

# STRATEGIC PLAN AND BUDGET

## OF THE AUDITOR-GENERAL OF SOUTH AFRICA

**2026-29**

*Auditing to build public confidence*



# **CONTENTS**



# CHAPTER 1

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### Purpose of this document

This document presents the performance and financial plan of the Auditor-General of South Africa (AGSA) for the period 1 April 2026 to 31 March 2029. It outlines the top mid-term operational priorities for the organisation as it continues to implement its corporate strategy, #cultureshift2030, and specifies the annual targets to be pursued for each priority area.

# CHAPTER 2

OUR CONSTITUTIONAL MANDATE AND FUNCTIONS

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## 2.1 Our mandate and functions

Chapter 9 of the Constitution establishes the AGSA as one of the state institutions that supports constitutional democracy in the country. Section 188 states that the AGSA is required to report on the finances of all national, provincial and local government administrations and has the discretion to audit any institution that receives money for a public purpose. It also specifically states that the reports of the AGSA must be made public. This is further supported by section 41, which states that all spheres of government and other organs of state must secure the wellbeing of the people of the republic and provide effective, transparent, accountable and coherent government for the country as a whole.

The Constitution establishes our independence by directing that we are subject only to it and the law. It also requires us to be impartial, exercise our powers and perform our functions without fear, favour or prejudice. These functions are described in section 188 and further regulated by chapters 2 and 3 of the Public Audit Act 25 of 2004 (PAA).

## 2.2 Our expanded mandate

Changes to our enabling legislation came into effect on 1 April 2019. A few fundamental amendments addressed long-standing concerns about the failure of accounting officers and authorities to act on our audit findings and recommendations, specifically regarding fruitless, wasteful and irregular expenditure. The amended PAA aims to

encourage those appointed as stewards of public resources to act decisively and in accordance with the law to prevent or recover losses. Where our recommendations and messages are not addressed, we have the power to trigger consequences and enforce accountability. Other amendments aim to clarify our mandate to conduct various forms of audits and broaden the scope to select areas for auditing where attention is needed.

## 2.3 Our products

Each year, we conduct mandatory regularity audits of all legislatures, all national and provincial government departments, certain public entities, all municipalities and all municipal entities (our clients or auditees).

We also conduct discretionary audits, such as performance audits, special audits, international audits and investigations.

Our audit reports are made public and tabled in Parliament, provincial legislatures and municipal councils. In addition to these entity-specific reports, we publish two general reports each year, in which we analyse the outcomes of the audits at national and provincial levels and at municipal level.

Our products form the basis for engagement with a variety of stakeholder groups, with whom we share audit insight to equip them to fulfil their responsibilities effectively.

# CHAPTER 3

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## Accountability and reporting

We are accountable to the National Assembly, in terms of section 181(5) of the Constitution and section 3(d) of the PAA. We report to the National Assembly annually on our activities and the performance of our functions by tabling two main accountability instruments, namely, our strategic plan and budget and our annual report. The Standing Committee on the Auditor-General (Scoag), established in terms of the Constitution and the PAA, oversees our performance on behalf of the National Assembly.

# CHAPTER 4

PURPOSE, PRINCIPLES AND THE DIFFERENCE WE MAKE

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## 4.1 Our vision, mission and values

The essence of our organisation as a supreme audit institution (SAI) is expressed in our vision, mission and values.

### VISION

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

### MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, exists to strengthen our country’s democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.

### VALUES



We care for each other



We build trust



We do the right thing



We excel in all we do

## Our values

### We care for each other

We inspire, empower, motivate and value each other. We build and maintain supportive relationships, respect each other, and our cultural differences; and resolve conflict to create positive, productive, safe and efficient working environments.

### We build trust

We create a safe space for constructive dialogue as well as honest and open engagements with all. We communicate timeously and transparently, and encourage others to do the same, listen with empathy and respond thoughtfully without judgement; and take accountability for actions and decisions.

### We do the right thing

We take ownership for and deliver ethical leadership. We develop clear and robust plans of action and confront and manage both problems and opportunities as they arise.

### We excel in all we do

We continually challenge ourselves to develop our skills, expertise and capabilities as well as the conventional way of doing things; and innovative ideas, products and services, ensuring that we maximise our individual and collective potential.

## 4.2 Value and benefits of supreme audit institutions

We subscribe to and apply the principles entrenched in International Organization of Supreme Audit Institutions (Intosai)-P 12, *The value and benefits of supreme audit institutions – making a difference to the lives of citizens*. The overall philosophy of the standard centres around the following notion:

Auditing of government and public sector entities by SAIs has a positive impact on trust in society because it focuses the minds of the custodians of public resources on how well they use those resources. Such awareness supports desirable values and underpins accountability mechanisms, which, in turn, leads to improved decisions. Once a SAI's audit results have been made public, citizens are able to hold the custodians of public resources accountable. In this way, SAIs promote the efficiency, accountability, effectiveness and transparency of public administration. An independent, effective and credible SAI is therefore an essential component in a democratic system where accountability, transparency and integrity are indispensable parts of a stable democracy. Acting in the public interest places a further responsibility on SAIs to demonstrate their ongoing relevance to citizens, Parliament and other stakeholders.

The extent to which a SAI is able to make a difference to the lives of citizens is contingent on three main pillars:

### Pillar 1

Strengthening the performance, accountability, transparency and integrity of government and public sector entities

- Safeguarding the independence of the SAI
- Carrying out audits
- Enabling those charged with governance
- Reporting on audit results

### Pillar 2

Demonstrating ongoing relevance to citizens, Parliament and other stakeholders

- Being responsive to changing environments and emerging risks
- Communicating effectively with stakeholders
- Being a credible source of independent and objective insight

### Pillar 3

Being a model organisation through leading by example

- Ensuring appropriate own transparency and accountability
- Ensuring own good governance
- Complying with a code of ethics
- Striving for service excellence and quality
- Capacity building through learning and knowledge sharing

## 4.3 Our role in the South African democracy

At the most basic level, the independent auditor's role is to express an opinion on whether the financial statements of the auditee are prepared in accordance with applicable financial reporting frameworks. While the role of the public sector auditor is premised on that elemental definition, it also goes beyond the expression of opinions on financial statements.

The United Nations recognises the important role of a SAI in promoting the efficiency, accountability, effectiveness and transparency of public administration that is conducive to the achievement of national development objectives and priorities as well as internationally agreed development goals. The Intosai goes further in defining the role of the public sector auditor, as championed by a SAI, as an important factor in making a difference in the lives of citizens.

Through our audit activities, we play an important role in enabling accountability and thus promoting democratic governance in South Africa. We do this by providing independent assurance to the various legislatures on whether entities that use public funds have managed their financial affairs in line with sound financial principles, have complied with the relevant legal framework, and have provided credible information on the achievement of their financial and performance objectives in line with the PAA. In this way, the elected representatives of the South African people are able to hold the executive and accounting authorities, officials and public entities accountable. This provides the rationale for our work in empowering citizens 'to hold the custodians of public resources accountable' in terms of Intosai-P 12.

## 4.4 The value added through our work

We deliver value to our stakeholders in the following ways:

### The citizens

- Acting in the public interest and selecting areas of audit that have a direct impact on the lived reality of our people
- Making public the results of our audit work and providing insight in a simple manner, which may enable citizens to hold their elected representatives and custodians of public resources accountable
- Being a model organisation that champions clean administration and transformation imperatives.

### The legislatures

- Being a trustworthy source of relevant, independent and objective insight based on professional judgement and sound analysis
- Proactively identifying themes, common findings, trends and root causes
- Providing audit recommendations and discussing these with key stakeholders to enable them to oversee and support beneficial changes in the public sector culture and service delivery so that we influence improvement in the lived reality of our people.

### The executive and the auditees

- Identifying instances of mismanagement and their root causes, and recommending improvements tailored to the business of the auditee
- Equipping them with a value-adding understanding of the status of their financial and performance management and compliance with relevant laws
- Delivering tailored audit and engagement programmes to assist them to improve their respective cultures to ones characterised by performance, accountability, transparency and integrity
- Executing our audits in the most cost-effective, efficient and economical manner.



## The auditing and accounting professions

- Assisting in the development of audit standards and guides
- Collaborating around professionalisation support, including funding and training support
- Training skilled and highly qualified accounting professionals
- Allocating contract audit work equitably and meaningfully, including to small and medium black and female-owned accounting firms
- Creating a pipeline of black chartered accountants for our organisation, the public service and the wider profession.

## Professional bodies

- Sharing sector-specific insights to help professional bodies better understand how to create improvements in their various sectors.

## Our employees

- Providing meaningful employment and career development opportunities
- Creating pathways for professional development, especially for our young professionals
- Providing technical training and continuous professional development interventions that keep our people on the cutting edge of professional and industry trends
- Creating an organisational environment that meets their professional aspirations, while respecting and matching their personal and professional values
- Providing fair, transparent, market-related and equitable remuneration and benefits
- Providing an invaluable opportunity to play a role in shaping the work of the public sector and making a positive impact on the lives of South Africans.

## Intosai and other SAIs

- Taking up leadership roles in the community of public sector auditing, through active membership of the governing boards of the Intosai, African Organisation of Supreme Audit Institutions (Afrosai) and the African Organisation of English-speaking Supreme Audit Institutions (Afrosai-E)
- Leading and facilitating capacity development activities across the same three levels
- Hosting the secretariat of Afrosai-E that deals with capacity development among English-speaking SAIs
- Engaging in knowledge sharing to help improve the performance of other SAIs
- Collaborating to grow and strengthen the profession globally.

# CHAPTER 5

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## TSAKANI MALULEKE

Auditor-General

Despite this complexity, our mandate remains unchanged. We are required to execute it with discipline, urgency and integrity – remaining focused on our strategic destination, steadfast in our values, and adaptive in our capabilities and approaches as conditions evolve. It is against this backdrop that we reaffirm our commitment to supporting auditees in upholding the highest standards of public administration.

### Deepening impact through strategic focus and discipline

As we near the midpoint of our #cultureshift2030 strategy, the 2026-29 planning horizon represents the final stretch of strategic execution. Our emphasis during this period will be on consolidating gains achieved to date by sharpening our focus on those priorities that have demonstrated the greatest potential for impact at scale. This entails tighter prioritisation, disciplined execution, and a deliberate reduction of internal operational missteps, while leveraging lessons learnt to concentrate resources and effort where they matter most. This strategic focus does not narrow our mandate. Rather, it refines how we deploy our capabilities to deepen impact – particularly in enhancing insight, foresight, oversight and accountability across the public sector.

### Striving towards a disclaimer-free public administration

Disclaimers of opinion remain the most severe audit outcome, signalling the absence of sufficient and appropriate evidence and undermining the credibility of financial reporting and public accountability. They are typically symptomatic of

This year, as we mark four years of steadfast commitment in implementing our #cultureshift2030 strategy, we remain resolute in the democratic values and principles enshrined in section 195 of the Constitution. These principles are our North Star, which serves as a guiding framework, ensuring that our audit work is focused on strengthening our constitutional democracy and supporting auditees realise the exemplary standard of public administration to which South Africans are constitutionally entitled.

Notwithstanding our commitment, we acknowledge that both the ability of our auditees to adhere to these principles and our capacity to provide effective support to them are being challenged by an increasingly complex and uncertain operating environment. Escalating sociopolitical fragmentation, geopolitical instability, rapid technological change (particularly in artificial intelligence (AI) and cybercrime) alongside fiscal constraints, inflationary pressures, and infrastructure limitations, continue to place significant strain on public sector institutions. These dynamics intensify strategic risks, resource constraints, and accountability pressures, underscoring the imperatives for effective governance and oversight.

serious control failures, poor record keeping, and ineffective governance.

Our continual focus on disclaimers, including an intensive analysis of their root causes, has yielded measurable progress, with the number of disclaimers in local government declining from 28 in 2021 to 11 in the most recent reporting period. Over the 2026-29 period, it is our intended focus to intensify our efforts to influence the eradication of disclaimers entirely. Our approach will include leveraging specialised audit services to enhance transparency, strengthening engagement with the accountability ecosystem, and exercising our expanded powers decisively to enforce consequence management.

Prioritising the timely submission of annual financial statements will remain our focus as late or non-submission impedes audit processes, oversight, and accountability. This requires concerted attention from all participants in the accountability ecosystem.

### Local government: the epicentre of service delivery

Local government plays a pivotal role in influencing citizens' lived experience with public administration on service delivery. The quality and reliability of basic services directly have a tangible effect on social wellbeing, economic participation, and development trajectories.

The achievement of clean audits by only 16% of municipalities in the most recent audit cycle underscores the need to heighten our focus on facilitating more targeted and effective interventions with metropolitan municipalities as a key priority. We will intensify our focus as a key priority to catalyse



change, while embracing the emerging trend of increased engagement with the accountability ecosystem underpinned by our continued advocacy, insight and enabling role which is exercised within the boundaries of our mandate and independence.

### Enabling accounting officers' effectiveness

Accounting officers are key drivers of shifting the culture in the public sector as sustainable improvement is contingent upon their leadership, discipline, and capacity to model and enforce ethical conduct and best practices. In the coming period, we will bolster our support to accounting officers by refining our insights, improving the relevance and clarity of our recommendations, and demonstrating clear linkages between audit outcomes, strategic priorities, and service delivery. Our work will prioritise enabling success through proactive reviews of annual performance plans, alignment of budgets to priorities, and targeted capacitation of audit teams to augment their capability to influence constructively and empathetically.

### Strengthening the accountability ecosystem

Experience demonstrates that accountability ecosystems that are informed, active and effective, foster the strongest performance and integrity. Recent parliamentary interventions have reinforced the catalytic influence of oversight structures in driving behavioural change. Accordingly, we will prioritise enhancing the visibility, coordination, and effectiveness of accountability ecosystem stakeholders over the 2026-29 period. This will further include enhancing transparency around audit recommendations and progress in implementation, strengthen partnerships across the ecosystem, and continue to focus on the role of coordinating ministries in fulfilling their legislative responsibilities.

### Enforcing for deterrence, consequence management and recovery

The full implementation of the material irregularity (MI) process has strengthened accountability by enabling loss recovery, consequence management, and referrals for investigation. Over the past three years, this has contributed to the protection of R4,7 billion in public resources.

While the issuance of certificates of debt remains a necessary enforcement mechanism, our primary objective is deterrence and systemic improvement. In the coming period, we will continue to implement our extended powers and aim to empower the accountability ecosystem and accelerate resolution of identified MIs and their root causes. Our focus

will be on scaling impact by targeting MIs associated with significant financial loss, substantial harm, and threats to institutional integrity.

### Contributing to and learning from global best practice

Our leadership within the global SAI community reinforced by hosting the SAI20 Summit last year amplifies South Africa's contribution to international standard setting and capacity building efforts. We will maintain our leadership roles within Intosai, Afrosai-E, and Afrosai, including hosting the Afrosai-E secretariat.

In 2026, we will conduct a SAI Performance Measurement Framework assessment to provide an evidence-based evaluation of our performance against international standards supporting transparency, continuous improvement, and long-term organisational development.

### Building on our legacy

In 2026, as we mark four years of successfully implementing our #cultureshift2030 strategy, we will mark a significant milestone in our history: 115 years of public auditing and of empowering the people of South Africa to hold government accountable. This has been an incredible journey we have undertaken on behalf of and with the people of our country. We invite all our stakeholders, most importantly the citizens, to mark and celebrate this milestone with us as we continue to protect public resources and support our country's democracy.

### Conclusion

As we transition into the final phase of #cultureshift2030, we do so cautiously optimistic, grounded in the tangible progress achieved to date. The operating environment will remain turbulent, particularly as we approach local government elections, increasing the risk of distraction and fragmentation.

Maintaining strategic focus, agility, and discipline will therefore be of pertinence. Our organisational values of caring for each other, building trust, doing the right thing, and excelling in all we do will remain our stabilising force, guiding us as we remain firmly oriented towards our North Star and our relentless commitment to improving the lived reality of all South Africans.

 27/02/2026

**Tsakani Maluleke**

Auditor-General

# CHAPTER 6

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**BONGI NGOMA**

Deputy Auditor-General (Acting)

## Sustaining organisational viability in a constrained environment

All organisations face a fundamental challenge: growing complexities in operating environments escalates the capabilities and costs required to remain sustainable. When resources are constrained and these demands outstrip capacity, organisational sustainability and strategic momentum begin to erode. This is often not a result of lack of commitment to strategy, but of an inability to resource the organisation adequately relative to its context.

