INTEGRATED ANNUAL REPORT 2024 2025

COLLABORATION IS THE KEY TO SUCCESS

AUDITOR-GENERAL SOUTH AFRICA

One of the institutions created to support constitutional democracy, the Auditor-General of South Africa (AGSA) derives its mandate from the Constitution and lives its ideals in all its actions and deeds.

Preamble
to the Constitution

We, the people of South Africa,
Recognise the injustices of our past;
Honour those who suffered for justice and freedom in our land;
Respect those who have worked to build and develop our country; and
Believe that South Africa belongs to all who live in it, united in our diversity.

We therefore, through our freely elected representatives, adopt this Constitution as the supreme law of the Republic so as to

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

May God protect our people.
Nkosi Sikelel' iAfrika. Morena boloka setjhaba sa heso.
God seën Suid-Afrika. God bless South Africa.
Mudzimu fhatutshedza Afurika. Hosi katekisa Afrika.

Letter
to the speaker

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

29 September 2025

Honourable Speaker

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

It is an honour to submit my integrated annual report, which includes a review of our performance against predetermined objectives and the audited financial statements for the financial year ended 31 March 2025, as required by our governing legislation – the Public Audit Act.

I respectfully draw your attention to section 41(5) of the Public Audit Act, which requires that we submit our report within six months of the end of the financial year. I therefore request that this report be tabled in the National Assembly by 30 September 2025.

Yours sincerely

Maluleke 29/09/2025

Tsakani Maluleke
Auditor-General

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Tsakani Maluleke
Auditor-General

Auditor-general's **message**

A national and global context that requires strong public institutions

Geopolitical instability and its impact on our country, the rapid pace of advances in artificial intelligence, an economy faced with fiscal constraints, and persistently high rates of poverty, inequality and unemployment – these all continue to shape a complex and uncertain environment within which we, like all other organisations, need to pursue our strategic aspiration. Such conditions require that we, as an organisation, remain ever vigilant and agile in our strategic and operational responses while always fulfilling and protecting our fundamental role as a public sector auditor – providing assurance on the spending of public finances.

It was with all these factors in mind that, in 2021, we designed a long-term strategy that would see us continue fulfilling our constitutional mandate, while assisting our auditees – the public institutions of this country – to do the same with their own legislated service delivery mandates. In crafting our #cultureshift2030 strategy, we were clear that there would be no improvement in the way our public institutions operate, in their performance outcomes or in public trust if there was no fundamental change in the organisational cultures that underpinned their performance.

If citizens do not believe their country's public institutions are capable of formulating and implementing policies, delivering mandated services and being responsive to emerging challenges such as slow economic growth and rising unemployment, their trust declines.

The need for bold strategic pursuit

Culture is defined as the shared way of life (founded on beliefs, norms and repeated behaviours) of a group of people, passed down over time. Unfortunately, based on the state of public institutions that we audit, we found that the culture was predominantly characterised by financial maladministration, poor performance and lack of consequence management, all of which culminated in increasing public frustration and loss of confidence them. So, as the supreme audit institution of the country and with all the knowledge that we have on all three spheres of the country's public sector, we tasked ourselves with using our work and knowledge to contribute towards enhanced performance by public institutions. In making this decision, we also got closer to our roles per the South African Constitution, International Organization of Supreme Audit Institutions-P 12 (the value and benefits of supreme audit institutions – making a difference to the lives of citizens) and our own organisational mission and vision.

Some initially questioned this ambitious strategic direction, but we understood, even in 2021, why it was necessary. Our assessment of our operating context, including its inherent risks, showed a need for institutions such as ours – as both a chapter 9 and a supreme audit institution – to do more to help improve the state of affairs. However, the work of building strong institutions is not easy and requires a concerted and sustained effort, so we knew we had to be willing to be in it for the long haul. Accordingly, our strategy is a 10-year one, focused on delivering consistently high-quality audit insights that illustrate to those charged with public administration where their financial management and performance challenges lie and how they can begin to solve them. This is all with the intention of helping the public service to have efficiency of spend, illustrate return on this spend, improve governance and eventually advance their ability to deliver services (return on public investment) for citizens.

Shifting culture and building citizen trust

With the #cultureshift2030 strategy came many key moments for our organisation. The strategy built on decades worth of foundation laid by our previous strategies, which ensured both continuity of purpose and improved chances for success (because we were building on what we know and do well). For more than a century, we have remained a strong institution – one that South Africans have invested in, that has a world-class audit methodology and that holds a reputation that is the pride of many. The #cultureshift2030 strategy is about how we take all of these strengths and use them in our quest to see a better functioning public service – one characterised by strong and consistent performance, accountability, transparency and institutional integrity – all for the eventual benefit of South Africans.

In just a short time, the strategy re-energised our teams. The strategy allowed us an enhanced fulfillment of our constitutional mandate, while linking directly to our organisational mission statement – particularly how the office 'exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence'. We are living up to this by focusing on using our audit skills and our insight to influence improvements

We focused particularly on metropolitan municipalities, intermediary cities and key value chains such as infrastructure, water and sanitation, education and health.

in public sector performance, accountability, transparency and institutional integrity (Pati).

Insights that enabled improved public sector performance

In the year under review, we continued to use our audit recommendations to help auditees embed strong financial management practices and enable perspective shifts about clean audits. Using our Pati Framework, we unearthed, analysed and disseminated high-quality audit insights that were not only valuable to the accounting officers administering public institutions, but helped oversight structures to hold these officials and institutions accountable. We focused particularly on metropolitan municipalities, intermediary cities and key value chains such as infrastructure, water and sanitation, education and health. This was in line with both our strategy implementation timeline and our multiyear audit plan (Myap), both of which ensure that the organisation and its key stakeholders walk an aligned strategy implementation and audit execution journey over the coming years.

