 064	33 669

Location	2013-14 budget	2013-14 forecast	2014-15 budget	Comments
	R'000	R'000	R'000	
Pretoria and other regional offices	17 468	9 547	14 572	New furniture acquisition is budgeted centrally at head office for all the offices. The increase is due to new leases and furniture replacements in line with branding requirements and to create more seating space for staff.
Total	17 468	9 547	14 572	

19.3 Leasehold improvements

Description	2013-14 budget	Acquisitions	Depreciation	2014-15 budget
	NCV			NCV
	R'000	R'000	R'000	R'000
Leasehold improvements	24 796	19 870	6 060	38 606
Total	24 796	19 870	6 060	38 606

Location	2013-14 budget	2013-14 forecast	2014-15 budget	Comments
	R'000	R'000	R'000	
Pretoria and other regional offices	10 826	7 677	19 870	New furniture acquisition is budgeted centrally at head office for all the offices. The increase is due to new leases and furniture replacements in line with branding requirements and to create more seating space for staff.
Total	10 826	7 677	19 870	

19.4 Computer hardware, network and security

Description	2013-14 forecast	Acquisitions	Depreciation	2014-15 budget
	NCV	R'000	R'000	NCV
	R'000			R'000
Computer hardware	57 148	24 428	23 341	58 235
Total	57 148	24 428	23 341	58 235

Budget item	Ref	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Change	
		R'000	R'000	R'000	%	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)	(3)	(3)-(1)	(3)-(1)
Computer hard-ware	19.4.1	7 439	13 592	6 153	82,7%	16 178	8 739	117,5%
Networks		1 871	1 554	(316)	-16,9%	1 937	66	3,6%
Security		1 389	1 155	(235)	-16,9%	950	(439)	-31,6%
Notebooks	19.4.2	15 705	5 639	(10 066)	-64,1%	5 364	(10 341)	-65,8%
Total		26 404	21 940	(4 464)	-16,9%	24 429	(1 975)	-7,5%

19.4.1 Regional equipment

R16 million relates to the purchase and replacement of out-of-date regional servers, printers and other equipment which are beyond their three-year life cycle.

19.4.2 Notebooks

R5,4 million relates to the purchase of new laptop notebooks for new employees and the replacement of old laptops for existing employees.

19.5 Computer software

Description	2013-14 forecast	Acquisitions	Depreciation	2014-15 budget
	NCV	R'000	R'000	NCV
	R'000			R'000
Computer software	17 325	18 344	11 010	24 659
Total	17 325	18 344	11 010	24 659

Description	2013-14 budget	2013-14 forecast	Variance		2014-15 budget	Comments
	R'000	R'000	R'000	%	R'000	
	(1)	(2)	(2)-(1)	(2)-(1)	(3)	
New software licence	2 362	3 185	823	34,9%	5 230	Due to growth in staff numbers, new licences, e.g. TeamMate, Oracle and Microsoft will be procured.
New systems implemen-tation	8 061	10 871	2 810	34,9%	13 114	New systems to be implemented such as MIS, Scan-ning Solution, Automated Notebook Backup, Project Office Management Software, SharePoint Records Management System.
Total	10 423	14 057	3 634	34,9%	18 344	

Categories	Salary interval		Tariff
	Lower	Upper	Budget 2014-15
Business executives	1 305 711	1 958 566	2 562
Deputy business executives	1 114 001	1 135 400	2 535
	1 092 601	1 114 000	2 486
	1 071 201	1 092 600	2 438
Senior managers	1 290 401	1 311 800	2 494
	1 269 001	1 290 400	2 453
	1 247 601	1 269 000	2 412
	1 226 201	1 247 600	2 371
	1 204 801	1 226 200	2 330
	1 183 401	1 204 800	2 289
	1 162 001	1 183 400	2 248
	1 140 601	1 162 000	2 206
	1 119 201	1 140 600	2 165
	1 097 801	1 119 200	2 124
	1 076 401	1 097 800	2 083
	1 055 001	1 076 400	2 042
	1 033 601	1 055 000	2 001
	1 012 201	1 033 600	1 960
	990 801	1 012 200	1 919
	969 401	990 800	1 878
	948 001	969 400	1 837
	926 601	948 000	1 796
	905 201	926 600	1 755
	883 801	905 200	1 714
	862 401	883 800	1 673
	841 001	862 400	1 632
	819 601	841 000	1 591
	798 201	819 600	1 550
	776 801	798 200	1 509
	755 401	776 800	1 468
Audit managers	985 001	1 006 400	1 780
	963 601	985 000	1 741
	942 201	963 600	1 703