This is a risk that we, as the AGSA, must proactively mitigate. Our operating environment is characterised by increasing turbulence, uncertainty and complexity, escalating capability and cost requirements. Despite these complexities in our operating environment, it is critical that we remain committed to our strategic aspiration of shifting the culture of the public sector through our insights, influence and enforcement.

We must prioritise resource allocation, balance short-term pressures with long-term priorities, adopt innovative and agile approaches, and execute consistently underpinned by our values of care, trust, integrity and excellence.

## #cultureshift2030: entering a phase of focus and acceleration

We are now beyond the midpoint of the #cultureshift2030 strategy. The organisation has successfully embedded the strategy, secured critical stakeholder buy-in, and mobilised most key strategic initiatives. We have made significant progress in defining and reinforcing the cultural foundations for sustained performance.

The period ahead will be characterised by increased focus and consolidation. Our priority is to keep in-flight initiatives on track, conclude those that have delivered their intended value, and discontinue those that have not. This will allow us to simplify operations, reduce unnecessary complexity, and reallocate resources to areas of greatest impact, while institutionalising the benefits of our most effective initiatives.

## Optimising audit operations for impact

As we scale our strategic focus on insight, influence and enforcement, the configuration and capability of our audit teams will remain a priority. This includes the expanded deployment of digital tools, particularly the audit software programme (ASP), and focused change management to optimise the realisation of value and benefits.

Our emphasis on influence will require targeted upskilling to equip teams with capabilities beyond traditional audit competencies. Stronger integration between regularity audits and specialised services — such as performance audit, information technology audit, forensics and data analytics — will further enable multidisciplinary, solution-oriented teams. We will also strengthen the use of our expanded powers, particularly in identifying and progressing MIs, including fraud.

## Financial sustainability: investing in the future

Sustained attention to financial performance and management discipline over recent years has resulted in strong year-on-year financial outcomes driven by initiatives such as resource pooling, productivity and recoverability improvements; more efficient use of contracted resources; proactive debt management; and targeted cost optimisation.

These gains have enabled investment in future capabilities, particularly our digital transformation programme, with the ASP as a flagship initiative. Our future priorities include investing in key digital initiatives, enhancing our insight, influence and enforcement capabilities, and maintaining our position as a preferred employer and developer of high-skilled talent.

Debt collection will remain a key lever to unlock existing resources. Measures will include ring-fencing agreements, pursuing litigation against persistent non-payers, and continued engagement with the National Treasury to address

historical debt. Cost optimisation will also continue, targeting overhead reductions through greater integration across business units and increased use of digital tools.

## Institutionalising digital transformation

The #cultureshift2030 strategy features an extensive digital transformation programme that aims to ensure long-term relevance, improve efficiency and quality, and enhance staff wellbeing.

Early ASP pilots have demonstrated significant potential benefits, including automation, time savings, improved analysis, cost efficiencies and reduced quality risks. Over the 2026-29 period, the priority will be a full ASP rollout, beginning with an expanded pilot and accelerated onboarding of teams.

Beyond the ASP, digital tools are being embedded in the corporate services area to automate, enhance data-driven decision making and improve performance monitoring. The focus over the planning period will be on institutionalising these tools within daily workflows to realise their full efficiency potential.

## Remaining an exemplary institution

Our reputation, and the public confidence it generates, remains our most valuable asset. It underpins the credibility of our work and our ability to influence public sector performance and accountability.

Maintaining a strong ethical posture remains a priority. We will continue implementing the updated ethics programme to sustain our targeted AA ethics rating in an increasingly high-risk environment.

Audit quality will receive renewed emphasis, with a focus on consistently maintaining performance within the targeted

80-90% range. The continued implementation of the system of quality management (SoQM) will underpin this effort. We will also advance our role as a responsible corporate citizen through initiatives such as the rollout of the enhanced supplier development programme launched in 2025-26.

### **Team AGSA: engaged, empowered and exemplifying excellence**

Our people remain our greatest strength and most valuable assets and their sustained performance relies on supportive leadership, a positive and enabling culture, access to the right resources, safe working conditions, and meaningful growth and development opportunities.

Key priority areas include addressing cultural improvement interventions arising from the AGSA Culture Index, enhancing employee safety in response to increasing threats and intimidation, and improving job satisfaction through digital enablement. The young professionals programme remains a key component of our talent channel, alongside focused investment in improving professional examination pass rates.

### **Conclusion**

The coming period demands focus, rigorous execution, and diligent allocation of resources. It is equally pertinent that our desired culture is embedded consistently across the organisation. As we navigate a rapidly evolving environment, our capacity for continuous learning, adaptation and evolution will be a key success factor. Our track record demonstrates that we are well positioned to meet this challenge and continue delivering elevated impact.



**Bongzi Ngoma**

*Deputy Auditor-General (Acting)*



# CHAPTER 7

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## Operating context

As a part of the strategic planning process, it is essential to continuously assess the environment in which the organisational strategy is implemented. This enables the organisation to periodically test the continued relevance of the strategy, its ability to create value for both the organisation and its stakeholders, and to remain alert to external and internal factors that may influence successful execution.

## 7.1 External environment

In assessing the external operating environment, a key consideration is whether the operating context and the assumptions underpinning the development of the #cultureshift2030 strategy remain valid. Where assumptions no longer hold, execution tactics are proactively adapted to ensure that achievement of the strategy is not compromised.

For the 2026-29 planning period, most external context assumptions were found to remain valid, including the following:

- Most people in South Africa continue to live under difficult and unequal conditions
- Despite some improvements at individual auditees, overall audit outcomes – particularly in local government – show limited progress
- The misuse of state resources persists
- There is sustained national discourse on fraud and corruption, reflecting growing frustration across society

regarding government's inability to address these challenges. This continues to negatively affect the country's economic standing, the citizens' lived experiences, and South Africa's international reputation.

## Complex audit environment

- The audit portfolio of state-owned enterprises (SOEs) continues to expand, increasing the number of specialised and complex environments subject to audit
- The shift towards more integrated, value-chain-specific audit insights highlights the need to further strengthen internal specialist capabilities, including investigations, information systems, engineering, and environmental sustainability
- Increasing auditee pushback and litigation compromise the organisation's ability to meet legislated timelines and require the diversion of scarce financial resources to legal costs
- Poor-quality financial statements and performance reports from several auditees continue to absorb significant audit time and attention.



## Political landscape

- Following the 2024 national elections and the start of the 7<sup>th</sup> administration, there is a renewed opportunity to advance the objectives of the #cultureshift2030 strategy. Through inductions and ongoing parliamentary engagements, collaboration with new leadership will continue to improve the financial management and service delivery performance of government institutions
- Despite these opportunities, the political environment remains challenging, particularly due to frequent leadership changes across government. This instability hampers sustained engagement and limits consistent progress in strengthening financial systems and performance
- Ongoing financial maladministration and corruption further reinforce the importance of a national audit office that operates with rigour, transparency, and ethical integrity.

## Economic conditions

- Slow economic growth and increasing pressure on the national fiscus continue to affect the organisation's work. These conditions place financial strain on auditees, impacting their ability to pay audit fees
- Given the link between financial sustainability and institutional independence, protecting the organisation's financial position remains critical and underpins the development of the finance strategy.

## Social trends

- Globally, SAIs are placing increasing emphasis on auditing for impact – ensuring that audit work benefits citizens, not only governments, as articulated in Intosai-P 12. The AGSA's strategy aligns with this trend by focusing on using audit insights to illuminate root causes of poor performance and to provide targeted, actionable recommendations
- As part of this approach, the organisation tracks whether its work contributes, over time, to improved financial management and service delivery outcomes from which citizen impact is realised

- Stakeholders increasingly expect institutions such as the AGSA to play a more active role in addressing national challenges. The #cultureshift2030 strategy, together with a strengthened SoQM, forms part of this response. However, sustained improvement requires coordinated action across the broader accountability ecosystem.

## Technological advancements

- Rapid technological advancement continues to shape the audit profession globally. The AGSA's focus on digitisation reflects both national and international trends among SAIs
- Digitisation offers significant benefits beyond efficiency and cost reduction, including improved audit quality through reduced human error and enhanced analytical capacity
- Reduced reliance on manual processes also presents opportunities to improve employee wellbeing by alleviating workload pressures and supporting the broader digital transformation journey.

## 7.2 Internal environment

An assessment of the internal operating environment is critical to ensuring that the chosen strategy leverages organisational strengths, addresses weaknesses, seizes opportunities, and mitigates internal threats identified through risk management processes.

### Organisational strengths

- A comprehensive constitutional mandate
- Independence in law, financing, and audit execution
- Strong audit methodologies and high-quality audit products
- Increasing audit integration across operations and messaging
- A consistent record of clean administration
- A strong local and international reputation
- Established relationships with constitutional stakeholders
- A successful training and development programme, through which the organisation has developed more than 2 400 chartered accountants



- Extensive data on government performance across all three spheres, enabling the organisation to provide value-adding audit messages to external stakeholders.

### Organisational weaknesses

- Heavily manual processes, resulting in operational inefficiencies
- Inconsistent project management and prioritisation capabilities among internal teams.

### Organisational opportunities

- Leveraging technological advancements to strengthen audit quality and organisational efficiency – this is an opportunity that the organisation has begun leveraging through a multiyear digital transformation journey, spearheaded by its flagship ASP
- Achieving deeper integration beyond audit teams, including closer alignment with support services
- Enhancing the articulation of the AGSA's societal purpose to attract socially conscious, high-calibre talent.

### Organisational threats

- Reliance on external stakeholders to achieve a sustained shift in public sector culture
- Persistent perceptions among some auditees of the AGSA as a compliance burden rather than a strategic partner
- Ongoing financial challenges at auditees, increasing the risk of non-payment of audit fees
- Rising cybersecurity threats within the public sector
- Intensifying competition for scarce and specialised skills.

## 7.3 Strategic risks and response

As part of our strategic planning, we conduct a comprehensive internal and external risk assessment process. The aim is to ensure that, as we plan for the medium term, we are aware of what might hinder our ability to achieve our strategic objectives and can put the appropriate mitigations in place.

This process is very closely linked to the external and internal environment assessment processes that we do (as captured in sections 7.1 and 7.2). What we do during the risk process is to be clear on which external developments (7.1) and internal threats and weaknesses (7.2) have more than just an operational implication but go as far as being a risk to the overall achievement of the strategy. Those that are deemed to be of significant strategic risk are then rated and mitigations identified to ensure that they are properly managed and do not materialise. While the management of this process is the responsibility of the organisation's risk management machinery, the actual mitigation of the strategic risks sits with various risk owners at the executive committee (exco) level and is executed within the various business units in the organisation. These business units bear the responsibility of working with the AGSA risk team to continuously monitor and manage the risk through the mitigation actions assigned to them.

Based on the latest process, the risks indicated on the following pages are those that have been deemed to be of strategic importance (have both strategic and key operational implications) as we look ahead to 2026-29.

Strategic risk		Mitigation
<b>Risk level – Medium</b>		
1	Failure to remain relevant (high-impact outcomes) and be able to impact our stakeholders regarding our product, insights, or messages as well as our proactiveness	<ul style="list-style-type: none"> <li>• Implementation of the culture shift framework and monitoring progress</li> <li>• Implementation of an effective resourcing management model (enhance the resource pooling strategy)</li> <li>• Continuous environmental scanning and consistent profiling of critical stakeholders.</li> </ul>
<b>Risk level – High</b>		
2	Inability to achieve strategic and organisational objectives due to inadequate strategies of attraction and retention of resources, leadership succession planning and employee experiences	<ul style="list-style-type: none"> <li>• Implementation of the AGSA people strategy</li> <li>• Implementation of the updated Remuneration and Reward Policy and Framework</li> <li>• Ongoing training and development of employees, from trainee level upwards</li> <li>• Implementation of the senior leadership succession and retention plan to improve succession coverage for critical leadership roles.</li> </ul>
3	Negative impacts on the credibility of the AGSA	<ul style="list-style-type: none"> <li>• Implementation of the ethics strategic programme</li> <li>• Refining our auditors-joining-auditees process, including automation of the current manual process</li> <li>• Enhancing the reporting process to governance structures.</li> </ul>
4	Negative financial viability impacting the ability to achieve the organisation's strategic and other objectives	<ul style="list-style-type: none"> <li>• Implementation of the updated debt recovery plan</li> <li>• Development and implementation of a long-term funding plan for the AGSA to ensure the organisation's financial sustainability, including digital transformation funding</li> <li>• Implementation of the differentiated audit methodology</li> <li>• Continued focus on digitally transforming the whole business, starting with our audit operations (enable efficiencies within the audit process)</li> <li>• Prioritisation of projects (focus on funding of key projects) and implementing a project benefits tracking system to ensure a return on investment</li> <li>• Collaboration with National Treasury to assist in the recovery of outstanding debt from distressed municipalities and state-owned companies.</li> </ul>
5	Slow response to information technology (IT) needs, impacting efficiencies and achievement of organisational objectives	<ul style="list-style-type: none"> <li>• Continued focus on digitally transforming the whole business, starting with our audit operations</li> <li>• Deployment of an audit software solution to replace TeamMate and enable efficiencies within the audit process</li> <li>• Development and deployment of an enterprise resource planning (ERP) solution</li> <li>• Continuous combined assurance on all IT projects</li> <li>• Ongoing assessment of capabilities and skills, in line with the business needs, and where there are gaps, to complement external service providers to ensure skills transfer.</li> </ul>

Strategic risk		Mitigation
<b>Risk level – High</b>		
6	Non-adherence to quality standards	<ul style="list-style-type: none"> <li>• Rollout of the audit portfolio management system</li> <li>• Ongoing management of audit-related initiatives in the SoQM</li> <li>• Strengthening of our in-flight quality review processes</li> <li>• Continuous capacitation of contract work creditors (CWCs) on the AGSA methodology and ongoing monitoring of the effectiveness of the CWCs</li> <li>• Applying greater accountability for quality at lower employee levels through performance contracting and management</li> <li>• Internal sharing of transversal quality findings annually for teams to consider/ manage during their audit process</li> <li>• Development of an automated mechanism for quality control (to allow for faster, more thorough quality control across a higher volume of audit files, including potentially flagging quality issues in real time during audits to allow them to be addressed in the moment).</li> </ul>
7	Inability to effectively and ethically integrate AI technologies across the organisation	<ul style="list-style-type: none"> <li>• Develop an AI strategy, with guiding principles and appropriate governance processes</li> <li>• Rollout of AI awareness and training programmes.</li> </ul>
<b>Risk level – Critical</b>		
8	Inability to protect organisational resources (information, data, etc.) against cyberthreats	<ul style="list-style-type: none"> <li>• Full implementation of ISO 270001/2</li> <li>• Finalise the implementation of the IT Security Plan and monitoring</li> <li>• Procurement of new, and modernisation of aged, infrastructure.</li> </ul>

# CHAPTER 8

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## Our strategy

In 2021, we embarked on a new corporate strategy, named #cultureshift2030. The new strategy sought to take all the strides that the organisation has made in the past and use them to move the organisation into a new era, one focused on using the depth of knowledge that our institution has about South Africa's public sector to help our auditees improve their performance, transparency, accountability and integrity so they can better execute their mandates and ensure much-needed service delivery for citizens.

### 8.1 Our strategic aspiration

Over the strategic planning horizon of 2026-29, our strategic aspiration remains to make a stronger, more direct and consistent impact on the lived reality of South Africans. This impact will be evidenced by a public sector in which there is a culture of performance, accountability, transparency and integrity.

This means going beyond just simple, occasional compliance with rules, and extends towards an appreciation and normalised advancement of the outcomes for which the rules exist.

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

- a high standard of professional ethics must be promoted and maintained

- efficient, economic and effective use of resources must be promoted
- public administration must be development-oriented
- services must be provided impartially, fairly, equitably and without bias
- people's needs must be responded to, and the public must be encouraged to participate in policymaking
- public administration must be accountable
- transparency must be fostered by providing the public with timely, accessible and accurate information
- good human-resource management and career-development practices, to maximise human potential, must be cultivated
- public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

So, as we continue our strategic journey, we keep the above aspirations at the forefront of our annual strategic plans, as they guide not only our strategic focus, but also our operational tactics.