We continued our organisational focus on elevating high-quality recommendations and advocating for their increased uptake and implementation, as only consistent implementation of our audit recommendations will lead to real improvements in audit outcomes. We ensured that our recommendations were auditee-specific and clear, including on how they can be best implemented for sustainable improvements. An example of these efforts is how we shaped our audit insights and recommendations to key stakeholders such that they implemented the key actions required to increase the rate of submission of annual financial statements and annual performance reports for audit as well as reduce the number of auditees with disclaimer audit outcomes. This is a priority for us as an office because disclaimers are not only a technical limitation on the financial statements, but an indicator of lack of service delivery. The financial management failures they signify have a direct impact on auditees' ability to perform and provide key services (such as water, sanitation and roads) to their communities, especially at a local government level. No member of the accountability ecosystem should accept these, and I am proud that, in the year under review, we reported a reduction in disclaimers from 28 to 11 for the local government sphere.

Influencing the accountability ecosystem to collaborate for stronger institutions

During 2024-25, we elevated our influence capabilities and impact. As strong and value-adding as our audit insights are, they can only produce the intended improvements when implemented. To increase uptake, we need the support and advocacy of other members of the accountability ecosystem, hence the strong focus we have on engaging these various members to illustrate to them the interconnectedness of our work and theirs.

Among our most notable influence work during the reporting period was the induction of the seventh administration, who are crucial members of the ecosystem. We familiarised the administration with the role of the AGSA, especially given their own legislative responsibilities, and how our work is a key enabler for their oversight work. It was also an opportune time to introduce the new members to #cultureshift2030 and inspire them to contribute to its execution for the benefit of auditees, their constituents and the country.

We also continued to leverage our strategic partnerships with national and local coordinating ministries, civil society organisations and citizens, who are responsible for ensuring that all stakeholders in the national system of governance contribute to resolving the weaknesses in our institutions and improving performance, accountability, transparency and institutional integrity. They can also elevate our audit messages in the political,

Only consistent implementation of our audit recommendations will lead to real improvements in audit outcomes.

economic and social spaces in which they operate. In the period ahead we will continue to capacitate ourselves for enhanced auditee influence while diligently and methodically tracking the realisation of meaningful influence outcomes. A key enabler of success will be our ability to work with and influence accountability ecosystem partners such as coordinating ministries, parliamentary committees, executive authorities, internal audit functions and audit committees.

Enforcing our expanded powers

During the year, we fully implemented our material irregularity (MI) process across all auditees. This is a source of immense pride for me and the office because this enforcement mechanism allows us to expand our participation in government accountability processes. It helps to ensure that accounting officers recover financial losses, prevent further losses and ensure consequence management where we have identified MIs. This means helping to reset accountability mechanisms to their original purpose.

We remain resolute that, where necessary, we will issue certificates of debt and are clear on this to all our stakeholders. During the year, we reiterated, though, that a certificate of debt is not the best measure of the MI tool success. Rather, true success is when the mechanism triggers accounting officers to correct and improve their financial management systems to avoid recurrence of transgressions and any ongoing performance, transparency, accountability and integrity issues. We will continue to use the MI process to effect improvements, contributing to the positive shift in public sector culture that our strategy seeks.

Leading from the front

As we support and enable our public institutions to be as efficient and effective as possible in the use of public funds, we must also hold ourselves to those same standards. One initiative we have led over the years in our quest for greater audit efficiencies is the differentiated audit methodology (DAM), which is a more tailored approach rather than a one-size-fits-all system. Over the years, it has seen us develop additional methodologies for financial statements, audit of predetermined objectives and compliance audits. We have become flexible in selecting methodologies best suited for auditees. The depth of audit is aligned to the prominence, size and impact of the auditee. We improved our audit efficiency. In so doing, we focused our effectiveness on the areas with the most

We will continue to use the MI process to effect improvements, contributing to the positive shift in public sector culture that our strategy seeks.

fundamental impact on auditees' work and people's lives. Through this approach, we not only improved audit efficiency, but did so without compromising audit outcomes and messaging.

I am equally pleased with how the organisation performed in a manner that modelled the robust performance, accountability, transparency and institutional integrity behaviours and outcomes for which it advocates externally. We achieved the high standards we set for ourselves on audit quality, employee and institutional ethics, and a consistent clean audit outcome. South Africans who invest in the national audit office through their taxes can remain assured that we will always lead by example and remain worthy of their pride and trust.

SAI20 and the rest of our global reach

We were proud to chair the supreme audit institution (SAI20) engagement platform and host its summit during the period under review. This engagement group provided an opportunity for the SAIs of the G20 countries to enhance their relevance and contribution to the development of their countries and thereby deliver value and benefit to citizens. By auditing government programmes tied to G20 priorities, the members of SAI20 strengthen policy implementation, transparency and accountability in their countries. In addition, SAI20 hosting provided opportunities to benchmark our capabilities, contribute to our own internal learning and sharpen our skills to global standard levels.
In contributing to global good governance, we also continued our international audit work through the platforms of the International Organization of Supreme Audit Institutions (Intosai). We carried out external

SAi20 SOUTH AFRICA 2025

audits at organisations such as the United Nations Educational, Scientific and Cultural Organisation, African Union Commission, International Centre for Genetic Engineering and Biotechnology and the African Organisation of Public Accounts Committees.

The path ahead

In the coming year, we will refine our Myap to ensure that it retains its value to stakeholders and the audit teams, without adding much, which may overwhelm our teams who are also working with our digital specialists in testing and piloting our digital audit tools.