Categories	Salary interval		Tariff
	Lower	Upper	Budget 2014-15
	963 601	985 000	1 741
	942 201	963 600	1 703
	920 801	942 200	1 665
	899 401	920 800	1 627
	878 001	899 400	1 588
	856 601	878 000	1 550
	835 201	856 600	1 512
	813 801	835 200	1 474
	792 401	813 800	1 435
	771 001	792 400	1 397
	749 601	771 000	1 359
	706 801	728 200	1 282
	685 401	706 800	1 244
	664 001	685 400	1 206
	642 601	664 000	1 168
	621 201	642 600	1 129
	599 801	621 200	1 091
	578 401	599 800	1 053
	557 001	578 400	1 015
	535 601	557 000	976
	514 201	535 600	938
	492 801	514 200	900
	471 401	492 800	862
	450 001	471 400	823
Auditors	368 201	378 900	585
	357 501	368 200	568
	346 801	357 500	551
	336 101	346 800	535
	325 401	336 100	518
	314 701	325 400	501
	304 001	314 700	484
	293 301	304 000	468
	282 601	293 300	451

Categories	Salary interval		Tariff
	Lower	Upper	Budget 2014-15
	261 201	271 900	417
	250 501	261 200	401
	239 801	250 500	384
	229 101	239 800	367
	218 401	229 100	350
	207 701	218 400	334
	197 001	207 700	317
Assistant managers	710 601	721 300	1 188
	699 901	710 600	1 171
	689 201	699 900	1 153
	678 501	689 200	1 135
	667 801	678 500	1 117
	657 101	667 800	1 100
	646 401	657 100	1 082
	635 701	646 400	1 064
	625 001	635 700	1 046
	614 301	625 000	1 029
	603 601	614 300	1 011
	592 901	603 600	993
	582 201	592 900	975
	560 801	571 500	940
	550 101	560 800	922
	539 401	550 100	904
	528 701	539 400	887
	518 001	528 700	869
	507 301	518 000	851
	496 601	507 300	833
	485 901	496 600	815
	475 201	485 900	798
	464 501	475 200	780
	453 801	464 500	762
	443 101	453 800	744
	432 401	443 100	727

Categories	Salary interval		Tariff
	Lower	Upper	Budget 2014-15
	411 001	421 700	691
	400 301	411 000	673
	389 601	400 300	656
	378 901	389 600	638
	368 201	378 900	620
	357 501	368 200	602
	346 801	357 500	585
	336 101	346 800	567
	325 401	336 100	549
	314 701	325 400	531
	304 001	314 700	514
Audit supervisors	453 801	464 500	763
	443 101	453 800	745
	432 401	443 100	727
	421 701	432 400	709
	411 001	421 700	692
	400 301	411 000	674
	389 601	400 300	656
	378 901	389 600	638
	368 201	378 900	620
	357 501	368 200	603
	346 801	357 500	585
	336 101	346 800	567
	325 401	336 100	549
	314 701	325 400	532
	304 001	314 700	514
	293 301	304 000	496
	282 601	293 300	478
Audit clerks	239 801	250 500	396
	229 101	239 800	379
	218 401	229 100	361
	293 301	304 000	496
	282 601	293 300	478