## 8.2 Our strategy implementation timeline and targeted impact areas

We will advance our mission towards realising the aspiration by driving specific, focused programmes of action across six areas of impact over the strategic planning period as follows:

Stages	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Transition	Implementation	Implementation							
MI rollout	Implementation	Implementation	Implementation	Implementation	Institutionalisation	Institutionalisation	Institutionalisation	Institutionalisation	Institutionalisation
Value chain	Preparation	Preparation	Implementation	Implementation	Implementation	Institutionalisation	Institutionalisation	Institutionalisation	Institutionalisation
Metros	Preparation	Preparation	Implementation	Implementation	Implementation	Institutionalisation	Institutionalisation	Institutionalisation	Institutionalisation
Disclaimer auditees	Preparation	Preparation	Implementation	Implementation	Implementation	Implementation	Institutionalisation	Institutionalisation	Institutionalisation
Intermediary cities			Preparation	Preparation	Implementation	Implementation	Implementation	Institutionalisation	Institutionalisation
Key public entities			Preparation	Preparation	Implementation	Implementation	Implementation	Institutionalisation	Institutionalisation

● Preparation      ● Implementation      ● Institutionalisation

### Value chains

Our intention and focus over this strategic period remain the achievement of a culture shift among a critical mass of auditees across the value chains that deliver water and sanitation, human settlements, infrastructure and energy such that it results in a direct, meaningful and consistent impact on the lived reality of South Africans.

### Key public entities

We are currently in our second year of implementing our targeted timelines in relation to key public entities. Our aim is to achieve a culture shift among a critical mass of key public entities such that it results in a direct, meaningful and consistent impact on the lived reality of our citizens.

### Metropolitan municipalities and intermediary cities

Within the eight metro municipalities and 22 intermediary cities’ space, we seek to achieve a culture shift among a critical mass of these auditees (and their respective municipal entities) such that it results in a direct, meaningful and consistent impact on the lived reality of citizens.

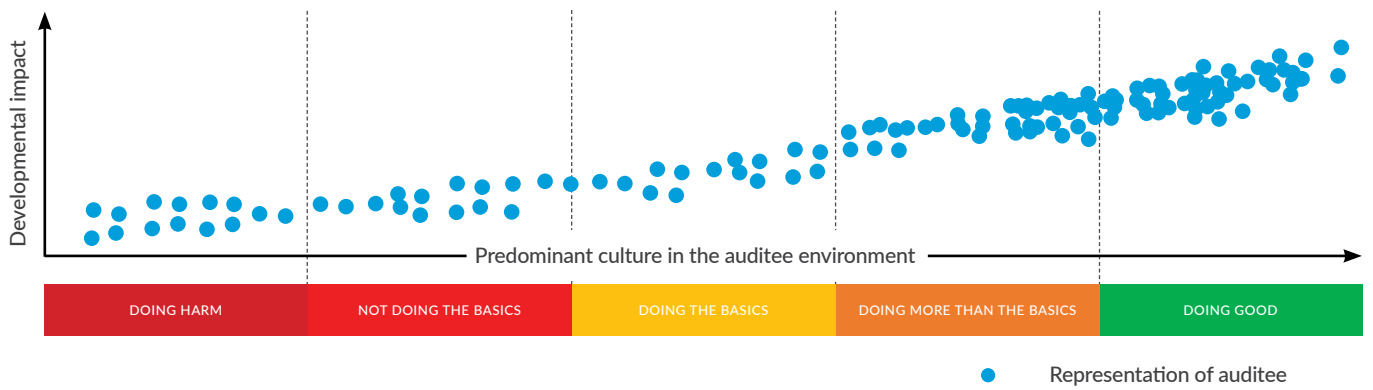
### 8.3 Our strategic goals and targets

#### Strategic goal 1: Shift public sector culture

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

The aim of this goal is to achieve a culture shift among a critical mass of key public entities such that it results in a direct, meaningful and consistent impact on the lived reality of South Africans. The primary performance outcome that we intend to observe with respect to this strategic goal and its related objective is a movement of a critical mass of our auditees along the culture shift continuum (depicted below) towards the **Doing Good** category.

#### Desired shift in auditee outcomes



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

Targeted outcome	Key performance indicator	Targets		
		2026-27	2027-28	2028-29
Favourable assessment of overall performance of the organisation and its delivery of the #cultureshift2030 strategy	Assessment of overall performance by the auditor-general	Favourable assessment	Favourable assessment	Favourable assessment

## Key initiatives that will underpin our pursuit of this strategic goal and related targets

1. Implementation of targeted culture shift programmes across the following categories of our auditee base:
  - 1.1 Metropolitan municipalities
  - 1.2 Key public entities
  - 1.3 Disclaimer auditees
  - 1.4 Coordinating institutions
  - 1.5 Clean audit cluster (working to move them into the next/last category of the culture shift continuum, which is the Doing Good category)
2. Introduction of key public entities into the culture shift continuum plotting, per the strategy's implementation timeline
3. Continuation of the plotting of our auditees to assess if our insight, influence and enforcement efforts are leading to shifts in their performance

### Strategic goal 2: Insight

Generate insights that illuminate understanding, drive action and yield results

For us to set ourselves and our auditees up for the best chance of success on strategic goal 1's objective, we realise that a key enabling factor will be our ability to provide them with clear, relevant and actionable audit insights.

The litmus test of the extent to which we have generated and delivered insights that illuminate understanding, drive action and yield results is what our auditees do with these and the extent to which our insights go on to affect the work of our auditees. Our auditees can mention our insights and verbally convince us that they have understood them and are going to act on them; however, if our insights are not incorporated into their plans, policies, strategies and performance agreements then the likelihood of them being actioned is slim.

Targeted outcome	Key performance indicator	Targets		
		2026-27	2027-28	2028-29
Illuminate auditee understanding	Produce audit insights per the multiyear audit plan focus areas	Produce all planned insights per the 2026-27 focus areas and share insights with relevant stakeholders	Produce all planned insights per the 2027-28 focus areas and share insights with relevant stakeholders	Produce all planned insights per the 2028-29 focus areas and share insights with relevant stakeholders
Drive auditee action	Percentage of AGSA recommendations implemented	35%	35%	35%

## Key initiatives that will underpin our pursuit of this strategic goal and related targets

1. Development of insights-based products that can be made available to various stakeholders, per the multiyear audit plan product vision

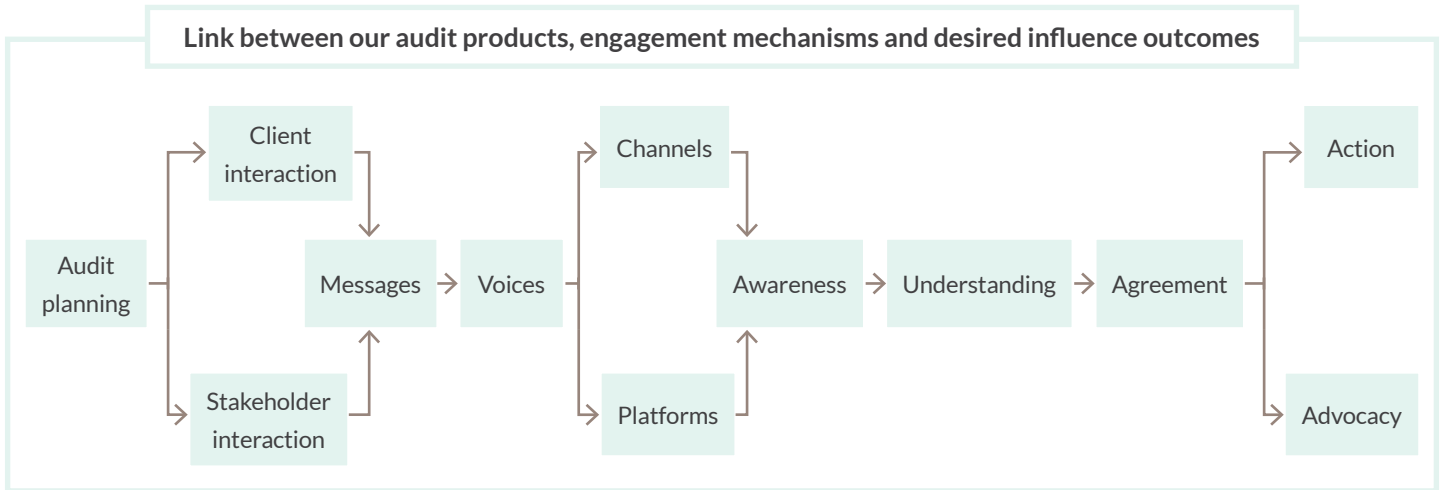


### Strategic goal 3: Influence

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

The influence cycle begins with audit planning wherein we identify the key risk areas and focus areas at which our audits need to be aimed. During the course of the audits, our teams engage with both clients and stakeholders and therein have the opportunity to exercise influence. Following our audits, we consolidate our findings into key messages that we package into various mediums, including management reports, general reports and presentations. Based on the target audience, the nature of the messages and platforms, we delegate specific individuals to represent us and share our messages on our behalf on various different platforms. As we share,

disseminate and distribute our messages, we create awareness among stakeholders. Having become aware of our messaging, some of our stakeholders will journey with us by using our messages to take the necessary actions in their various spaces. Others will go even further by becoming natural advocates of these messages, because they understand their importance. Therefore, our goal within the Influence objective is to have more of our stakeholders moving from mere awareness of our messaging towards action thereon and advocacy thereof.



Targeted outcome	Key performance indicator	Targets		
		2026-27	2027-28	2028-29
Effective accountability ecosystem	Auditor-general assessment of audit portfolio’s work to make agreed-upon accountability ecosystem members more active and effective	Favourable assessment	Favourable assessment	Favourable assessment
Maintain an enabling reputation with our stakeholders	AGSA public sentiment rating	10% improvement on baseline rating	90%–100% implementation of public sentiment improvement plan for 2027-28	90%–100% implementation of public sentiment improvement plan for 2028-29

## Key initiatives that will underpin our pursuit of this strategic goal and related target

1. Continue to implement initiatives in the public sentiment improvement plan to keep being responsive to stakeholder needs of the office
2. Apply a leader-led approach to our influence work, per our three-year audit implementation plan

### Strategic goal 4: Enforcement

Directly or indirectly recover resources lost to the state and taxpayers and ensure the application of consequences for wrongdoing

Our Enforcement strategic goal focuses on the results that we achieve through our implementation of the provisions of the PAA relating to MIs. As envisaged in our democratic society, those charged with accountability for public resources must act decisively and in accordance with the law to prevent or recover the loss of public resources. Using the MI mechanism, we help to ensure that accounting officers recover financial losses, prevent any further losses and ensure consequence management where MIs have been identified, thus helping to reset accountability mechanisms to how they were designed.

Through our audits, we identify instances – MIs of non-compliance with, or in contravention of, legislation, fraud,

theft or a breach of a fiduciary duty identified during an audit performed under the PAA that resulted in or is likely to result in a material financial loss, the misuse or loss of a material public resource or substantial harm to a public sector institution or the general public. We make recommendations to our auditees aimed at encouraging the recovery of losses incurred and prevention of further ones. Where our recommendations and messages have not been addressed, we have the power to trigger consequences. While in 2026-29 we will be looking to implement the MI process at all our auditees, our main focus now is to increase the impact of the process.

Targeted outcome	Key performance indicator	Targets		
		2026-27	2027-28	2028-29
Demonstrated effectiveness of the MI process	Percentage of high-impact MIs delivered	80%	80%	85%-90%
	Auditor-general's assessment of effectiveness of MI system	Favourable assessment	Favourable assessment	Favourable assessment

## Key initiatives that will underpin our pursuit of this strategic goal and related targets

1. Continue to improve the MI process, including increasing its speed and ensuring that it helps our audit teams to raise more high-impact MIs
2. Track the status of high-impact MIs issued in previous years
3. Continue the work of strengthening our partnerships with public bodies

### Strategic goal 5: Sustainably

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

The Sustainably strategic goal is aimed at setting the targeted performance standards the way the organisation's operational machinery makes use of its key resources – primarily time, finances, tools and methodology – to produce outputs.

Targeted outcome	Key performance indicator	Targets		
		2026-27	2027-28	2028-29
Deliver audits timeously	Percentage of audits completed within legislated timelines <i>(with annual financial statements that are submitted on time)</i>	90%–100%	90%–100%	90%–100%
Ensure quality of our audits	Percentage of adherence to quality standards	80%–90% (C1, C1#, C2 & C3)	80%–90% (C1, C1#, C2 & C3)	80%–90% (C1, C1#, C2 & C3)
	Evaluation of the effectiveness of the AGSA's SoQM by the auditor-general	Reasonable assurance obtained	Reasonable assurance obtained	Reasonable assurance obtained
Maintain good governance, high ethical standards and robust risk management	Ethics maturity level	AA	AA	AA
	External audit opinion	Clean audit	Clean audit	Clean audit
Maintain financial sustainability	Net surplus	1%–4%	1%–4%	1%–4%
	Cash safety margin	2–3 months	2–3 months	2–3 months
Healthy and safe employees, with high morale	Achievement of assessment of professional competence pass rate	45%–60%*	45%–60%*	45%–60%*
	Culture index	2,5% increase on 2025-26	Above industry benchmark (3,6%)	Above industry benchmark (3,6%)

\*Calculated based on first-time assessment of professional competence (APC) writers

## Key initiatives that will underpin our pursuit of this strategic goal and related targets

1. Approval and implementation of a new enterprise supplier development strategy
2. Implementation of the updated AGSA security plan, focused on dealing with threats and intimidation in a more proactive (prevention-focused) manner
3. Continued implementation of our young professionals programme
4. Continued implementation of the updated ethics strategic programme

### Strategic goal 6: Efficiently

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

The AGSA is a predominately data-driven organisation. It is of utmost importance that processes and systems be put in place to drive operational efficiency. One of the strategic priorities is about how efficiently we can run the business; this applies to both the audit and corporate services. Likewise, the 2026-27 financial year will continue to drive the digital transformation journey for efficient audit and business processes. This will be achieved through several deliverables such as the implementation of the audit software project plan as well as the ERP roadmap.

Targeted outcome	Key performance indicator	Targets		
		2026-27	2027-28	2028-29
Efficient audit and business processes	Implementation of the digital transformation programme and roadmap	60%–80% implementation	75%–80% implementation	75%–80% implementation
	Realisation of ASP benefits	Exco and auditor-general-approved ASP benefits roadmap	100% achievement of in-year ASP benefits	100% achievement of in-year ASP benefits

## Key initiatives that will underpin our pursuit of this strategic goal and related targets

1. Continued implementation of the ASP
2. Implementation of the intelligent automation programme

### 8.4 Our organisational strategic scorecard

Strategic goal	Targeted outcome	Key performance indicator	Targets		
			2026-27	2027-28	2028-29
Shift public sector culture	Favourable assessment of overall performance of the organisation and its delivery of #cultureshift2030 strategy	Assessment of overall performance by the auditor-general	Favourable assessment	Favourable assessment	Favourable assessment
Insights	Drive auditee action	Percentage of the AGSA recommendations implemented	35%	35%	35%

Strategic goal	Targeted outcome	Key performance indicator	Targets		
			2026-27	2027-28	2028-29
Influence	Effective accountability ecosystem	Auditor-general assessment of audit portfolio's work to make agreed-upon accountability ecosystem members more active and effective	Favourable assessment	Favourable assessment	Favourable assessment
	Maintain an enabling reputation with our stakeholders	AGSA public sentiment rating	10% improvement on baseline rating	90%-100% implementation of public sentiment improvement plan	90%-100% implementation of public sentiment improvement plan
Enforcement	Demonstrated effectiveness of the MI process	Percentage of high-impact MIs delivered	80%	80%	85%-90%
		Auditors' assessment of effectiveness of MI system	Favourable assessment	Favourable assessment	Favourable assessment
Sustainably	Deliver audits timeously	Percentage of audits completed within legislated timelines (where annual financial statements submitted on time)	90%-100%	90%-100%	90%-100%
	Maintain quality of our audits	Percentage adherence to quality standards	80%-90% (C1, C1#, C2 & C3)	80%-90% (C1, C1#, C2 & C3)	80%-90% (C1, C1#, C2 & C3)
		Evaluation of effectiveness of the AGSA's SoQM by the auditor-general	Reasonable assurance obtained	Reasonable assurance obtained	Reasonable assurance obtained
	Maintain good governance, high ethical standards and robust risk management	Ethics maturity level	Maintain AA	Maintain AA	Maintain AA
		External audit opinion	Clean audit	Clean audit	Clean audit
		Broad-based black economic empowerment (B-BBEE) level	Level 1	Level 1	Level 1
	Maintain financial sustainability	Net surplus	1%-4%	1%-4%	1%-4%
		Cash safety margin	2-3 months	2-3 months	2-3 months
		Gross margin	40%	40%	40%
		Overhead to income ratio	36%	35%-36%	35%-36%
		Debt collection	85%-90% average collection of debt	85%-90% average collection of debt	85%-90% average collection of debt
		CWC as percentage of total revenue	12%	10%-12%	10%
	Skilled, safe and high-morale employees	Achievement of APC pass rate	45%-60%*	45%-60%*	50%-60%*
		Employee safety	85%-90% complainant satisfaction with responsiveness and resolution of threats and intimidation	85%-90% complainant satisfaction	90%-95% complainant satisfaction
		Culture index	2,5% increase on 2025-26	Above industry benchmark (3,6)	Above industry benchmark (3,6)
Efficiently	Efficient audit and business processes	Implementation of the digital transformation programme and roadmap	60%-80% implementation	75%-80% implementation	75%-80% implementation
		Realisation of ASP benefits	Exco and auditor-general approved ASP benefits roadmap	100% achievement of in-year ASP benefits	100% achievement of in-year ASP benefits
	Cybersecurity	Data/system recovery time on critical systems	100% compliance with service level agreement (SLA) and disaster recovery plan (DRP)	100% compliance with SLA and DRP	100% compliance with SLA and DRP