Much work remains to move a critical mass of our auditees towards a culture of strong and consistent performance, accountability, transparency and institutional integrity. However, the last three years of our strategy implementation have reaffirmed my confidence in our team's ability to realise this strategic aspiration.

I am heartened by the progress that we have made and by the fact that, due to the work of our people, certain public institutions have already improved and will continue to be better off because of the national audit office. Internally, too, we are better than before – better at elevating value-adding audit insights, better at influencing and collaborating with others in the accountability ecosystem, and better at making an impact. The people of South Africa and the vision of its Constitution demand that we remain steadfast in restoring trust in public institutions to improve the quality of life of all citizens.

Maluleke 24/09/2025

Tsakani Maluleke
Auditor-General

Vonani Chauke
Deputy auditor-general

Deputy auditor-general's **reflections**

Team AGSA's #cultureshift2030 strategy is the bridge between fear and hope. In it we have articulated our aspiration of making a stronger, more direct and more consistent impact on the lives of South Africans by shifting public sector culture through insight, influence and enforcement.

It is easy to think that the opposite of fear is courage and yet, in my experience, it is hope that is the opposite of fear. This is because it is first hope that one needs before one can subsequently exercise courage. Courage is how we harness our hope to pursue dreams and goals, take on challenges and fight those battles that represent the hard things of our lives. Our #cultureshift2030 strategy remains, for us as Team AGSA, the bridge between these states of fear and hope. In it we have articulated our aspiration of making a stronger, more direct and consistent impact on the lived reality of ordinary South Africans by sustainably and efficiently shifting public sector culture through insight, influence and enforcement.

Green shoots of strategic success

With 2024-25 being the third year of full implementation of the strategy, our internal performance expectations of ourselves as an organisation were higher. Having afforded ourselves the 2021-22 financial year for learning (our transitioning), the two years post that were marked by several inward-looking performance targets, aimed at ensuring that all the operational elements required to successfully execute were in place. When 2024-25 came around, it was time for us to begin demonstrating results and this was our focus when we came into the performance year.

I am pleased to report that during the reporting period under review, we began to see green shoots of our desired strategic progress starting to emerge. We managed to achieve a 90% success rate on the achievement of our organisational performance scorecard objectives, that is we either met or overshot the mark on 90% of the targets in the scorecard. Key achievements in this regard included us achieving an APC pass rate of 63%, reducing CWC as a proportion of our revenue to 12% and improving the proportion of current debt collected from 88% to 94%, however, the high level of outstanding debt remains a concern and this continues to be our area of focus.

As inspiring as the year's achievements were, there remains much for us to do and address to sustain this period's performance and establish it as a firm foundation for long-term strategic success. We, for instance, only partially achieved our targets with regard to four areas of great strategic significance, namely: influencing the accountability ecosystem towards greater activeness and effectiveness, demonstrating the desired rate of impact in advancing public sector culture shift, the satisfaction of Team AGSA staff with regard to our organisational responsiveness to and resolution of threats and intimidation to them and determining an efficiency baseline for our support (i.e. non-audit) units. We have already put plans in motion to close these gaps in performance in the year ahead.

The green shoots of strategic progress are emerging. We met 90% of our performance scorecard targets.

Our financial position is an area in which the nexus of our hopes and fears is always pronounced. On the one hand, given our self-funded model, the fear of not meeting our financial performance targets maintains an ongoing presence in our consciousness as it has literal implications on our continued ability to fulfill our mandate and meet our obligations to staff, auditees and suppliers as they become due on an ongoing basis. For that reason, we continued to enhance our cost optimisation efforts while making specific revenue-enhancing interventions. Through those interventions (and by leveraging our internal resources and improving internal productivity), we not only managed to improve revenue, but also achieved a significant improvement in our margins.

Our net surplus is a key focus of our performance as it is how we can fund those of our initiatives that ensure our future sustainability, such as our large capex programmes, the Audit Software Project (ASP) being key among them. This is testament to our continued focus on cost optimisation and discipline which manifests as institutionalised rhythms of regular financial deep dives at a business unit by business unit level. Going forward, this will continue to be an area of focus, along with our other financial north stars, including the continued reduction of CWC usage and the reduction of our overhead to income ratio.

Audit operations

This reporting period saw us make strides in our audit operations, addressing several of the gaps we identified in the year prior. One of the major milestones was our achievement of the audit quality target for the year, returning to our usual high standards by attaining an 82% audit quality result. It was cause for concern for us when we did not meet our target last year and we immediately set about identifying and remedying the operational weaknesses that had led to the disappointing performance. I am pleased to report that the expeditious efforts mounted during the period under review to remedy the quality deficiencies have yielded the desired outcome.

The reporting period also saw us meet another one of our north stars in this space – ensuring that we conclude our audits within the legislated timelines. We achieved an 94% completion rate, with the remaining uncompleted percentage being due to late submissions by auditees and not any project management shortfalls on our side. As an audit office that believes in leading by example, the ability to timeously execute on our mandate, while also ensuring that all public sector audits are complete, is something that we remain uncompromising on. This is because the ability to report on how public funds have been spent is a key part of enabling oversight in the country.

Our differentiated audit methodology (DAM) is also testament to how the decisions that we make today serve as the downpayments for the future that we hope for. In the 2020-21 financial year, in responding to the need for greater efficiency in our audit process, we launched DAM. Central to its purpose was the development of additional methodologies for performing financial statement audits, the audit of predetermined objectives and compliance audits. Through it, our teams would be able to have greater flexibility in applying those methodologies best suited to their auditees rather than applying a one-size-fits-all methodology that would sometimes prove to be excessive, in cost and substance, to the contexts of auditees. Four years in, I am proud to report that the project has been successful, meeting all of its project milestones. Due to the successful implementation:

- We were able to deliver audits in a more efficient manner (measured based on a reduction in audit hours)
- We were able to limit and manage concerns from auditees on reduced assurance through robust stakeholder engagement
- The audits carried out using the DAM still provided the requisite information for the formulation of key audit messages.