Categories	Salary interval		Tariff
	Lower	Upper	Budget 2014-15
	207 701	218 400	344
	197 001	207 700	327
	186 301	197 000	310
	175 601	186 300	292
	164 901	175 600	275
Trainee auditors	391 701	402 400	744
	381 001	391 700	724
	370 301	381 000	704
	359 601	370 300	684
	348 901	359 600	664
	338 201	348 900	644
	327 501	338 200	624
	316 801	327 500	604
	306 101	316 800	584
	295 401	306 100	564
	284 701	295 400	544
	274 001	284 700	524
	263 301	274 000	504
	252 601	263 300	484
	241 901	252 600	463
	231 201	241 900	443
	220 501	231 200	423
	209 801	220 500	403
	199 101	209 800	383
	188 401	199 100	363
	177 701	188 400	343
	167 001	177 700	323
	156 301	167 000	303
	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

Rates for audits done on behalf of the Auditor-General South Africa
Period: 1 April 2013 to 31 March 2015

Rates (excluding value-added tax)

Partners

2 562

Specialists (maximum)

2 562

Categories	Categories
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

Categories	Categories
MONTHLY EARNINGS	RATE PER HOUR
R	R
13 800 and more	369
14 600 and more	390
15 400 and more	411
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
Categories	Categories
MONTHLY EARNINGS	RATE PER HOUR
R	R
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
35 000 and more	948
37 500 and more	1 014
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

Categories	Categories
MONTHLY EARNINGS	RATE PER HOUR
R	R
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

16. ANNEXURE V – B-BBEE SCORECARD

B-BBEE components	Strategic objective	Key performance indicators	Performance targets			
			2014	2015	2016	2017
Ownership	Not applicable to the AGSA					
Management control	Encourage proper representation of black people on company boards in an executive and non-executive capacity					
		Guiding and providing assistance to the governance BU in respect of representation targets for governance structures and top management	55%	60%	60%	65%
		Setting of numerical goals that are aligned with the EAP				
		Black employees with disabilities as a percentage of all employees – all levels	2%	3%	3%	3%

B-BBEE components	Strategic objective	Key performance indicators	Performance targets			
			2014	2015	2016	2017
Ownership	Not applicable to the AGSA					
Black employees in senior management as a percentage of all such employees using the adjusted recognition for gender – band C and above	55%	60%	60%	65%		
Black employees in middle management as a percentage of all such employees using the adjusted recognition for gender – band D	70%	75%	75%	80%		

B-BBEE components	Strategic objective	Key performance indicators	Performance targets			
			2014	2015	2016	2017
Black employees in middle management as a percentage of all such employees using the adjusted recognition for gender – band D	70%	75%	75%	80%		
Black employees in junior management as a percentage of all such employees using the adjusted recognition for gender – band E	80%	85%	85%	90%		

B-BBEE components	Strategic objective	Key performance indicators	Performance targets			
			2014	2015	2016	2017
Skills development	Promote a diverse and skilled workforce which is representative of national demographics	3%	3%	3%	3%	3%

B-BBEE components	Strategic objective	Key performance indicators	Performance targets			
			2014	2015	2016	2017
		B-BBEE procurement spend from suppliers that are 30% black women owned	7%	8%	8%	8%
Enterprise development	Support the development of black entrepreneurs and business	Average annual value of all enterprise development contributions and sector-specific programmes made by the AGSA as a percentage of NPAT or turnover	3% of NPAT or 0,375% of turnover	3% of NPAT or 0,375% of turnover	3% of NPAT or 0,375% of turnover	3% of NPAT or 0,375% of turnover
Socio-economic development corporate social investment	SEnsure that beneficiaries have sustainable access to the economy – add value via schools' poverty eradication programme	Implementation and facilitation of support for the schools' poverty eradication programme; upliftment of the communities; working with charities, children's homes and homes for the aged Direct costs will be addressed centrally Indirect costs will be the time spent per BU on this intervention	1% of NPAT or 0,125% of turnover	1% of NPAT or 0,125% of turnover	1% of NPAT or 0,125% of turnover	1% of NPAT or 0,125% of turnover