\*Calculated based on first-time APC writers

# **ANNEXURE A**

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

	Actual	Budget		Forecast	
	2024-25	2025-26	2026-27	2027-28	2028-29
	Rm	Rm	Rm	Rm	Rm
<b>AUDIT INCOME</b>	<b>5 265</b>	<b>5 539</b>	<b>5 880</b>	<b>6 037</b>	<b>6 339</b>
Own hours	4 378	4 505	4 805	5 045	5 297
Subsistence and travel (S&T) recoverable	246	213	249	262	275
Contract work	638	831	837	741	778
International Financial Reporting Standards (IFRS15) revenue adjustment	4	(10)	(10)	(10)	(11)
<b>DIRECT AUDIT EXPENDITURE</b>	<b>3 168</b>	<b>3 269</b>	<b>3 528</b>	<b>3 527</b>	<b>3 704</b>
Personnel expenditure	2 284	2 225	2 440	2 562	2 690
S&T recoverable	246	213	249	262	275
Contract work	638	831	839	704	739
Contract work % of audit income	12%	15%	14%	12%	12%
Gross profit	2 097	2 270	2 352	2 510	2 635
Own hours gross profit	2 093	2 280	2 365	2 483	2 607
<i>Gross margin % of audit income</i>	<b>40%</b>	<b>41%</b>	<b>40%</b>	<b>42%</b>	<b>42%</b>
<b>Other income</b>	<b>188</b>	<b>162</b>	<b>190</b>	<b>195</b>	<b>205</b>
Interest	187	90	109	112	117
Sundry income	1	72	82	84	88
<b>Appropriation income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Contribution to overheads</b>	<b>2 286</b>	<b>2 431</b>	<b>2 542</b>	<b>2 705</b>	<b>2 840</b>
<b>Overhead expenses</b>	<b>1 809</b>	<b>1 976</b>	<b>2 015</b>	<b>2 113</b>	<b>2 215</b>
<i>Overhead as % of audit income</i>	<b>34%</b>	<b>36%</b>	<b>34%</b>	<b>35%</b>	<b>35%</b>
<b>Depreciation</b>	<b>146</b>	<b>133</b>	<b>153</b>	<b>146</b>	<b>142</b>
<b>Net surplus</b>	<b>331</b>	<b>322</b>	<b>375</b>	<b>446</b>	<b>483</b>
<i>Net surplus as percentage of audit income</i>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>7%</b>	<b>6%</b>

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

	Actual	Budget		Forecast	
	2024-25	2025-26	2026-27	2027-28	2028-29
	Rm	Rm	Rm	Rm	Rm
<b>Equity and liabilities</b>					
<b>Equity</b>	<b>1 833</b>	<b>2 155</b>	<b>2 530</b>	<b>2 976</b>	<b>3 397</b>
General reserve	1 127	1 497	1 828	2 150	2 463
Special audit services fund	5	5	5	5	5
Retained earnings	370	331	322	375	446
Net surplus for the year	331	322	375	446	483
<b>Non-current liabilities</b>	<b>732</b>	<b>644</b>	<b>539</b>	<b>421</b>	<b>283</b>
Retirement benefit obligation – medical aid liability	10	11	11	11	12
Operating lease liability	693	605	496	378	241
Provisions and other payables	29	29	31	31	31
<b>Current liabilities</b>	<b>865</b>	<b>947</b>	<b>979</b>	<b>1 003</b>	<b>1 062</b>
Trade and other payables	795	858	870	885	926
Leave liability	70	88	108	118	138
	<b>3 429</b>	<b>3 746</b>	<b>4 048</b>	<b>4 400</b>	<b>4 742</b>
<b>Employment of capital</b>					
<b>Non-current assets</b>	<b>924</b>	<b>1 105</b>	<b>1 469</b>	<b>1 775</b>	<b>2 011</b>
Property, plant and equipment	137	221	333	456	546
Intangible assets	158	358	714	999	1 239
Right-of-use assets	629	525	422	321	226
<b>Current assets</b>	<b>2 506</b>	<b>2 640</b>	<b>2 578</b>	<b>2 625</b>	<b>2 731</b>
Trade and other debtors	1 173	1 185	1 197	1 209	1 221
Bank and cash	1 332	1 455	1 381	1 286	1 370
	<b>3 429</b>	<b>3 746</b>	<b>4 048</b>	<b>4 400</b>	<b>4 742</b>

### Working capital assumptions

1. Trade and other payables are calculated on a 45-day payment period from the date of approval of the AGSA payment.
2. Trade and other debtors are calculated based on average collection of 85% of outstanding audit fees. In terms of the PAA, all debtors must settle their audit fees within 30 days from the date of invoice. In the event where auditees experience financial difficulties, payment arrangements are offered.



## PROJECTED CASH FLOW STATEMENT (BUDGET AND FORECAST)

	Budget		Forecast	
	2025-26	2026-27	2027-28	2028-29
	Rm	Rm	Rm	Rm
<b>Opening balance</b>	<b>1 332</b>	<b>1 455</b>	<b>1 381</b>	<b>1 416</b>
Bank	410	442	291	246
Investments	922	1 013	1 090	1 170
<b>Cash inflow</b>	<b>6 412</b>	<b>6 837</b>	<b>7 066</b>	<b>7 419</b>
Audit income	6 293	6 725	6 954	7 302
Other income	28	34	32	34
Investment income	91	77	79	83
<b>Cash outflow</b>	<b>6 289</b>	<b>6 910</b>	<b>7 111</b>	<b>7 408</b>
Operating expenditure	5 973	6 245	6 576	6 965
Capital expenditure	316	665	535	443
<b>Closing balance</b>	<b>1 455</b>	<b>1 381</b>	<b>1 416</b>	<b>1 510</b>
Bank	442	291	246	257
Investments	1 013	1 090	1 170	1 253

## DETAILED BUDGET

Description	Notes	2025-26	2026-27	2027-28	2028-29
		Budget	Budget	Forecast	Forecast
<b>AUDIT INCOME</b>	<b>1</b>	<b>5 538 590 570</b>	<b>5 880 233 894</b>	<b>6 037 036 477</b>	<b>6 338 969 079</b>
Own hours	1.1	4 504 492 446	4 804 520 110	5 044 746 116	5 296 983 421
Regularity audit		3 764 462 456	4 050 376 977	4 252 895 826	4 465 540 618
Specialised audit		740 029 991	754 143 133	791 850 289	831 442 804
<b>Contract work</b>	<b>1.2</b>	<b>830 917 430</b>	<b>836 526 185</b>	<b>740 909 648</b>	<b>777 955 130</b>
Regularity audit		660 063 467	654 662 012	579 832 896	608 824 541
Specialised audit		170 853 963	181 864 174	161 076 752	169 130 589
<b>Subsistence and travel</b>	<b>1.3</b>	<b>213 180 693</b>	<b>249 187 599</b>	<b>261 646 979</b>	<b>274 729 328</b>
<b>IFRS15 revenue adjustments</b>		<b>(10 000 000)</b>	<b>(10 000 000)</b>	<b>(10 266 265)</b>	<b>(10 698 800)</b>
<b>DIRECT AUDIT COST</b>		<b>3 268 923 167</b>	<b>3 527 898 189</b>	<b>3 527 195 677</b>	<b>3 703 555 460</b>
Staff remuneration: audit business units	2.3	2 224 825 043	2 439 699 555	2 561 684 532	2 689 768 759
Contract work – recoverable		830 917 430	839 011 035	703 864 165	739 057 374
S&T recoverable		213 180 693	249 187 599	261 646 979	274 729 328
<b>GROSS PROFIT</b>		<b>2 269 667 403</b>	<b>2 352 335 706</b>	<b>2 509 840 800</b>	<b>2 635 413 619</b>
<b>GROSS PROFIT PERCENTAGE</b>		<b>41%</b>	<b>40%</b>	<b>42%</b>	<b>42%</b>
<b>OTHER INCOME</b>	<b>1.4</b>	<b>161 524 200</b>	<b>190 080 950</b>	<b>195 149 657</b>	<b>204 909 752</b>
Interest received: Investments		64 524 894	77 282 177	79 342 987	83 311 198
Interest received: SCMB		25 000 001	31 290 193	32 124 579	33 731 238
Sundry income		71 999 305	81 508 580	83 682 092	87 867 316
<b>SURPLUS BEFORE OPERATING COST</b>		<b>2 431 191 604</b>	<b>2 542 416 656</b>	<b>2 704 990 458</b>	<b>2 840 323 371</b>
<b>OPERATING COST</b>		<b>1 975 831 355</b>	<b>2 014 948 595</b>	<b>2 112 732 028</b>	<b>2 213 286 067</b>
<b>Staff remuneration:</b>	<b>2.3.2</b>	<b>928 186 414</b>	<b>895 525 139</b>	<b>940 301 396</b>	<b>987 316 466</b>
<b>Other personnel expenditure</b>	<b>2</b>	<b>393 096 162</b>	<b>404 962 420</b>	<b>422 246 542</b>	<b>440 276 308</b>
Leave pay provision	2.1	50 442 504	50 442 504	52 964 629	55 612 861
Medical aid provision	2.2	400 000	400 000	420 000	441 000
Group life scheme	2.4	46 705 650	46 705 650	49 040 933	51 492 979
Long service awards and other	2.4	114 745	114 745	120 482	126 506
Discretionary performance bonus	2.6	285 000 000	296 400 000	308 256 000	320 586 240
Unemployment Insurance Fund (UIF): employer contribution	2.5	6 078 138	6 447 327	6 769 694	7 108 178
Workmen's compensation premiums	2.5	3 072 250	3 076 644	3 230 476	3 392 000
Business unit (BU) recognition scheme	2.4	1 282 875	1 375 550	1 444 328	1 516 544

Description	Notes	2025-26	2026-27	2027-28	2028-29
		Budget	Budget	Forecast	Forecast
<b>Outsourced services</b>		<b>72 417 470</b>	<b>56 096 274</b>	<b>58 901 088</b>	<b>61 846 142</b>
Outsourced services – irrecoverable	3	72 417 470	56 096 274	58 901 088	61 846 142
<b>S&amp;T irrecoverable</b>		<b>48 062 514</b>	<b>59 533 715</b>	<b>62 510 401</b>	<b>65 635 921</b>
S&T irrecoverable	4	48 062 514	59 533 715	62 510 401	65 635 921
<b>Accommodation</b>	5	<b>39 976 339</b>	<b>40 809 689</b>	<b>42 850 174</b>	<b>44 992 682</b>
Rental		378 690	378 690	397 625	417 506
Security expenses	5.1	17 420 517	17 420 517	18 291 543	19 206 120
Operating costs	5.2	22 177 132	23 010 482	24 161 006	25 369 056
<b>Stakeholder relationships</b>		<b>56 060 090</b>	<b>65 629 293</b>	<b>68 910 758</b>	<b>72 356 295</b>
Liaison	6.1.1	4 318 943	9 318 943	9 784 890	10 274 134
Internal stakeholder relations	6.1.2	17 303 387	18 689 139	19 623 596	20 604 776
External stakeholder relations	6.1.3	6 933 268	7 029 468	7 380 942	7 749 989
Culture expenses		461 176	597 176	627 035	658 387
Constitutional liaison		695 793	0	0	0
Non-constitutional liaison		664 666	879 132	923 089	969 243
CE portfolio leadership sessions		1 875 170	2 706 689	2 842 023	2 984 124
Senior management workshops		4 725 000	4 725 000	4 961 250	5 209 313
Stakeholder workshops		4 609 771	4 671 794	4 905 383	5 150 652
Regional congresses	6.2	3 219 465	4 191 705	4 401 290	4 621 355
Foreign visitors	6.3	78 904	78 904	82 849	86 992
Overseas travel	6.4	6 543 208	8 353 507	8 771 182	9 209 741
International conferences		4 631 338	4 387 836	4 607 227	4 837 589
<b>Oversight governance</b>	7	<b>6 678 098</b>	<b>7 695 036</b>	<b>8 079 787</b>	<b>8 483 777</b>
Scoag		100 000	100 000	105 000	110 250
Labour and staff relations		961 280	961 280	1 009 344	1 059 811
Advisory committee for MI		3 803 271	3 803 271	3 993 435	4 193 106
Corporate governance board		1 813 547	2 830 485	2 972 009	3 120 609
<b>Audit expenses</b>	8	<b>13 050 090</b>	<b>13 256 450</b>	<b>13 919 272</b>	<b>14 615 236</b>
External audit fees	8.1	5 733 440	5 939 800	6 236 790	6 548 629
Internal audit costs	8.2	7 316 650	7 316 650	7 682 482	8 066 606
<b>Bank charges</b>		<b>662 748</b>	<b>662 748</b>	<b>695 886</b>	<b>730 680</b>
Bank charges		662 748	662 748	695 886	730 680
<b>Finance charges</b>		<b>34 595 473</b>	<b>60 010 599</b>	<b>63 011 129</b>	<b>66 161 685</b>
Finance charges	5.3	34 595 473	60 010 599	63 011 129	66 161 685

Description	Notes	2025-26	2026-27	2027-28	2028-29
		Budget	Budget	Forecast	Forecast
<b>Recruitment expenses</b>	<b>9</b>	<b>11 789 972</b>	<b>11 996 352</b>	<b>12 596 170</b>	<b>13 225 978</b>
Advertising		770 000	770 000	808 500	848 925
Personnel agency fees		5 194 769	5 401 149	5 671 207	5 954 767
Interviews		1 184 818	1 184 818	1 244 058	1 306 261
Transfer and relocation expenses		4 640 385	4 640 385	4 872 404	5 116 024
<b>Learning and development</b>	<b>10</b>	<b>131 455 561</b>	<b>150 550 218</b>	<b>158 077 728</b>	<b>165 981 615</b>
Membership fees	10.1	24 632 605	26 485 129	27 809 385	29 199 855
Training	10.2	28 046 630	31 532 718	33 109 354	34 764 821
– Internal training	10.2	20 466 081	21 308 947	22 374 395	23 493 114
– Conferences and seminars	10.2	5 030 528	6 842 922	7 185 068	7 544 322
– S&T: training	10.2	2 550 020	3 380 848	3 549 891	3 727 385
Study assistance: employees	10.3	14 566 499	18 628 870	19 560 313	20 538 329
Study support incentive scheme		5 738 486	5 738 486	6 025 410	6 326 681
Institutional and learning development projects		1 442 391	1 442 391	1 514 510	1 590 236
Graduate programmes	10.2	3 853 516	5 068 191	5 321 601	5 587 681
Bursaries	10.4	32 533 519	38 364 265	40 282 478	42 296 602
Study support incentive scheme: top-up one		83 533	83 533	87 709	92 095
Skills development levy		29 960 682	32 608 936	34 239 383	35 951 352
Skills development levy – recovered		(9 402 300)	(9 402 300)	(9 872 415)	(10 366 036)
<b>Employee wellness programmes</b>	<b>11</b>	<b>14 067 878</b>	<b>19 223 888</b>	<b>20 185 083</b>	<b>21 194 337</b>
Employee wellness programmes		8 490 405	10 327 843	10 844 235	11 386 447
Employee social responsibility		254 141	254 141	266 848	280 190
AGSA social responsibility (general)		533 400	851 973	894 572	939 300
Enterprise development		1 000 000	4 000 000	4 200 000	4 410 000
Corporate social investment		3 789 932	3 789 932	3 979 429	4 178 400
<b>Technological services</b>	<b>12</b>	<b>141 277 263</b>	<b>141 277 263</b>	<b>148 341 126</b>	<b>155 758 182</b>
Computer services	12.1	134 107 616	134 107 616	140 812 997	147 853 647
Hiring of equipment: rental	12.2	3 008 165	3 008 165	3 158 574	3 316 502
Hiring of equipment: copy charges		4 161 481	4 161 481	4 369 555	4 588 033
<b>Insurance and legal fees</b>	<b>13</b>	<b>20 558 627</b>	<b>19 134 256</b>	<b>20 090 969</b>	<b>21 095 517</b>
Insurance		2 993 823	3 048 823	3 201 264	3 361 328
Legal costs		17 564 804	16 085 433	16 889 705	17 734 190
<b>Office maintenance</b>	<b>14</b>	<b>31 506 131</b>	<b>34 209 514</b>	<b>35 919 991</b>	<b>37 715 991</b>
Cleaning: contracts/services		6 848 558	6 848 558	7 190 986	7 550 535
Cleaning: materials		1 064 847	1 227 981	1 289 380	1 353 849
Office improvements		662 858	1 516 914	1 592 760	1 672 398
Refreshments		4 958 487	6 561 486	6 889 560	7 234 038
Publications		2 284 405	1 744 142	1 831 349	1 922 917