Looking ahead, we look forward to the increased automation of key processes and reduced opportunity for human error amongst other key benefits that the new audit software will enable. The continued integration of our Specialised Audit Services (SAS) specialists as part of our audit teams has led to a deeper embedding of data-enabled audits in our ways of working. Collectively, these and other developments in our pipeline will further enhance our ability to fulfil our mandate with world-class quality, efficiency and effectiveness.

Technological transformation

A salient pillar of the #cultureshift2030 strategy has been our undertaking the most extensive strategic digital transformation programmes ever undertaken in the history of AGSA. With a planned roadmap spanning over a period of seven years, the programme is premised on delivering six key strategic digital capabilities, namely: digitising and automating the audit process, modernising the back-office and operations, refreshing and modernising technology infrastructure, automating manual processes, enabling data-drive decision-making and strengthening technology governance. The significance of this programme lies not just in how it is resulting in the evolution of our digital capabilities but also in reconfiguring us as an organisation, including in how efficiently we run our operations.

The flagship of that programme is the ASP, which promises to enable more efficient, effective and insightful audit insights. In the period under review, we successfully executed the preparations of the programme and advanced it to its pilot stage. As such, we were successful at meeting our targets across the three projects that form part of the ASP – audit process management, audit portfolio management and AGSA Kopano (a project through which we seek to provide a fast, efficient and secure information-sharing platform at every stage of our audits and automates communication between us and our auditees).

While the largest elements of our digital transformation programme are still under development, the incremental changes that we are already experiencing are already changing our ways of work. The intelligent automation project that we began rolling out to the organisation in the prior year through the development and deployment of robotics into our operations has already started to yield promising process efficiencies. The business intelligence and reporting journey also remains on track with several dashboards already being provisioned for use.

Mindful of the unprecedented scale of the digital transformation programme, along with the capex associated with it, we have been very deliberate about putting a robust governance framework in place to ensure that we manage the myriad strategic risks associated with the programme with utmost prudence. I am particularly pleased to report that, while programmes of this nature and scale are notorious for exceeding their budgets and timelines, we have thus far managed a tight ship and are implementing the programme on time and on budget. Our technological infrastructure continues to advance as planned with all our production and selected non-production systems now having been successfully migrated to the private cloud computing environment.

Leading by example

Matters of ethics, strong governance and audit quality are ones in which the AGSA has always been exemplary. While our ethics rating for 2023-24 remained in the top quadrant

Our strategy is a bold one and whilst we are beginning to see its green shoots, we may also never see their greatest benefits as we undertake the types of multi-generational efforts that are synonymous with us planting trees that we may never get to sit beneath the shade of.

of independent assessment results (we attained an A), we were not satisfied, as this did not meet our own standards and target of an AA rating. Therefore, in 2024-25, we did the work of turning this around and I am pleased to report that the organisation not only met but exceeded its target by attaining an AAA rating. This is the highest ethics rating that an organisation can receive and a first of its kind for the AGSA.

The organisation continues with the implementation of our broader system of quality management (SoQM) which underwent its second consecutive system evaluation by the auditor-general, supported by the quality management assessment committee (QMAC). We are pleased that we once again achieved a reasonable assurance outcome from the evaluation.

People

There exists a reciprocity of vested hopes between any organisation and its people and the AGSA is no different. On the one hand, we as an organisation have vested our greatest hopes of realising the strategic aspiration of making a stronger, more direct and consistent impact on the lived reality of ordinary South Africans in our people. On the other hand, our people have rightly vested their own greatest hopes of professional advancement, fulfilment and wellness in us as the AGSA organisation.

Our people are at the heart of the implementation of the #cultureshift2030 strategy and our work over the past year has built upon our multi-year efforts to transition the mindset and capabilities of our people, the manner and proficiency with which they are led and the organisational culture in which they get to work.

Skills and capabilities

Our Young Professionals Programme is an important part of what makes us as the AGSA and remains an integral part of our talent and transformation strategy, with the objective of developing future-fit leaders for the organisation and the public sector more broadly. Our trainee accountant programme has been the flagship of our efforts in that regard, how we have now contributed a cumulative 2,218 CA(SA) to the South African economy since its advent to date. In the year under review, we maintained consistent growth in our CTA intake, driven by a diversification of our recruitment channels and being more deliberate about appropriately positioning ourselves as an employer of choice for top talent. Our ability to attract a high calibre of young professionals is evidenced by the marked improvement in the pass rate of our APC candidates with 317 APC passes (63%) in the year under review. All of this marks an ever-strengthening ability by us to effectively support the hopes of our young professionals attaining their professional qualifications and thereby often changing their own and their families' lives forever.

Throughout the years since the introduction of our young professionals training programme, we have continued to bear witness to these young people choosing the hope of attaining their professional qualifications over the fear of failing while trying. As we watch them undertake this juggling act, we empathise with and root for them even as we draw inspiration from them.

Organisational culture

Among the important transformative endeavours that we have underway within the organisation is our cultural transformation journey which is aimed at shaping leaders that model desirable behaviours while developing other leaders and fostering an environment that enables excellence and accountability while nurturing health, wellness, high morale and safety.

We are happy about the great progress that we have continued to make in this area during the year under review. We managed to exceed our culture index target which signals that we are making more accelerated progress in the direction of the type of culture that can achieve and sustain our public sector culture shift ambitions.