B-BBEE components	Strategic objective	Key performance indicators	Performance targets			
			2014	2015	2016	2017
Ownership	Not applicable to the AGSA					
		Adjusted skills development expenditure on learning programmes for black people with	0,3%	0,3%	0,3%	0,3%

B-BBEE components	Strategic objective	Key performance indicators	Performance targets			
			2014	2015	2016	2017
	Skills development expenditure on learning programmes	disabilities as a percentage of leviable amount				
	Bursary expenditure	Specific bursary expenditure on potential black employees, which includes amounts spent on the Thuthuka Bursary Fund as a percentage of NPAT or turnover	4% of NPAT or 0,5% of turnover	4% of NPAT or 0,5% of turnover	4% of NPAT or 0,5% of turnover	4% of NPAT or 0,5% of turnover
	Learning programmes	Adjusted number of black employees participating in learning programmes as a percentage of total employees – all study programmes, conferences, forums, etc.	55%	60%	60%	60%

Notes

Adjusted recognition for gender: Indicators are adjusted to take into account the participation of black women. In each case a formula is used to calculate the adjusted recognition for gender.

BEE procurement recognition level: The percentage BEE procurement recognition levels as determined – (a) for enterprises that are neither qualifying small enterprises nor exempted micro-enterprises; (b) for qualifying small enterprises; and (c) for exempted micro-enterprises, a deemed BEE procurement recognition of 100% and BEE status of level 4 contributor.

Leviable amount: The amount the organisation pays toward the skills levy as per the Skills Development Levy Act.

Learning program matrix: The learning programme matrix annexed in Code 400 of the Charter.

Net profit after tax (NPAT): The operating profit of a measured entity after tax. It incorporates both the equity/loss figures and abnormal items, but excludes extraordinary items as determined by Generally Accepted Accounting Practice (GAAP).

Occupational levels: The occupational levels specified in Form EEA9 gazetted as a regulation under the Employment Equity Act.

QSE: A qualifying small entity that qualifies for measurement under the qualifying small enterprise scorecard, with a turnover of between R5 and R35 million.

Skills development expenditure: Comprises the money that the AGSA spends on skills development. It excludes the skills development levy payable by the AGSA in accordance with the Skills Development Levies Act.

Turnover: The revenue of the entity which refers only to income that arises in the course of the ordinary activities of the AGSA and includes fees from rendering services and royalties.

AG	Auditor-General (the person)
AGSA	Auditor-General of South Africa (the organisation)
AFS	Annual financial statements
BEE	Black economic empowerment
B-BBEE	Broad-based black economic empowerment
BU	Business unit
CA	Chartered accountant
CAC	Chartered Accountant Charter
CSI	Corporate social investment
CTA	Certificate in the Theory of Accounting
CW	Contract work
DAG	Deputy Auditor-General
EE	Employment equity
ERP	Enterprise resource planning
FTE	Full-time employee
GAAP	Generally Accepted Accounting Practice
GP	Gross profit margin
ICT	Information and Communication Technology
IFAC	International Federation of Accountants
INCOSAI	International Congress of Supreme Audit Institutions
INTOSAI	International Organization of Supreme Audit Institutions
IRBA	Independent Regulatory Board for Auditors
ISA	International Standards on Auditing
ISQC1	International Standard on Quality Control
ISSAI	International Standards of Supreme Audit Institutions
IT	Information technology
MFMA	Municipal Finance Management Act
NGO	Non-governmental organisation
NT	National Treasury
OM	Oversight mechanism
PAA	Public Audit Act
PFMA	Public Finance Management Act
RPL	Recognition of prior learning
SAI	Supreme audit institution
SCoAG	Standing Committee on the Auditor-General
SMME	Small, medium and micro-enterprises
UN	United Nations

Contact Details

Physical address
300 Middel Street
New Muckleneuk
Pretoria
South Africa

Postal address
PO Box 446
Pretoria
0001

Telephone
(012) 426 8297

Fax
(012) 426 8257





AUDITOR - GENERAL
SOUTH AFRICA

RP111/2014

ISBN: 978-0-621-42680-9