Description	Notes	2025-26	2026-27	2027-28	2028-29
		Budget	Budget	Forecast	Forecast
Repairs and maintenance: computer equipment and software		1 875 910	1 875 910	1 969 706	2 068 191
Repairs and maintenance: furniture and equipment		374 177	374 177	392 886	412 530
Repairs and maintenance: site and buildings		4 700 244	4 700 244	4 935 256	5 182 019
Repairs and maintenance: office vehicles		1 173 924	1 173 924	1 232 620	1 294 251
Printing of audit reports		2 225 076	2 225 076	2 336 330	2 453 147
Stationery and printing		2 914 631	2 939 717	3 086 703	3 241 038
Covid-19 personal protective equipment account		1 000 001	1 000 001	1 050 001	1 102 501
Medical examinations		75 525	75 525	79 301	83 266
Warranty costs		1 347 488	1 945 860	2 043 153	2 145 311
<b>Communication</b>	<b>15</b>	<b>13 699 703</b>	<b>13 504 488</b>	<b>14 179 713</b>	<b>14 888 699</b>
Cellphone charges	15.2	10 672 451	10 713 591	11 249 270	11 811 734
Postage and courier services		2 062 978	1 754 991	1 842 740	1 934 877
Telephone charges	15.1	964 274	1 035 907	1 087 702	1 142 088
<b>Other expenses</b>		<b>18 690 822</b>	<b>20 871 253</b>	<b>21 914 815</b>	<b>23 010 556</b>
Bad debts provision		18 690 822	20 871 253	21 914 815	23 010 556
<b>SURPLUS BEFORE DEPRECIATION</b>		<b>455 360 248</b>	<b>527 468 061</b>	<b>592 258 430</b>	<b>625 037 304</b>
<b>Depreciation</b>	<b>16</b>	<b>133 385 716</b>	<b>152 688 219</b>	<b>146 370 866</b>	<b>141 797 789</b>
Depreciation: right-of-use assets	5.2	87 949 882	104 980 591	100 637 103	100 637 103
Depreciation: motor vehicles		417 837	438 729	420 577	378 519
Depreciation: furniture and equipment		1 869 627	1 963 108	1 881 886	1 693 698
Depreciation: computer equipment		28 381 442	29 800 516	28 567 543	25 710 789
Depreciation: computer software		5 627 907	5 909 302	5 664 810	5 098 329
Depreciation: leasehold improvements		9 139 021	9 595 972	9 198 946	8 279 351
<b>NET SURPLUS</b>		<b>321 974 532</b>	<b>374 779 842</b>	<b>445 887 564</b>	<b>483 239 515</b>
Net surplus percentage		6%	6%	7%	8%
<b>CAPITAL BUDGET</b>	<b>17</b>	<b>464 255 976</b>	<b>555 000 000</b>	<b>465 000 000</b>	<b>385 000 000</b>
Motor vehicles	17.1	2 000 000	2 000 000	3 000 000	3 000 000
Furniture and equipment	17.2	8 147 000	17 000 000	21 000 000	17 000 000
Computer equipment and notebooks	17.4	65 579 000	75 000 000	69 000 000	44 000 000
Computer software	17.5	206 239 000	362 000 000	290 000 000	245 000 000
Leasehold improvement	17.3	48 545 000	59 000 000	70 000 000	63 000 000
Right-of-use assets	17.6	133 745 976	40 000 000	12 000 000	13 000 000
<b>CAPEX AS A PERCENTAGE OF TOTAL INCOME</b>		<b>8%</b>	<b>9%</b>	<b>8%</b>	<b>6%</b>

## BRIEF OVERVIEW OF BUDGET 2026-27

The proposed budget for 2026-27 supports the delivery of the AGSA's constitutional mandate in line with the #cultureshift2030 strategy. The budget is framed to sustain audit quality, safeguard institutional independence, and enable targeted capabilities that deepen impact across the public sector.

The AGSA remains primarily funded through audit fees and continues to manage its financial position with discipline, balancing affordability for auditees with the cost of delivering high-quality audits in an increasingly complex operating environment. Audit fee assumptions are aligned to prevailing inflation and implemented within the existing funding model.

For the 2026-27 financial year, total audit income is budgeted at approximately R5,9 billion, representing growth of approximately 4% compared to the prior year revised budget. This growth is primarily driven by own-hours revenue, reflecting continued progress in strengthening internal capacity and reducing reliance on CWCs. Contracted audit work remains within the organisation's established parameters and continues to be used selectively to manage capacity and specialist requirements.

The cost structure remains disciplined. Gross profit is maintained at approximately 40% of audit income, consistent with the organisation's long-term financial benchmarks and reflective of ongoing productivity improvements, resource pooling and cost optimisation initiatives. Direct costs grow broadly in line with revenue, with increases largely attributable to staff remuneration inflation.

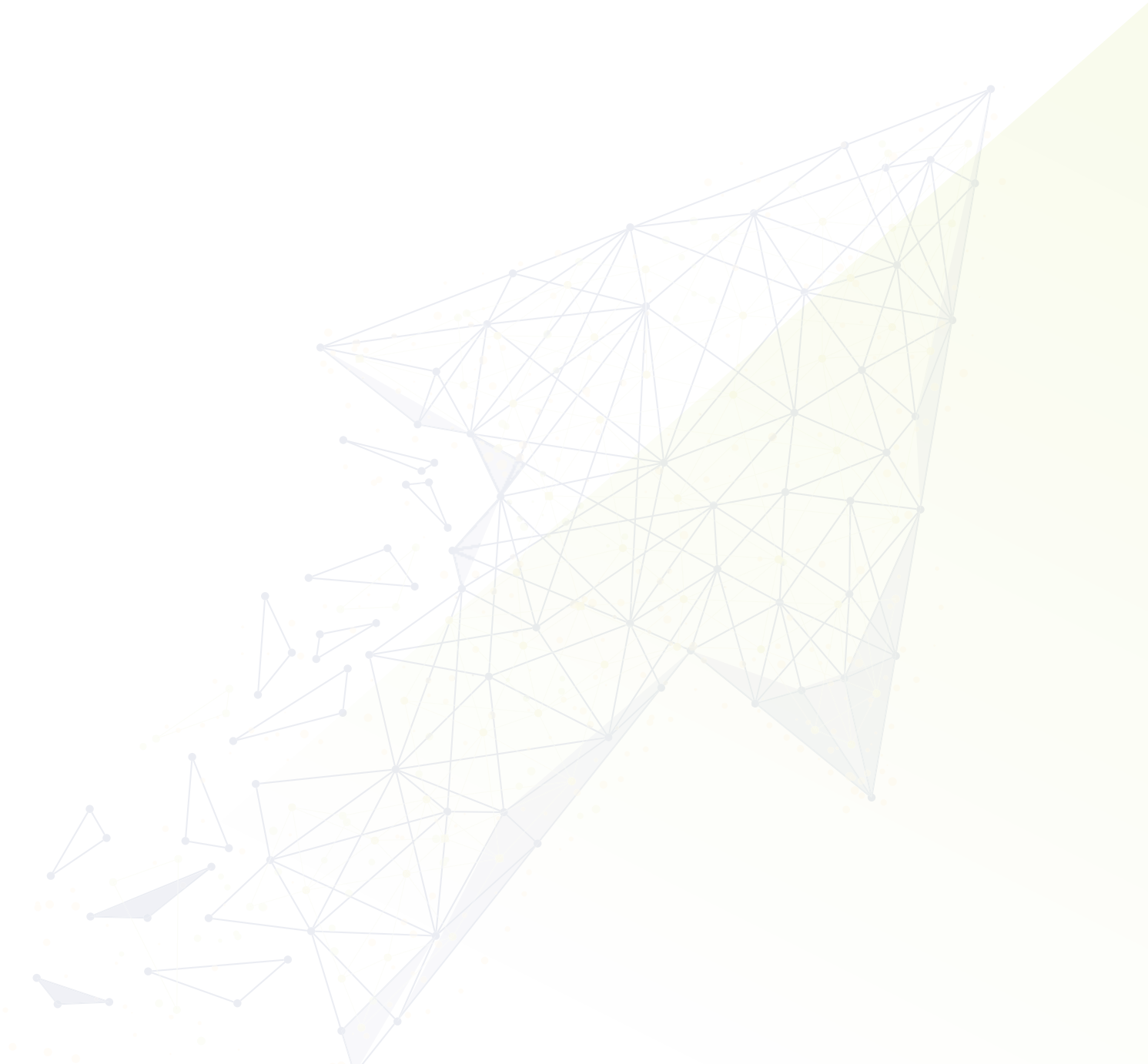
Total overhead expenditure for 2026-27 amounts to R2,015 billion, equivalent to approximately 34% of audit income. While overheads increase by 2% in nominal terms from 2025-26, this growth remains below revenue growth and is driven mainly by strategic investments in learning and development including Thuthuka bursaries, digital capability and systems. We continue to drive cost optimisation initiatives to contain overheads costs.

The budget provides for a trading surplus of approximately 2% of audit income, reflecting tight operating margins while sustaining audit quality and capacity. Including other income, the net surplus is projected at approximately R375 million (approximately 6% of audit income), which is above the targeted net surplus range of 1%–4%. The reason for this is due to other income which include a material interest component, that arise from a combination of operational timing differences and deliberate financial planning. On the operational side, timing differences between billing and cash collections, particularly in respect of financially distressed auditees, result in interest income due to interest charged on these outstanding debtors. In addition, the AGSA has, over a number of years, purposely accumulated cash reserves to fund its approved multiyear capital and digital transformation programme.

The AGSA is on a digital transformation journey as mentioned above, and we will be spending on capital expenditure (capex) which will have expected cashflow implications. We are concerned that the difficulties with audit fee collections will make it difficult to meet these plans and our response will be to delay the expenditure, where we need to, and perhaps approach financial institutions for funding.

Overall, the budget positions the AGSA to deliver on its mandate with financial discipline and resilience, while enabling targeted investment in capabilities that strengthen audit impact and protect the organisation's independence over the medium term.

Budget item	Ref.	2025-26	2025-26	2026-27	Change		Change	
		Forecast	Budget	Budget	R'000	%	R'000	%
		(1)	(2)	(3)	(3)-(2)	(3)-(2)	(3)-(1)	(3)-(1)
Own hours	1.1	4 589 914	4 504 493	4 804 520	300 027	7%	214 606	5%
Contract work	1.2	842 556	830 918	836 526	5 608	1%	(6 030)	-1%
S&T	1.3	220 126	213 181	249 187	36 006	17%	29 061	13%
<b>Total audit income</b>		<b>5 652 596</b>	<b>5 548 592</b>	<b>5 890 233</b>	<b>341 641</b>	<b>6%</b>	<b>237 637</b>	<b>4%</b>
IFRS15 revenue adjustments		(10 000)	(10 000)	(10 000)	-	0%	-	0%
<b>Total audit income after IFRS15 adjustments</b>		<b>5 642 596</b>	<b>5 538 592</b>	<b>5 880 233</b>	<b>341 641</b>	<b>6%</b>	<b>237 637</b>	<b>4%</b>



## NOTES ON THE BUDGET

### 1. Income

#### Effect of the estimates of the AGSA for 2026-27 on state expenditure

The expected audit cost for 2026-27 is R5,9 billion (up from R5,5 billion in 2025-26), amounting to 0,2% of the projected R2,7 trillion government expenditure. The percentage to government expenditure is consistent with previous years and has minimal impact on overall government spending. The audit income projections for 2026-27 show an increase over the 2025-26 budget and this is explained in the notes below.

#### 1.1 Calculation of own hours income

Three elements are used to calculate own hours income, namely:

- projected number of recoverable staff members
- number of recoverable hours
- tariffs

The own hours income for 2026-27 was determined using the same tariff method applied in 2025-26, consistent with the AGSA funding model. However, in line with the new pricing model, the tariffs are determined by band rather than both band and salary intervals as was the case in the past years. This approach eliminates any fluctuations that could arise due to change in staff during the audit. It also assists to achieve consistency in the billing and audit fees.

AUDIT STAFF	2025-26 Budget	2026-27 Budget	Change	Comments
	Staff numbers	Staff numbers	Staff numbers	
Business unit leaders	17	17	0	The aim of the Ahluma initiative, established in 2022-23, was to retain and appoint experienced trainee auditors, which has led to more audit seniors and clerks, that resulted in increased budgeted numbers for these roles and boosting recovered hours.
Deputy business unit leaders	28	29	1	
Audit senior managers	194	187	-7	
Audit managers	492	503	11	
Assistant managers	668	696	28	
Audit seniors	653	774	121	
Audit clerks	211	328	117	
Auditors	56	54	-2	
Trainee auditors	946	919	-27	The 2026-27 budget projects a full intake of certificate in the theory of accounting (CTA)-qualified trainee auditors. This is expected to increase productivity within this group, as trainees will not require study leave to complete their CTA. Challenges in recruiting new trainee auditors with CTA have resulted in lower numbers compared to the 2025-26 budget.
Senior IT auditors	28	33	5	
IT auditors	38	36	-2	
<b>Total audit staff</b>	<b>3 331</b>	<b>3 576</b>	<b>245</b>	



### 1.1.1.A Own hours – recoverable hours and ratios

The recovery rate for each staff band in the audit business units (ABUs) is calculated using recoverable hours and includes non-recoverable activities such as leave training, management, and supervision. The projected average recovery rate for the 2026-27 budget is 65%, consistent with the 2025-26 budget. Under the revised calculation method, which excludes leave, the recovery rate, based on productive working hours, is 73% compared to 75% for the 2025-26 budget.