Safety

It is unfortunate that in serving our country and fulfilling our mandate as diligently as they do, our audit teams do face threats and intimidation. It can only be a mark of the character and calibre of the members of Team AGSA that despite these very real fears, in their commitment to the hope that our work represents, they show up daily at that nexus point of hope and fear, roll their sleeves up and persist with the task at hand. The least that we can do and do indeed do, as an organisation, is to match our people's hope and commitment against all odds with a comprehensive infrastructure for threat mitigation and maintaining their safety. To this end, on an ongoing basis we monitor our people's satisfaction with the way the organisation is dealing with threats and intimidation. Our internal target is to achieve an 85% - 90% satisfaction rating; however, in the year under review, we only managed to achieve an 80% rating which is below our target. We are resolute in not just meeting our targets in the year ahead but in also ensuring that we continue to advocate for more and tougher action to be taken against those who seek to derail accountability and transparency, particularly through threats and intimidation.

In memoriam

In the period under review, we have also been deeply saddened by the loss of our following fellow colleagues and members of Team AGSA. We acknowledge them and their contributions as they now join the great constellation of those souls that have had a hand in shaping and furthering the legacy of our great organisation over its 113-years. We extend our most sincere condolences to their loved ones.

- Khulekane Madi
- Ludwe Matomela
- Lucia Masiu
- Ludoi Lufuno Mphaphuli
- Innocentia Thandiwe Mavundla
- Tshireletso Lebabo Junior Makwala

Outlook for the year ahead

We are now just beyond the halfway mark with our #cultureshift2030 strategy – a bold strategy that is simultaneously focused on us making a stronger, more direct and consistent impact on improving the lived reality of ordinary South Africans while also serving as the gateway through which we are evolving our capabilities into a newer, improved version of ourself as the AGSA.

As we now stand, just beyond the halfway mark, it is exactly because we have had and gone through those experiences of the first half of our strategic journey that we are able to stand with a determined hope that the best days of our strategic execution lie ahead of us and that our attention can now move towards having more accelerated impact. Much still needs to be done but we will now approach it in a more focused manner, leveraging the lessons of the first half. Key to this will be to ensure that we drive a deeper, more effectual influence programme that starts to accelerate the realisation of the shifts we desire to see within our auditees. Harnessing our extended powers towards accelerated consequence management and accountability is also going to be a key focus area and we will be focused on making sure that we have the infrastructure, processes and systems in place to enable such acceleration.

The work of transitioning the organisation towards one that is future-fit; characterised by people at the heart of it who exemplify holistic wellness and work-life integration, operating within a culture that drives excellence coupled with strong sense of psychological safety and enabled by best of breed, efficiency generating digital capabilities also continues even as we keep our financial sustainability and the risks thereto front and center in our minds.

Our strategy is a bold one and while we are beginning to see its green shoots, we may also never see their greatest benefits as we undertake the types of multi-generational efforts that are synonymous with us planting trees that we may never get to sit beneath the shade of. We approach it, nonetheless, with a deep sense of privilege that it is us, the members of Team AGSA, who have been chosen to do it on behalf of the people of our country, that they may come to enjoy a tangible experience of our constitutional democracy in its fullest sense, in their lived realities, just as it was intended. To these members of Team AGSA, I say thank you for the unwavering dedication to the cause that you showed in the past year. Thank you for the efforts that you have continued to apply towards seizing each day in a way that has seen to it that our hopes supersede our fears and, in so doing, ensured that hope continues to carry the day for our beloved nation. May we continue to serve with that same diligence and acuity in the year ahead, mindful that life is too short to not live fully into each day. For that reason, greater urgency and acceleration with increased stability and sure-footedness will be key themes moving forward, for what we fail to do today, adds to the burden of what needs to be done tomorrow when tomorrow has its own issues to be dealt with. As we do that, let us remember that success is not final, nor failure fatal, but rather that it is the courage to continue that counts.

Carpe diem, quam minimum credulo postero.

Vonani Chauke
Deputy Auditor-General

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Who we are

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

Mandate and legal form

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

Accountability and reporting

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

Financial and legal independence

Our legal and financial independence is underpinned by legislation and our funding model. This legislative independence allows us to excersize our functions independently. We consult with the National Assembly Standing Committee on the Auditor-General (Scoag) and National Treasury on our budgets, the auditor-general approves the organisational budget and has the independence to determine the basis for calculating audit fees.

Funding model principles

- Self-funding
- Tariffs linked to staff remuneration
- Mark-up generates a surplus for operational requirements (including both working capital requirements and capital investments)
- No tariff cap

Sources of revenue

- Audit fees – the primary source of our revenue is discussed with and by auditees' executive management and approved by the audit committee of auditees based on the audit effort
- Parliamentary appropriations (allocated funding) – applied in exceptional circumstances such as when we implemented our new powers

Functions, beneficiaries and products

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

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

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

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

Our reports help legislatures and Parliament to hold the executive accountable for its management of public funds.

International participation

The AGSA is an active member of the International Organization of Supreme Audit Institutions (Intosai). We lead Intosai's capacity-building committee, which is its advocate and custodian for developing the capacity of supreme audit institutions operating in different parts of the world. We also participate in several Intosai working groups to exchange ideas, knowledge and experience among members and find common solutions to identified challenges.

We contribute to developing supreme audit institutions in Africa through strategic cooperation with the African Organisation of Supreme Audit Institutions (Afrosai), including our participation in its governing board and its two capacity development committees. We continue to host the secretariat of the African Organisation of English-speaking Supreme Audit Institutions (Afrosai-e), a regional chapter of Intosai. By providing the secretariat with funding, resources and access to technical specialists, we contribute to tailored capacity development for its 26 members.

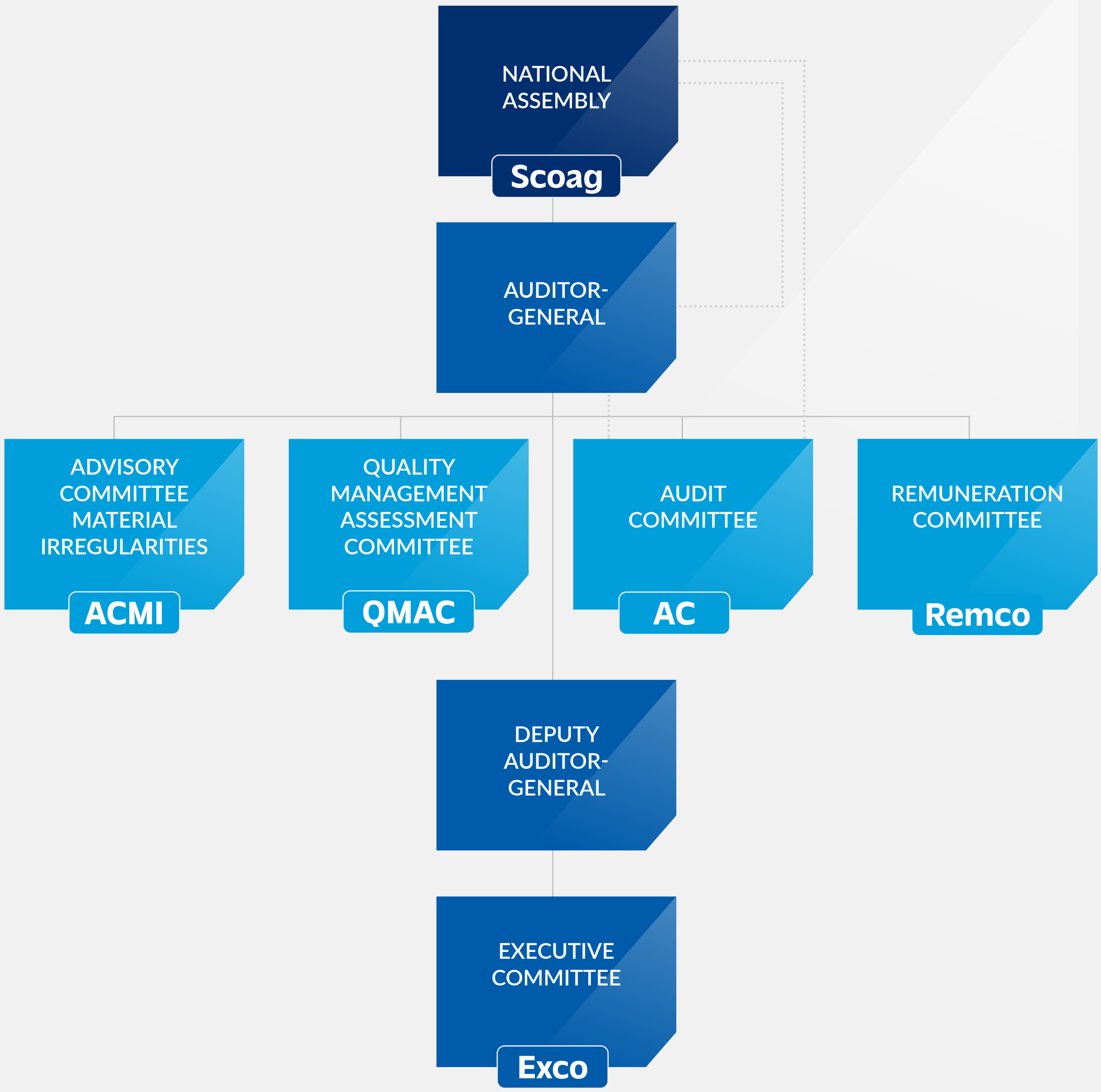
We have also intensified our international participation through an increasing number of international audits. These include the audits of the United Nations Educational, Scientific and Cultural Organization (Unesco), the International Centre for Genetic Engineering and Biotechnology (ICGEB), the African Organisation of Public Accounts Committees (Afropac) and the African Union (AU).

...our reports help Parliament and legislatures to hold the executive accountable for its management of public funds.

2
How we are governed

Corporate governance framework

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



Standing Committee on the Auditor-General

Scoag

The National Assembly established Scoag as an oversight mechanism aligned to section 55(2)(b)(ii) of the Constitution and section 10(3) of the PAA. The committee's responsibilities are outlined below with the PAA section from which they are derived.

Legislative duties of Scoag

- Protects the independence, impartiality, dignity and effectiveness of the auditor-general – section 2(c)(i).
- Provides advice to the National Assembly – section 2(c)(ii).
- Provides general oversight in terms of section 55(2)(b)(ii) of the Constitution – section 10(3).
- Gives an opinion on the appointment of the deputy auditor-general – section 31(1).
- Gives an opinion on regulations – section 52(2).

Strategic plan and budget

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

Annual report

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

Audit matters

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

Members

Scoag members	
Party	**Member**
Freedom Front Plus	WW Wessels (Chairperson)
African National Congress	ML Mofokeng SI Subrathie TJ Bila LE Ligaraba N Maduna
Economic Freedom Fighters	NV Mente-Nkuna
Democratic Alliance	ERJ Spies A Bateman
uMkhonto weSizwe Party	L Montana S Mwali
Action SA	AD Beesley
Inkatha Freedom Party	MA Mncwango

From 1 April 2024 to 31 March 2025, Scoag considered the following AGSA briefings and resolved the following matters:

Strategic plan and budget

- The AGSA draft 2025 – 2028 strategic plan and budget, and audit directives: briefing the auditor-general

Annual report

- Briefing by the AGSA on the 2023-24 integrated annual report

Scoag induction

The organisation convened an induction workshop to equip the seventh administration Scoag with insights into the AGSA operating environment, operational priorities and governance.