#### Detailed analysis of recovery ratio and recoverable hours per band

Budget item	2025-26 Budget: recovery rate per band	2026-27 Budget: recovery rate per band	2025-26	2026-27	Change		Comments
			Recovered hours	Recovered hours	Hours	%	
			(1)	(2)	(2)-(1)	(2)-(1)	
<b>Audit staff</b>							
Business unit leaders	18%	15%	6 274	5 948	(326)	-5%	The movement in recoverable hours on a year-on-year basis is primarily influenced by successful optimisation efforts related to audit income. This is where the organisation prioritises allocating audit work to internal revenue and from pooling of resources including the integration of Ahluma. Pooling allows the organisation to share resources national and provincial business units and to reduce non-productive time and minimise unbilled hours.  The majority of personnel involved in the pooling process are audit clerks, senior auditors, and those at the assistant manager level. This targeted approach to resource allocation ensures that the most relevant staff are engaged in key audit activities, facilitating improved efficiency and productivity within audit teams.  Despite these operational improvements, the budget for the 2026-27 financial year reflects a total of 448,538 hours (as compared to 43,410 hours in 2025-26) that are planned to be dedicated to audit projects but will remain unbilled. This is largely due to budget constraints and the financial distress experienced by certain auditees, necessitating a careful balance between service provision and financial sustainability.
Deputy business unit leaders	23%	20%	13 096	12 394	(702)	-5%	
Senior managers	48%	55%	184 596	179 254	(5 342)	-3%	
Audit managers	65%	70%	650 971	641 043	(9 928)	-2%	
Assistant managers	68%	74%	913 499	921 048	7 549	1%	
Senior auditors	71%	75%	937 164	1 022 982	85 819	9%	
Auditors	68%	69%	76 721	69 563	(7 158)	11%	
IT auditors	67%	64%	51 342	45 470	(5 872)	-9%	
Senior IT auditors	65%	62%	37 868	41 881	4 013	32%	
Audit clerks	77%	78%	327 016	432 242	105 226	-3%	
Trainee auditors	67%	79%	1 302 296	1 262 163	(40 134)	-11%	
<b>Total</b>			<b>4 500 840</b>	<b>4 633 985</b>	<b>133 145</b>	<b>3%</b>	

### 1.1.1.B Own hours – non-recoverable hours and ratios

Budget item	2026-27 ratios							2026-27 budget		2025-26 budget	
	Annual and family responsibility leave	Sick leave	Study	Governance and staff matters	Training	Strategy and quality control matters	Total %	Total non-recoverable hours	Non-recoverable hours per employee	Total non-recoverable hours	Non-recoverable hours per employee
Business unit leaders	10%	0%	0%	46%	4%	25%	85%	28 628	1 684	27 948	1 644
Deputy business unit leaders	10%	0%	0%	44%	5%	21%	80%	45 849	1 581	44 834	1 546
Senior managers	10%	0%	0%	19%	5%	11%	45%	167 926	898	192 610	1 030
Audit managers	10%	0%	0%	11%	5%	4%	30%	295 261	587	365 178	726
Assistant managers	10%	0%	2%	6%	5%	3%	26%	359 136	516	474 672	682
Auditor seniors	10%	0%	4%	4%	5%	2%	25%	380 034	491	527 094	681
Senior IT auditors	10%	0%	4%	12%	5%	6%	38%	24 585	745	23 133	701
Auditors	10%	0%	4%	8%	5%	3%	31%	32 670	605	35 262	653
Audit clerks	10%	0%	4%	2%	5%	1%	22%	142 352	434	196 472	599
Trainee auditors	10%	0%	8%	1%	6%	1%	26%	465 014	506	595 512	648
IT auditors	10%	0%	6%	9%	6%	5%	36%	25 740	715	25 020	695

### 1.1.2 Recommended tariffs

Tariffs are set using projected staff costs, a mark-up, and recoverable hours for each band. The 2026-27 average tariff rises by R143 per hour or 14% to R1 179 per hour (from R1 036 in 2025-26), driven by the application of the new pricing model that uses only the band to determine the tariff rather than both band and salary intervals as was the case in the past. These tariffs are the same for each band across all business units. The new pricing model was implemented for the first time in the 2025-26 forecast. When compared to the forecast tariff of R1 088, the increase is R91 per hour or 8,36 %. To mitigate the increase in tariffs, the audit fees were contained by reducing billable hours and driving efficiencies.

Budget item	2025-26 budget	2026-27 budget	Change
	Rand per hour (average)	Rand per hour (average)	Rand per hour (average)
	(1)	(2)	(2)-(1)
<b>Audit staff</b>			
Business unit leaders	3 598	4 648	1 050
Deputy business unit leaders	4 586	4 648	62
Senior managers	2 873	3 378	505
Audit managers	1 979	2 168	189
Assistant managers	1 268	1 471	203
Auditor seniors	746	810	64
Senior IT auditors	718	783	65
Auditors	708	700	(8)
Audit clerks	511	490	(21)
Trainee auditors	487	660	173
IT auditors	293	322	29
<b>Average</b>	<b>1 036</b>	<b>1 179</b>	<b>143</b>

## 1.2 Contract work movement

Private audit firms participate in providing resources to support the AGSA's mandate. Audit work is assigned to these firms to address staffing gaps, especially during peak Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA) cycles. The amount of work assigned is based on the firm's B-BBEE score. The AGSA assigns work to these firms to also support industry transformation, especially benefitting previously disadvantaged firms. The share of total audit income for these firms is projected to decrease from 15% in the 2025-26 budget to 14% in 2026-27, meeting the annual organisational target of 15% or less.

Budget item	2025-26 budget	2026-27 budget	Comments
	R'000	R'000	
Contract work creditors (CWC) allocation	582 949	581 957	This is in line with the AGSA's practice of supporting emerging private audit firms by outsourcing some of the work to these firms
Pre-issuance	81 339	83 968	Quality review of audit files before the finalisation of audit reports for presentation to auditees
Specialists/Experts	39 311	60 532	Work given to private audit firms due to the unavailability of unique skills in the organisation
Vacancies	127 318	110 070	Provision for more contract work to accommodate unforeseen vacancies
<b>Total</b>	<b>830 917</b>	<b>836 526</b>	
<b>Percentage of total income</b>	<b>15%</b>	<b>14%</b>	

## 1.3 Subsistence and travel – recoverable

Budget item	Ref.	2025-26 budget	2026-27 budget	Change	
		R'000	R'000	R'000	%
		(1)	(3)	(3)-(1)	(3)-(1)
S&T – recoverable	1.3.1	213 181	249 187	36 006	17%
<b>Total</b>		<b>213 181</b>	<b>249 187</b>	<b>36 006</b>	<b>17%</b>
<b>Percentage of total income</b>		<b>4%</b>	<b>4%</b>		

### 1.3.1 Change from 2025-26 budget to 2026-27 budget

The S&T calculation is determined by the S&T Policy rates and the number of planned trips required to perform audits. The per-kilometre rate applied is R5,80 consistent with the 2025-26 budget. Due to elevated risk levels and the absence of automated systems, it is necessary for teams to perform most audits onsite at client premises, hence the increase, which is more than the projected inflation rate. However, as a percentage of audit revenue at 4%, this has remained the same as the 2025-26 budget.

## 1.4 Other income

Budget item	Ref.	2025-26 budget	2026-27 budget	Change	
		R'000	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)
Interest received: investments	1.4.1	64 525	77 282	12 758	20%
Interest received: current account	1.4.1	25 000	31 290	6 290	25%
Sundry income	1.4.2	71 999	81 509	9 510	13%
<b>Total</b>		<b>161 524</b>	<b>190 081</b>	<b>28 558</b>	<b>18%</b>

### 1.4.1 Interest received

The rise in interest income from both investment and current accounts that is more than the projected inflation is attributable to the strategic plan to grow cash balances. This plan is supported by enhanced collection initiatives that are expected to further boost interest earnings.

### 1.4.2 Sundry income

Sundry income consists of revenue sources, including interest accrued on long-outstanding debts, proceeds from the sale of tender documents, and sales generated by the gift shop. The balance of accounts receivable remains high, and it is anticipated to increase in the 2026-27 financial year; therefore increasing interest on outstanding debts and the total sundry income.

## 2. Personnel expenditure

Budget item	Ref.	2025-26 budget	2026-27 budget	Change	
		R'000	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)
Leave pay provision	2.1	50 443	50 443	-	0%
Medical aid provision	2.2	400	400	-	0%
Normal salary and benefits	2.3	3 153 011	3 335 225	182 214	6%
Other incentives	2.4	48 103	48 196	93	0%
UIF and Workmen's Compensation Act (WCA)	2.5	9 150	9 524	374	4%
<b>Total</b>		<b>3 261 107</b>	<b>3 443 788</b>	<b>182 681</b>	<b>6%</b>
<b>Percentage of total income</b>		<b>59%</b>	<b>59%</b>		

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

### 2.1 Leave pay provision

The leave pay provision is determined by the number of leave days and the salary rate. This provision is affected by how many leave days can accumulate according to the relevant human resource policy. Employees may receive payment for up to 30 accumulated leave days upon resignation and up to 120 days upon retirement. The provision for accumulated leave days in 2026-27 is unchanged from the 2025-26 budget due to a drive to encourage staff members to take leave as it becomes due; thus, the budget remains consistent year over year.

## 2.2 Post-retirement medical aid provision

The AGSA provides post-retirement medical benefits to eligible employees and their legal spouses. Eligibility depends on staff rule terms, retirement age, and a minimum service period. Benefits costs are accrued over employment using actuarial methods and recognised in financial statements as they occur. Independent actuaries value obligations annually, and changes in assumptions can significantly impact financial reporting.

## 2.3 Normal salary

### 2.3.1 Audit staff

Employee group	Total		Average salary per band	Positioning against benchmarked range R'000	Comments
	No.	R'000			
Business unit leaders	17	43 889	2 582	R2 297 – 2 873 – 3 446	The average salary per band is within the salary ranges. The salary ranges are benchmarked by the AGSA's People Portfolio.
Deputy business unit leaders	29	59 608	2 055	R1 891 – 2 364 – 2 837	
Audit senior managers	187	315 164	1 685	R1 281 – 1 725 – 2 276	The audit seniors group consists of employees who have successfully completed their training contracts and are studying towards professional qualifications required for the audit manager level.
Audit managers	503	618 415	1 229	R805 – 1 274 – 1 741	
Assistant managers	696	570 104	819	R538 – 896 – 1254	
Audit seniors	774	394 509	510	R467 – 648 – 826	The audit clerks group consists of employees who have successfully completed their training contracts but are behind on academic progress. These employees are transferred from the trainee auditors' band to the audit clerks' band on fixed-term contract to maintain experience and capacity.
Senior IT auditors	33	16 610	503	R477 – 650 – 824	
Auditors	54	28 353	525	R357 – 502 – 648	
Audit clerks	328	109 172	333	R289 – 372 – 454	
Trainee auditors	919	276 689	301	R160 – 390 – 617	
IT auditors	36	7 187	200	R192 – 417 – 641	
<b>Total</b>	<b>3 576</b>	<b>2 439 700</b>	<b>682</b>		

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

### 2.3.1 Support staff (ABUs)

Employee group	Total		Average salary per band	Positioning against benchmarked range R'000	Comments
	No.	R'000			
Head of portfolio group	16	69 854	4 366	R2 998 – 5 137 – 7 274	The average salary for each band aligns with the salary ranges established by the People Portfolio. The head of portfolio group category encompasses the salaries of the auditor-general and deputy auditor-general.
Business unit leaders	21	52 587	2 504	R2 188 – 2 735 – 3 281	
Deputy business unit leaders	10	19 386	1 939	R1 761 – 2 202 – 2 644	
Senior managers	151	242 080	1 603	R1 345 – 1 682 – 2 017	
Managers	373	410 326	1 100	R618 – 1 069 – 1 541	
Admin staff and specialists	385	220 548	573	R191 – 336 – 764	
<b>Total support staff</b>	<b>956</b>	<b>1 014 782</b>	<b>1 062</b>		

### 2.3.3 Total staff

Business focus areas	2025-26 budget		2026-27 budget		Comments
	No.	R'000	No.	R'000	
Total audit staff	3 331	2 224 825	3 576	2 439 700	Recoverable staff remuneration increased due to a 5% annual salary raise, promotions, and new hires due to expanded audit responsibilities. Non-recoverable remuneration rose because of the same salary increase and additional staff to support #cultureshift2030 strategy initiatives, especially in IT and Audit Support business units.
Total support staff in audit and non-audit business units	894	928 186	956	895 525	
<b>Total staff</b>	<b>4 225</b>	<b>3 153 011</b>	<b>4 532</b>	<b>3 335 225</b>	It is important to note that R120 million labour costs will be capitalised for ASP development and implementation, reducing support staff remuneration from R1 015 million to R895 million.

### 2.4 Other incentives

Budget item	2025-26 budget	2026-27 budget	Change		Comments
	R'000	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Group life scheme	46 706	46 706	-	0%	Group risk costs are informed by the AGSA's past claims, yearly wage bill changes and renegotiation of premiums with the service provider. Consequently, no increase was anticipated, despite the increase in headcount, mainly indicative of renegotiated terms with the insurance provider.
Long service awards	115	115	-	0%	Long service awards support staff retention as part of the total reward strategy. The 2026-27 budget remains unchanged to maintain current cost containment measures.
Business unit recognition scheme	1 283	1 376	93	7%	These incentives and associated costs are designed to recognise collaborative efforts and strengthen staff morale across business units. The budget adjustment for 2026-27 is modest, representing a slight increase in per capita costs to ensure consistency with the expenditure recorded in 2024-25.
<b>Total</b>	<b>48 103</b>	<b>48 196</b>	<b>93</b>	<b>0,2%</b>	

## 2.5 Unemployment Insurance Fund and Workmen's Compensation Act

Budget item	2025-26 budget	2026-27 budget	Change	
	R'000	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)
UIF employer's contribution	6 078	6 447	369	6%
Workmen's compensation premiums	3 072	3 077	4	0%
<b>Total</b>	<b>9 150</b>	<b>9 524</b>	<b>374</b>	<b>4%</b>

The levies for the 2026-27 financial year are determined according to the applicable legislation, based on a staff complement of 4 532.

## 2.6 Discretionary performance bonus

The discretionary performance bonus constitutes an integral element of the organisation's strategy to promote robust performance management and foster employee retention. For the 2026-27 financial year, the allocated budget stands at R358 million, representing an increase from the R285 million budgeted for 2025-26 and surpassing the R310 million disbursed for the 2024-25 performance year.

This allocation is informed by projections regarding the number of employees anticipated to qualify for bonuses, as determined through assessments of individual performance, business unit performance, and the organisation's achievement against key performance indicators defined in the organisational scorecard.

## 3. Outsourced services

Budget item	2025-26 budget	2026-27 budget	Change	
	R'000	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)
Consultants' fees				
• Ongoing projects	61 837	53 193	(8 644)	-14%
• Once-off ad hoc projects	10 580	2 904	(7 676)	-73%
<b>Total</b>	<b>72 417</b>	<b>56 096</b>	<b>(16 321)</b>	<b>-23%</b>
<b>Percentage of total income</b>	<b>1%</b>	<b>1%</b>		

The analysis that follows details the nature of the services outsourced from external service providers. The activities are, by nature, not repetitive; therefore comparatives and commentary for the previous year are not provided.

Business focus areas	2025-26 budget			Comments
	Ongoing	Once-off	Total	
	R'000	R'000	R'000	
Performance Audit	527	-	527	Specialists will be sourced to support the research and development of new and current focus areas for performance audits, contributing to the #cultureshift2030 strategy and sector priorities.
Information Systems Audit	1 179	-	1 179	Specialised services to help in developing audit methodologies, reviewing the skills of current staff to ensure compatibility with regularity audits, and automation of access management reviews.
Reporting	950	-	950	Engaging technical specialists to provide support for methodology review and MI matters.
Audit Risk Intelligence	1 557	342	1 899	Services to deliver strategies and solutions to power our strategy, research and analytics to help our stakeholders understand our auditees better and implement tailored solutions that drive value to both the auditee and our stakeholders.
Technical Audit Support	-	1 000	1 000	Specialised services in IFRS, taxation, accounting, PAA and MI support, as well as assistance with the take back of audits from SOEs and obtaining external legal opinions. Resources to help with reconfiguration of all working papers across all areas of audit. In addition, expertise to assist us with the demands in technical support over the PFMA and MFMA peak periods.
Corporate Secretariat	589	-	589	Outsourced services are provided to support interactions with both internal and external stakeholders, such as Scoag meetings, AGSA governance committees, remuneration committee, audit committee, information and communication technology steering committee, tender committee, management approval framework policy committee, and quality control assessment committee.
Corporate Legal Services	500	-	500	Services for legal experts' fees in execution of judgments.
Audit business units (National E, Limpopo and Western Cape)	389	-	389	Services for expert panels and non-recoverable contract work that provide services to smaller auditees, like museums, that cannot afford the standard audit fee.
Communication	1 000	-	1 000	Expertise to assist with media content creation and monitoring, quarterly media analysis, technical writing, and content audit of the annual report to ensure that the AGSA's messages are simple, clear and relevant.
Integration and Innovation	8 654	-	8 654	Services/tools required include: <ul style="list-style-type: none"> <li>development of both PFMA and MFMA data-led audit models</li> <li>innovation proof of value concepts.</li> </ul>
Finance	2 560	-	2 560	Special services needed for: <ul style="list-style-type: none"> <li>business continuity management to help with the rollout and implementation of the plan</li> <li>enhancement and maintenance of the budget tool</li> <li>independent review of the annual financial statements and actuarial review</li> <li>smart real estate programme – designed to reduce costs and implement smart building solutions.</li> </ul>



Business focus areas	2025-26 budget			Comments
	Ongoing	Once-off	Total	
	R'000	R'000	R'000	
Procurement	1 168	-	1 168	External expertise to improve efficiencies and better insights – to ensure efficiencies by utilising technology to acquire better insights into procurement, which will improve decision making.
Strategic Audit Projects	2 048	-	2 048	Projects to optimise revenue.
MI Audit	1 000	-	1 000	Specialised independent expertise is required to support the MI business unit with quantifying financial losses, including professionals such as quantity surveyors and fixed assets specialists.
People Portfolio	9 075	-	9 075	Specialised services for: <ul style="list-style-type: none"> <li>• B-BBEE verification agency costs</li> <li>• development assessments and leadership DNA</li> <li>• programmes aimed at helping initiatives emanating from culture dipsticks and organisational culture plan initiatives.</li> </ul>
Risk and Ethics	2 414	-	2 414	Specialised services are required to support whistleblowing, conduct the leadership independence review, perform ethics maturity audits at the AGSA, provide ethics training for leadership, and manage the Ethics Strategic Programme and Risk Management Strategic Programme.
Quality Control	4 481	-	4 481	External reviews and annual quality control reviews by the Independent Regulatory Board for Auditors, mandatory quality control review of specialised ABUs by experts, reviews of information systems, and reviews performed by the internal (AGSA) Quality Control business unit.
Information and Communication Technology (ICT)	9 702	-	9 702	Consulting services for services such as senior developers for ERP, ICT research and advisory services subscription and escrow services.
Digital Transformation	5 009	-	5 009	Consulting services for digital transformation projects such as business intelligence and AI, PowerApps and Chatbot development.
Heads of portfolios (Audit, Support and Specialised)	390	1 562	1 952	Services required for: <ul style="list-style-type: none"> <li>• review of the investment cases for strategic initiatives and aiding in drafting technical opinions on the accounting treatment of digital transformation assets</li> <li>• The AGSA's participation in the Intosai community: As the current chair of the Intosai capacity-building committee, the AGSA participates in engagements aimed at building efforts of the community of SAIs. This includes the responsibility for overall strategic leadership of global SAI capacity development and specific work streams such as the Task Force on Intosai Auditor Professionalisation, the Regional Forum for Capacity Development, and governance of the SAI Performance Measurement Framework global competency and professionalisation. In addition, services for contracting in global competency, interactive tools and interpreting/ translation services to facilitate communications in the African development initiatives (French, Arabic and Portuguese)</li> <li>• specialised expertise to evaluate, including sourcing external auditors to review the evaluation results performed internally</li> <li>• continuing with specialist work for the MI process</li> <li>• obtaining external reviews on audit disputes referred to the head of audit.</li> </ul>
<b>Total</b>	<b>53 193</b>	<b>2 904</b>	<b>56 096</b>	

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

#### 4. Subsistence and travel – irrecoverable

Budget item	2025-26 budget	2026-27 budget	Change	
	R'000	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)
S&T – irrecoverable	48 063	59 534	11 471	24%
<b>Total</b>	<b>48 063</b>	<b>59 534</b>	<b>11 471</b>	<b>24%</b>
<b>Percentage of total income</b>	<b>1%</b>	<b>1%</b>		

The cost increase is attributable to expenditures required to implement the resource pooling strategy and enable effective collaboration between national and provincial business units and optimise utilisation of resources. While these costs are essential for maintaining operational alignment and providing support across different regions, they are not recoverable from auditees.