- Material irregularity process (successes, challenges, collaboration with law enforcement agencies, referrals).
- AGSA financial sustainability (current funding model, long-term financial focus and debt collection).
- AGSA complaints management policy.
- Consideration of 2023-24 and 2024-25 salary, allowances and benefits of the auditor-general.

Quality management assessment committee

QMAC

Mandate

The quality management assessment committee oversees the AGSA's quality control based on input from the quality management business unit and the Independent Regulatory Board for Auditors. It ensures our adherence to professional standards and legal requirements and that our audit reports are in line with accepted international standards. All quality control monitoring review reports are submitted to the committee annually, which considers whether the quality management business unit has correctly evaluated quality assessment ratings for engagement managers subjected to a quality review. The committee also reviews and approves our policies and processes for monitoring quality compliance.

Section 5(2)(b) of the PAA states that the Auditor-General may appoint advisory and other structures outside the administration of the Auditor-General to provide specialised advice to the Auditor-General; the Quality Management Assessment Committee, with external members, is an oversight structure appointed in terms of s5(2)(b) of PAA by AG to consider quality management processes within the AGSA.

Members

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

Tsakani Maluleke, 50

CHAIRPERSON

2021 | 90%

Vonani Chauke, 49

2021 | 100%

Grathel Motau CA(SA), 51

2022 | 90% | R161 325

Zubair Wadee CA(SA), 47

2023 | 100% | R161 325

Appointed | Attendance | Retainer

Key committee considerations during 2024-25

- Approve the system of quality management external review programme
- Review the policy on monitoring, remediation, evaluation and documentation of this system
- Key audit team members from the AGSA joining auditees
- Approve the International Standard on Quality Management methodology end to end
- Engage on the AGSA's quality management review process

Advisory committee on material irregularities

ACMI

Mandate

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

Nano Matlala

CHAIRPERSON

2023 | 100% | R64 000

Herman Tlhako

REGISTERED AUDITOR

2022 | 100% | R30 039

Dr Ina Botha

LEGAL

2022 | 100% | R24 738

Jane Masite

SUPPLY CHAIN MANAGEMENT SPECIALIST

2020-2024 | 100% | R14 136

Prof Peter Gross

2020 | 0%* | -

Grant Dunnington

FINANCIAL

2022 | 0%** | -

* *The terms of reference for the ACMI indicate that only the three core members of the committee need to attend meetings, unless additional expertise is required. There was no meeting that required Prof Gross's expertise during the reporting period until the end of his term.*

** *The terms of reference for the ACMI indicate that only the three core members of the committee need to attend meetings, unless additional expertise is required. On that basis, there was no requirement for Mr Dunnington to attend as he was the financial expert and there were no matters dealt with that required his specific advice. He was thus not invited to any meeting during the reporting period.*

Key committee considerations during 2024-25

The committee held workshops on 28 June 2024 and 18 February 2025 to discuss administrative and material irregularity process matters.

Appointed | Attendance | Retainer

Audit committee

AC

Mandate

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

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

Members

The committee consists of four independent, non-executive members. Their skills and competencies are aligned to their duties and cover business, financial, risk management and information technology matters.

Grathel Motau
CA(SA), 51

CHAIRPERSON

2022 | 100% | R474 859

25 years of business experience in both public and private sectors, including credit risk, financial analysis, financial management and reporting, auditing, due diligence, corporate governance, supply chain and public speaking.

Carol Roskruge
Master of business leadership, 52

2016 | 100% | R322 649

Extensive supply and value chain and independent non-executive director experience.

Cedrick Mampuru
CA(SA), 50

2018 | 100% | R322 649

More than 20 years in debt and equity structuring, risk and financial management.

Appointed | Attendance | Retainer

Sello Ernest Mmakau
Master of business leadership, 51

2024 | 60% | R242 986*

Transformation executive with 24 years of experience in technology, known for his innovative approach to defining groupwide digital strategies and setting organisational visions.

** The member has opted to donate his fees to the charity of his choice*

Key committee considerations during 2024-25

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

- our internal controls and risk management
- internal and external audits
- the integrated annual report and audited financial statements
- our sustainability and performance information
- the internal audit work plan
- the recommendation to Scoag to appoint the external auditor and its work plan
- the ability of our chief financial officer and finance function to fulfil their responsibilities
- our complaints management system
- early adoption of new accounting standards
- annual assessment of audit committee members
- mitigation implemented to improve AGSA quality management.

Remuneration committee

Remco

Mandate

The auditor-general determines the terms and conditions of employment of all AGSA employees. The remuneration committee provides specialised advice on remuneration and related issues, which the auditor-general considers before making a final decision. It also provides advice on industry developments in remuneration frameworks. The committee is reviewed annually for independence.

The amended PAA mandates this committee to recommend to the independent commission public officebearer remuneration the salary, allowances and benefits of the auditor-general.

Members

The committee comprises the auditor-general, deputy auditor-general, audit committee member and an additional external member co-opted by the auditor-general.

Tantaswa Fubu
CA(SA), 53

CHAIRPERSON

2022 | 100% | R188 063

More than 30 years' experience in audit, human resources and corporate governance, including in listed companies.

Sifiso Cele
Master of business administration, master of human resource management, 51

2023 | 100% | R174 194

17 years in banking and a human resources specialist.

Nazlie Samodien
Master reward specialist, 54

2009 | 100% | R161 325

10 years of generalist human resources experience and over 15 years in specialist remuneration.