#### 5. Accommodation

Budget item	Ref.	2025-26 budget	2026-27 budget	Change	
		R'000	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)
Security expenses	5.1	17 421	17 421	-	0%
Operational costs	5.2	22 556	23 389	833	4%
<b>Total</b>		<b>39 976</b>	<b>40 810</b>	<b>833</b>	<b>2%</b>
<b>Percentage of total income</b>		<b>1%</b>	<b>1%</b>		

**5.1** During the 2026-27 financial year, security costs remain the same as prior year due to cost optimisation.

**5.2** Included in operating costs are costs for water and electricity, service contracts, storage and parking.

### 5.3 Rentals

The average cost per square metre of R180 is a decrease from the 2025-26 rate of R200, partly due the favourable lease re-negotiations achieved in support of the cost-containment strategy.

Location	2025-26 budget			2026-27 budget				Change
	Square metres occupied	Basic rental cost	Monthly cost per square metre	Square metres occupied	Total staff establishment	Basic rental cost	Monthly cost per square metre	
Western Cape	3 247	5 954 186	153	3 247	231	6 400 750	164	The total square metres occupied by the AGSA remained the same year-on-year. As part of the cost optimisation tactics and strategic sourcing, the organisation has been able to renegotiate the rate per square metre, resulting in the rental decrease.
Mpumalanga	887	1 652 743	155	887	194	1 782 515	167	
KwaZulu-Natal	4 085	13 548 312	276	4 085	255	9 396 563	192	
Limpopo	2 130	3 617 713	142	2 130	203	3 806 488	149	
Free State	1 614	2 084 214	108	1 614	203	2 250 951	116	
Johannesburg	3 351	6 602 827	164	3 351	220	7 065 025	176	
Northern Cape	2 031	4 132 272	170	2 031	158	4 462 854	183	
Eastern Cape	2 582	3 042 780	98	2 582	248	3 209 695	104	
Pretoria	21 628	59 851 884	231	21 628	157	52 033 565	200	
North West	1 000	1 456 313	121	1 000	2 662	1 572 828	131	
<b>Total</b>	<b>42 555</b>	<b>101 943 244</b>	<b>200</b>	<b>42 555</b>	<b>4 532</b>	<b>91 981 233</b>	<b>180</b>	

### 5.4 Finance charges and depreciation of assets (right of use)

Location	2025-26 budget		2026-27 budget		Change	
	Depreciation	Finance charges	Depreciation	Finance charges	Depreciation	Finance charges
Western Cape	7 270 588	7 894 191	8 427 558	8 285 366	1 156 970	391 176
Mpumalanga	2 299 038	2 217 745	2 140 893	259 067	(158 145)	(1 958 678)
KwaZulu-Natal	8 956 144	9 783 889	8 956 144	8 809 117	-	(974 772)
Limpopo	2 969 332	1 111 606	2 890 101	794 613	(79 230)	(316 994)
Free State	1 974 414	2 179 811	1 974 414	2 082 941	-	(96 869)
Johannesburg	3 953 645	2 465 480	4 015 728	1 696 350	62 083	(769 130)
Northern Cape	2 260 695	1 384 316	2 293 082	1 003 523	32 387	(380 793)
Eastern Cape	3 263 125	3 280 464	3 250 504	3 206 468	(12 621)	(73 996)
North West	1 147 343	203 590	1 147 343	95 830	-	(107 760)
Pretoria	53 855 569	4 074 380	69 884 824	33 777 326	16 029 255	29 702 946
<b>Total</b>	<b>87 949 892</b>	<b>34 595 473</b>	<b>104 980 591</b>	<b>60 010 599</b>	<b>17 030 699</b>	<b>25 415 126</b>

Depreciation is constant over the period of the lease and finance charges, which decrease each year as the lease term ends. The lease liability is reduced by the rental payments and the finance charges increased by the liability.

Overall, depreciation is increasing year on year due to new assets acquisitions. Finance charges are decreasing year on year as there are no new high-value leases that have begun, except from Pretoria and Western Cape where the lease agreement has been extended. The IFRS standard on leases came into effect on 1 January 2019. In this standard, the present value of the lease payments is regarded as a right-of-use asset and a related lease liability under long-term liabilities. Therefore, the amortisation and finance charges are written off. As this is an accounting entry, it will gradually decrease and eventually equal the actual lease payments at the end of the lease term.

## 6. Stakeholder relationships

Budget item	Ref.	2025-26 budget	2026-27 budget	Change	
		R'000	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)
Liaison	6.1.1	4 319	9 319	5 000	116%
Internal stakeholder	6.1.2	17 303	18 689	1 386	8%
External stakeholder	6.1.3	6 933	7 029	96	1%
<b>Total</b>		<b>28 556</b>	<b>35 038</b>	<b>6 482</b>	<b>23%</b>
<b>Percentage of total income</b>		<b>1%</b>	<b>1%</b>		

### 6.1 Stakeholder relationships

#### 6.1.1 Liaison

The 2026-27 budget increase supports strategic communications, including stakeholder engagement, media, events, marketing, branding and employee messaging. These efforts enhance the AGSA's brand visibility, enable annual stakeholder interactions and strengthen its standing in the international audit community.

#### 6.1.2 Internal stakeholders

Budget item	2025-26 budget			2026-27 budget			Variance		Comments
	Number of employees	Average amount	Total	Number of employees	Average amount	Total	Due to increase in costs	Due to decrease in staff	
	(1)	(2)	R'000 (1)x(2)	(3)	(4)	R'000 (3)x(4)			
Business unit team effectiveness activities	4 225	4 095	17 303	4 532	4 124	18 689	120	1 266	These costs cover annual internal stakeholder engagement activities to align staff with the AGSA's objectives, including farewells, staff lunches, and business unit meetings.  The 2026-27 budget increase is due to more engagements and closer alignment with actual 2024-25 costs. Expenses are budgeted per head for fair distribution across the organisation.
<b>Total</b>	<b>4 225</b>	<b>4 095</b>	<b>17 303</b>	<b>4 532</b>	<b>4 124</b>	<b>18 689</b>	<b>120</b>	<b>1 266</b>	

### 6.1.3 External stakeholders

Budget item	2025-26 budget			2026-27 budget			Variance
	Number of employees	Allowance per annum	Total	Number of employees	Allowance per annum	Total	
		R'000	R'000		R'000	R'000	
	(1)	(2)	(3)	(4)	(5)	(6)	
Business unit leaders / heads of units	39	20	768	38	20	779	11
Deputy business unit leaders	38	18	680	39	18	689	9
Senior managers	333	16	5 189	338	16	5 261	72
Executive committee	17	17	296	16	19	300	4
<b>Total</b>	<b>427</b>	<b>16</b>	<b>6 933</b>	<b>431</b>	<b>16</b>	<b>7 029</b>	<b>96</b>

These costs support activities aimed at strengthening relationships and communication with external stakeholders. The primary objective is to enhance the consistency and effectiveness of the AGSA's messaging by providing auditees with meaningful insights into their audit outcomes.

For the 2026-27 financial year, the budget allowance applied per head shows a minimal increase, reflecting alignment with 2024-25 actuals, projected headcount and supporting the AGSA's cost-optimisation strategy.

### 6.2 Regional congresses (strategic alignment workshop)

Budget item	2025-26 budget			2026-27 budget			Variance
	Number of employees	Cost per employee	Total	Number of employees	Cost per employee	Total	
		R'000	R'000		R'000	R'000	
	(1)	(2)	(3)	(4)	(5)	(6)	
Business unit leaders / heads of portfolio workshops	4 225	762	3 219	4 532	925	4 192	972
Senior management workshop	427	11 066	4 725	431	10 963	4 725	-
<b>Total</b>			<b>7 944</b>			<b>8 917</b>	<b>972</b>

These costs relate to engaging staff to align with the organisation's strategic intent. The budget is determined based on total staff numbers and relevant cost drivers identified during budgeting. The higher budgeted costs are primarily due to an increase in planned headcount compared to the 2025-26 budget.

### 6.3 Foreign visitors

Budget item	2025-26 budget	2026-27 budget	Change	
	R'000	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)
Foreign visitors	79	78	-1	-1%
<b>Total</b>	<b>79</b>	<b>78</b>	<b>-1</b>	<b>-1%</b>

These costs are determined by the projected number of international visitors from other SAIs to the AGSA. The modest reduction in budgeted expenses is attributed to the expectation that the number of visitors will remain consistent with the 2025-26 financial year.

### 6.4 Overseas travel

Budget item	2025-26 budget	2026-27 budget	Change		Comments
	R'000	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Auditor-general and deputy auditor-general	6 543	8 354	1 810	28%	<p>These costs cover international travel by the auditor-general, deputy auditor-general, and other AGSA staff to support participation in global bodies like the Commonwealth Auditor-General Group, Intosai, Afrosai, and Afrosai-E.</p> <p>The increase in the 2026-27 overseas travel budget is primarily driven by higher anticipated international engagements, including participation in Intosai and international conferences, as well as the expanded scope and number of international audits.</p>
<b>Total</b>	<b>6 543</b>	<b>8 354</b>	<b>1 810</b>	<b>28%</b>	

\* The costs encompass international travel and subsistence expenses for all personnel assisting the auditor-general and deputy auditor-general in overseas events.

## 7. Oversight governance

Budget item	2025-26 budget	2026-27 budget	Change		Comments
	R'000	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Parliamentary oversight (Scoag)	100	100	-	0%	The 2026-27 budget reflects an increase due to additional capacitation of governance committee members.
Labour and staff relations	961	961	-	0%	
Corporate governance committees (auditor-general advisory board, audit committee, and quality control assessment committee)	5 617	6 634	1 017	18%	
<b>Total</b>	<b>6 678</b>	<b>7 695</b>	<b>1 017</b>	<b>15%</b>	
<b>Percentage total income</b>	<b>0,1%</b>	<b>0,1%</b>			

## 8. Audit fees

### 8.1 External audit fees

Budget item	2025-26 budget	2026-27 budget	Change		Comments
	R'000	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Financial audit	5 244	5 433	189	4%	Audit fees are based on AGSA external auditors' projections for planning, interim and final audits, business unit visits, and internal control reviews. The 2026-27 budget is calculated using actual 2025-26 audit fees, adjusted for inflation and any changes in audit hours or scope. The budget also includes balanced scorecard, discretionary performance bonus, and new charge-out rates audits.
Sustainability review	326	338	12	4%	
Other assurance reviews and disbursement	164	170	6	4%	
<b>Total</b>	<b>5 733</b>	<b>5 940</b>	<b>206</b>	<b>4%</b>	
<b>Percentage of total income</b>	<b>0,1%</b>	<b>0,1%</b>			

## 8.2 Internal audit fees

Budget item	2025-26 budget	2026-27 budget	Change	
	R'000	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)
Routine financial audits	1 042	1 042	-	0%
Routine human capital-related audits	495	495	-	0%
Routine internal controls audits	1 373	1 373	-	0%
Ad hoc assignments and systems queries, computer-assisted audit tool	1 316	1 316	-	0%
Project management and attendance of audit committee meetings	443	443	-	0%
Risk management meetings and strategic risk assessment	66	66	-	0%
Audit software project review (ICT governance, strategy review and ICT strategy review)	1 618	1 618	-	0%
Disbursements	964	964	-	0%
<b>Total</b>	<b>7 317</b>	<b>7 317</b>	<b>-</b>	<b>0%</b>
<b>Percentage of total income</b>	<b>0,1%</b>	<b>0,1%</b>		

The internal audit fees for 2026-27 are primarily determined by ongoing ERP and ASP assurance reviews from 2025-26, along with probity reviews for tenders over R50 million as required by supply chain management procedures.



## 9. Recruitment expenses

Budget item	2025-26 budget	2026-27 budget	Change		Comments
	R'000	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Advertisements	770	770	-	0%	These costs relate to graduate recruitment and job advertising. There are no changes from the 2025-26 budget as part of the cost-containment strategy.
Personnel agency fees	5 195	5 401	206	4%	Agency fees for the 2026-27 financial year are based on a percentage of the anticipated salaries for employees expected to be hired during this period. The projected increase in costs is due to enhanced efforts to recruit audit staff, especially for positions that require specialised and scarce skills. These recruitment activities aim to support the AGSA's operational capacity and audit quality.
Interviews	1 185	1 185	-	0%	The budget covers expenses related to recruitment activities, including psychometric assessments, background checks, job profile updates and vetting. Although recruitment activity is expected to increase, the implementation of technological tools is projected to keep costs steady, supporting efficiency and scalability without adding financial strain, hence no increases are expected in the 2026-27 financial year.
Transfer and relocation expenses	4 640	4 640	-	0%	These expenses pertain to pre-visit fees applicable to both internal and external candidates, encompassing up to three months of lodging costs and reimbursement for travel expenses. For the 2026-27 fiscal year, the budget allocation remains consistent with that of 2025-26, thereby supporting candidate onboarding processes while upholding cost containment initiatives.
<b>Total</b>	<b>11 790</b>	<b>11 996</b>	<b>206</b>	<b>2%</b>	
<b>Percentage of total income</b>	<b>0,2%</b>	<b>0,2%</b>			

## 10. Learning and development

Budget item	Ref.	2025-26 budget	2026-27 budget	Change	
		R'000	R'000	R'000	%
		(2)	(2)-(1)	(2)-(1)	(2)-(1)
Membership fees	10.1	24 633	26 485	1 852	8%
<b>Training:</b>		<b>31 900</b>	<b>36 601</b>	<b>4 701</b>	<b>15%</b>
Internal training	10.2	23 016	24 690	1 674	7%
Conferences and seminars		5 031	6 843	1 812	36%
Graduate programmes		3 854	5 068	1 215	32%
Study assistance: employees	10.3	14 566	18 629	4 062	28%
Human capital development projects		1 442	1 442	-	0%
Bursaries	10.4	32 534	38 364	5 831	18%
Study support incentive scheme		5 738	5 738	-	0%
Study support incentive scheme: top-up one		84	84	-	0%
Skills development levy		29 961	32 609	2 648	9%
Skills development levy – recovered		(9 402)	(9 402)	-	0%
<b>Total</b>		<b>131 456</b>	<b>150 550</b>	<b>19 094</b>	<b>15%</b>
<b>Percentage of total income</b>		<b>2%</b>	<b>3%</b>		

### 10.1 Membership fees

The 2026-27 budget for professional membership fees reflects a slight increase in members compared to 2025-26 due to higher annual fees and more audit staff.

### 10.2 Training

Type of expense	2025-26 budget	2026-27 budget	Change	
	R'000	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)
Internal	23 016	24 690	1 674	7%
Conferences and seminars	5 031	6 843	1 812	36%
Graduate programmes	3 854	5 068	1 215	32%
<b>Total</b>	<b>31 900</b>	<b>36 601</b>	<b>4 701</b>	<b>15%</b>

The AGSA delivers training through both online and in-person sessions to keep staff skills up to date. The 2026-27 budget is higher than 2025-26 due to increased demand for workshops and classroom training.

The organisation has also introduced self-paced learning options tailored to individual needs, increasing accessibility and flexibility while advancing its learning and development objectives.

### 10.3 Study assistance: employees

Budget item	2025-26 budget	2026-27 budget	Comments
	R'000	R'000	
Diploma	102	130	This aligns with the AGSA's stated preference for emphasising graduate student engagement.
Degree	373	477	
CTA/honours	8 931	11 422	
Final qualifying exam support courses	1 574	2 013	
Non-accounting degrees and diplomas	851	1 088	
Postgraduate, registered government auditor, certified information systems auditor	2 735	3 498	
<b>Total</b>	<b>14 566</b>	<b>18 629</b>	

The Study Support Policy provides financial assistance to eligible employees. The 2026-27 budget increases by 28% to allow for inflation, growth in qualifying employees, and extended support for Learnership Academy participants, aligned with the AGSA's objective of developing a skilled and accredited workforce.

### 10.4 External student bursaries and tertiary assistance

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

	2025-26 budget	2026-27 budget
	R'000	R'000
Thuthuka	20 490	24 162
External bursaries	8 670	10 224
Tertiary assistance	3 374	3 979
<b>Total</b>	<b>32 534</b>	<b>38 364</b>

#### South African Institute of Chartered Accountants Thuthuka programme

The investment in Thuthuka aims to increase the number of young professionals holding the CTA qualification yielding a return of around 70 candidates joining the organisation on an annual basis, funding for all levels of studies at Saica-accredited institutions until completion of CTA. The recovery rate is anticipated to rise, as this group is expected to spend less time on study activities. The budget increase for 2026-27 aligns with the strategy to fund 115 students (on all levels of study) and recruit 70 young professionals who have completed the CTA.

### External bursaries and centenary scholarship

The 2026-27 budget includes costs related to the AGSA's commitment to supporting 44 external bursary recipients, compared to 41 in the 2025-26 budget. The increase in bursary holders is consistent with plans for academic development and expanding the professional pipeline, in line with the AGSA's objective to develop audit professionals.

Name of university	No. of students: budget 2025-26	No. of students: budget 2026-27
University of Johannesburg	10	10
University of the Witwatersrand	5	4
University of Pretoria	1	4
Monash University and Milpark Education	4	2
University of the Free State	6	6
Institute of Accounting Science	-	2
New bursaries to be allocated	-	4
Stellenbosch University	3	2
Nelson Mandela Metropolitan University	1	1
North-West University	7	6
University of KwaZulu-Natal	2	2
University of Limpopo	2	1
<b>Total</b>	<b>41</b>	<b>44</b>

### Tertiary assistance

The AGSA helps universities maintain their Saica accreditation through its academic trainee programme and other academic initiatives. These academic trainees are essentially AGSA ambassadors in the different universities and in 2025 and 2026 we have a national footprint of 16-seated across Saica-accredited institutions.

## 11. Employee wellness and social programmes

Budget item	2025-26 budget	2026-27 budget	Change		Comments
	R'000	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Employee wellness programmes	8 490	10 328	1 837	22%	These costs cover external service providers for services like executive wellness, lifestyle management, employee assistance, and mental health support. They also include programmes for applicants with impairments and support for trainee auditors taking professional exams.
Socioeconomic development programme	4 044	4 044	-	0%	The socioeconomic development programme, part of the AGSA's sustainability strategy, promotes the accounting and auditing profession and raises awareness in areas in which the AGSA operates. Increased budgeted costs reflect expanded collaborations with Saica and the financial and accounting sector to support corporate investment in local communities, especially schools, and create programmes in partnership with further education and training colleges to develop talent among people with disabilities.
Auditor-general's social responsibility	533	852	319	60%	These costs commonly comprise contributions to the AGSA's table sponsorships at events held by organisations such as the Association for the Advancement of Black Accountants of Southern Africa. The increase in 2026-27 indicates an effort to improve the AGSA's visibility at more of these events.
Enterprise development	1 000	4 000	3 000	300%	The AGSA's B-BBEE initiatives are designed to support emerging black-owned audit firms. The budgeted costs have been adjusted to align with 2024-25 actuals, ensuring a meaningful contribution to the development of new black audit firms.
<b>Total</b>	<b>14 068</b>	<b>19 224</b>	<b>5 156</b>	<b>37%</b>	

## 12. Technological services

Budget item	Ref.	2025-26 budget	2026-27 budget	Change	
		R'000	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)
Licence and equipment maintenance	12.1	134 108	134 108	-	0%
Hiring of equipment – rental	12.2	3 008	3 008	-	0%
Hiring of equipment – copy charges		4 161	4 161	-	0%
<b>Total</b>		<b>141 277</b>	<b>141 277</b>	<b>-</b>	<b>0%</b>
<b>Percentage of total income</b>		<b>3%</b>	<b>2%</b>		

## 12.1 Computer services

Budget item	2025-26 budget	2026-27 budget	Change		Comments
	R'000	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
IT maintenance and support	72 075	72 075	-	0%	This budget covers IT infrastructure support, maintenance of mobile connections, various licences (PeopleSoft, Microsoft, robotics, case management system project), cybersecurity enhancements, and process digitisation. These projected amounts have been adjusted to reflect inflation and fluctuations in currency exchange rates. The budgeted costs are unchanged from 2025-26, as activity levels are expected to remain stable.
Networks	5 367	5 367	-	0%	
Security	9 969	9 969	-	0%	
Telecommunications	2 423	2 423	-	0%	
3G data usage	44 272	44 272	-	0%	These costs relate to the 3G monthly subscriptions via MTN and Telkom and related costs, which are attributable to the usage of OneDrive platforms, hybrid working model, holding meetings via MS Teams and sharing large documents. The budgeted costs are unchanged from 2025-26 as activity levels are expected to remain stable.
<b>Total</b>	<b>134 108</b>	<b>134 108</b>	<b>-</b>	<b>0%</b>	
<b>Percentage of total income</b>	<b>2%</b>	<b>2%</b>			

## 12.2 Hiring of equipment – rental

The budgeted costs remain the same from 2025-26, since both rental expenses and the number of copies produced are not anticipated to increase substantially.

### 13. Insurance and legal fees

Budget item	2025-26 budget	2026-27 budget	Change		Comments
	R'000	R'000	R'000	%	
	(1)	(2)	(2)-(1)	(2)-(1)	
Insurance	2 994	3 049	55	2%	The growth in budgeted costs is due to inflationary increases and alignment of insurance premiums and claim expenses to historical trends.
Legal fees and contingency	17 565	16 085	(1 479)	-8%	These costs encompass anticipated labour-related litigation, legal expenses associated with overdue debtors, and audit-related dispute fees. Accurately projecting these costs is challenging, as the likelihood of such cases occurring cannot be reliably determined. The reduction in budgeted costs for 2026-27 aligns with the organisation's cost-containment strategy.
<b>Total</b>	<b>20 559</b>	<b>19 134</b>	<b>(1 424)</b>	<b>-7%</b>	
<b>Percentage of total income</b>	<b>0,4%</b>	<b>0,3%</b>			

### 14. Office maintenance

Budget item	2025-26 budget	2026-27 budget	Change	
	R'000	R'000	R'000	%
	(1)	(2)	(2)-(1)	(2)-(1)
Office maintenance	31 506	34 210	2 703	9%
<b>Total</b>	<b>31 506</b>	<b>34 210</b>	<b>2 703</b>	<b>9%</b>
<b>Percentage of total income</b>	<b>0,6%</b>	<b>0,6%</b>		

Office maintenance costs include R8 million each for cleaning, renovations, refreshments and publications, and repairs; R5 million for stationery and printing; and R2 million for medical exams and warranties. The rise is due to increased staff across business units.

## 15. Communication

Budget item	Ref.	2025-26 budget	2026-27 budget	Change	
		R'000	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)
Telephone charges	15.1	964	1 036	72	7%
Cellphone charges	15.2	10 672	10 714	41	0%
Postage and courier services		2 063	1 755	(308)	-15%
<b>Total</b>		<b>13 700</b>	<b>13 504</b>	<b>(195)</b>	<b>-1%</b>
<b>Percentage of total income</b>		<b>0,2%</b>	<b>0,2%</b>		

### 15.1 Telephone charges

The costs are primarily determined by the budgeted staff numbers and the permitted average cost per staff member. The increase results from adjusting the budgeted cost per head to align with the actual cost per head for 2024-25.

### 15.2 Cellphone charges

Cellphone expenses depend on the number of employees eligible for allowances, with the increase due to updating the budgeted cost per person to match 2024-25 actuals.

## 16. Depreciation

Budget item	Ref.	2025-26 budget	2026-27 budget	Change	
		R'000	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)
Right-of-use assets	5.1	87 950	104 981	17 031	19%
Motor vehicles		418	439	21	5%
Furniture and equipment		1 870	1 963	93	5%
Computer equipment		28 381	29 801	1 419	5%
Computer software		5 628	5 909	281	5%
Leasehold improvements		9 139	9 596	457	5%
<b>Total</b>		<b>133 386</b>	<b>152 688</b>	<b>19 303</b>	<b>14%</b>
<b>Percentage of total income</b>		<b>2%</b>	<b>3%</b>		

The AGSA's Asset Management Policy sets the depreciation budget based on both current and planned assets from the 2025-26 and 2026-27 capex budgets. Depreciation increases reflect an increase in assets investment, while higher right-of-use asset values result from calculations using remaining lease periods.



## 17. Capital expenditure budget

### 17.1 Motor vehicles

Description	2025-26 budget	Acquisitions: budget 2026-27	Depreciation	2026-27 budget
	NCV			NCV
	R'000	R'000	R'000	R'000
Motor vehicles	6 668	2 000	439	8 229
<b>Total</b>	<b>6 668</b>	<b>2 000</b>	<b>439</b>	<b>8 229</b>

Location	2025-26 budget	2026-27 budget
	R'000	R'000
Provision for the purchase of pool cars in the provincial and Finance business units	2 000	2 000
<b>Total</b>	<b>2 000</b>	<b>2 000</b>

### 17.2 Furniture and equipment

Description	2025-26 budget	Acquisitions: budget 2026-27	Depreciation	2026-27 budget
	NCV			NCV
	R'000	R'000	R'000	R'000
Furniture and equipment	15 399	17 000	1 963	30 436
<b>Total</b>	<b>15 399</b>	<b>17 000</b>	<b>1 963</b>	<b>30 436</b>

Location	2025-26 budget	2026-27 budget	Comments
	R'000	R'000	
Pretoria and other regional offices	8 147	17 000	New furniture acquisition is budgeted for centrally at head office for all AGSA offices.
<b>Total</b>	<b>8 147</b>	<b>17 000</b>	

### 17.3 Leasehold improvements

Description	2025-26 budget	Acquisitions: budget 2026-27	Depreciation	2026-27 budget
	NCV			NCV
	R'000	R'000	R'000	R'000
Leasehold improvements	92 223	59 000	9 596	141 627
<b>Total</b>	<b>92 223</b>	<b>59 000</b>	<b>9 596</b>	<b>141 627</b>

Location	2025-26 budget	2026-27 budget	Comments
	R'000	R'000	
AGSA offices	48 545	59 000	Leasehold improvements are budgeted for centrally at head office for all AGSA offices. The budget for leasehold improvements is based on the layouts and design, in line with the AGSA branding.
<b>Total</b>	<b>48 545</b>	<b>59 000</b>	

### 17.4 Computer hardware, network and security

Description	2025-26 budget	Acquisitions: budget 2026-27	Depreciation	2026-27 budget
	NCV			NCV
	R'000	R'000	R'000	R'000
Computer hardware	107 153	75 000	29 801	152 352
<b>Total</b>	<b>107 153</b>	<b>75 000</b>	<b>29 801</b>	<b>152 352</b>

Budget item	Ref.	2025-26 budget	2026-27 budget	Change	
		R'000	R'000	R'000	%
		(1)	(2)	(2)-(1)	(2)-(1)
Computer hardware	17.4.1	25 132	30 709	5 577	22%
Networks	17.4.2	10 303	12 589	2 286	22%
Security	17.4.3	7 023	8 582	1 558	22%
Notebooks	17.4.4	70 240	23 121	(47 119)	-67%
<b>Total</b>		<b>112 698</b>	<b>75 000</b>	<b>(37 698)</b>	<b>-33%</b>

### 17.4.1 Computer hardware

The 2026-27 budget focuses on acquiring computer hardware to boost storage, memory, and processing power for audit software projects, as well as replacing riverbed devices to reduce data usage across the wide area network. The budget is also in line with the ICT investment plan for the next four years.

### 17.4.2 Networks

The 2026-27 budget is for the new network switches, as well as the replacement of old ones.

### 17.4.3 Security

This relates to the ERP and network security lab devices.

### 17.4.4 Notebooks

This relates to the acquisition of notebooks for new employees and the replacement of old ones.

## 17.5 Computer software

Description	2025-26 budget	Acquisitions: budget 2026-27	Depreciation	2026-27 budget
	NCV			NCV
	R'000	R'000	R'000	R'000
Computer software	358 257	362 000	5 909	714 348
<b>Total</b>	<b>358 257</b>	<b>362 000</b>	<b>5 909</b>	<b>714 348</b>

Location	2025-26 budget	2026-27 budget	Comments
	R'000	R'000	
New software licences	37 128	65 169	Microsoft, Oracle, Impilo licences
New systems implementation	169 111	296 831	ASP projects, electronic document and records management system, security and testing tools, data chronicles, AI tools, etc.
<b>Total</b>	<b>206 239</b>	<b>362 000</b>	

## 17.6 Right-of-use asset

Description	2025-26 budget	Acquisitions: budget 2026-27	Depreciation	2026-27 budget
	NCV			NCV
	R'000	R'000	R'000	R'000
Right-of-use asset	675 146	40 000	104 981	610 166
<b>Total</b>	<b>675 146</b>	<b>40 000</b>	<b>104 981</b>	<b>610 166</b>

The IFRS16 standard on leases requires that the present value of the lease payments be regarded as a right-of-use asset. The 'right-of-use' asset is written off and gradually reduces over the period of the lease term.

# **ANNEXURE B**

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## PROPOSED INTERNAL RATES FOR 2026-27

	2025-26	2026-27
Business unit leader	4 427	4 648
Deputy business unit leader	4 427	4 648
Audit senior manager	3 217	3 378
Audit manager	2 065	2 168
Assistant manager	1 401	1 471
Senior auditor	771	810
Senior IT auditor	746	783
Auditor	667	700
IT auditor	307	322
Audit clerk	467	490
First year	486	510
CTA	548	575
CTA1	426	447
CTA2	548	575
Degree	304	319
Honours	426	447
ITC (QE1)	660	693
Postgraduate diploma	487	511
Second year	643	675
APC (QE2)	954	1 002
CTA	660	693
CTA1	568	596
CTA2	660	693
Degree	400	420
Honours	467	490
ITC (QE1)	717	753
Postgraduate diploma	580	609
RGA - (FQE)	954	1 002
Third year	687	721
APC (QE2)	954	1 002
CTA	700	735
CTA2	700	735
Degree/Honours	467	490
ITC (QE1)	730	767
Postgraduate diploma	629	660
RGA - (FQE)	954	1 002
<b>Average AGSA tariff</b>	<b>1 131</b>	<b>1 179</b>



A U D I T O R - G E N E R A L  
S O U T H A F R I C A

*Auditing to build public confidence*

Physical address: 4 Daventry Road  
Lynnwood Manor  
Pretoria  
South Africa

Postal address: PO Box 446,  
Pretoria,  
0001

Telephone: 012 426 8000  
Fax to email: 012 426 8257  
Email: [agsa@agsa.co.za](mailto:agsa@agsa.co.za)  
Website: [www.agsa.co.za](http://www.agsa.co.za)



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