Vonani Chauke, 49

100%

Appointed | Attendance | Retainer

Key committee considerations during 2024-25

- performance-based salary increase model
- benchmarking and engagement with the independent
- remuneration commission
- revised auditor-general remuneration benchmarking
- executive job grading outcomes
- employee benefits broker appointment
- implementation leadership dna and internal culture
- organisational wellness and talent
- governance and reporting
- performance bonus recommendations (2024-25)
- resolutions and recommendations

Executive committee

Exco

Mandate

The executive committee (exco) assists the deputy auditor-general to manage the business affairs of the organisation, in line with the delegation of authority in the AGSA management approval framework. It can also establish subcommittees to assist it. Chaired by the deputy auditor-general, the committee comprises the head of audit, one head of specialised audit services, the chief financial officer, chief risk officer, chief technology officer and a chief people officer. Exco meets once a month and, when required, holds special meetings to deal with key ad hoc governance matters.

Members

Vonani Chauke
CA(SA), Cisa, CIA , 49
Deputy Auditor-General
CHAIRPERSON
100% Audit

Lindiwe Miyambu
BEd, 53
Chief People Officer
100% Financial services

Bongi Ngoma
CA(SA), 49
Head of Audit National
100% Audit

Solly Segooa
CA(SA), 51
Chief Risk Officer
100% Audit, banking services and mining

Polani Sokombela
CA(SA), 40
Chief Financial Officer
100% Audit

Thato Mahlamvu
BSc information systems, MBA, 45
Head of Specialised Audit Services
100% Professional services industry

Phila Ndarana
BCom, management development programme, postgraduate diploma in data technology, 57
Chief Technology Officer
100% Information technology, banking and insurance

Mabatho Sedikela*
CA(SA), MCom Tax, 48
Head of Audit Provincial
80% Audit

**Resigned on 30 June 2024*

3

How we are organised

We are based in South Africa and deliver services that benefit the country's people. These include enabling good governance and accountability in the public sector, creating professional public auditors, developing best practice in public auditing and running a supreme audit institution. By implication, the work we do benefits the global community.

With our head office in Pretoria and regional offices in each of the nine provinces, we are accessible to our auditees and can provide our services efficiently and effectively. We also conduct several international audits.

At 31 March 2025:

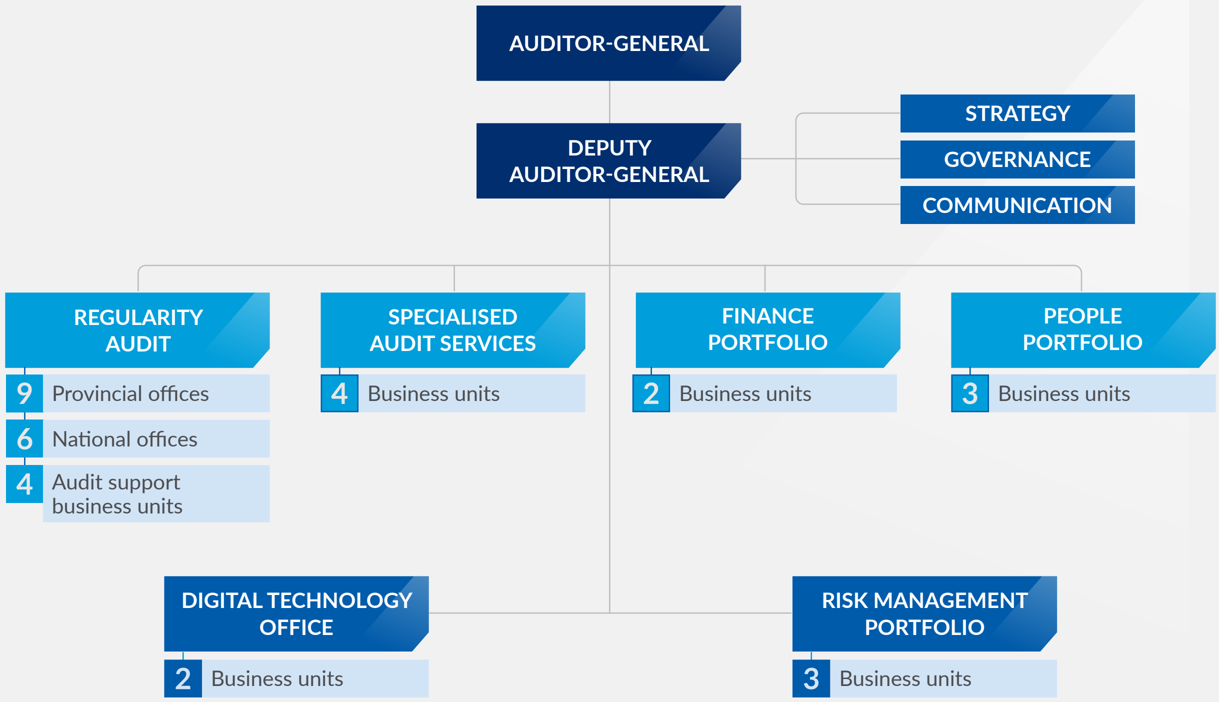
983
regulatory audits

R3,3 trillion
government budget audited

4 240
people including trainee auditors and those on short-term contracts

R5,3 billion
actual revenue

Structure of the AGSA



2024-25 value-added statement

R5,265 billion
REVENUE

0,87%
CAPITAL PROVIDERS

R2 108 million
GROSS PROFIT

0,36%
STUDY ASSISTANCE

0,48%
EXTERNAL EMPOWERMENT (BURSARIES AND CSI ACTIVITIES)

R3 430 million
TOTAL ASSETS

R4 166 million
TOTAL ADDED VALUE STATEMENT

R1,281 billion
PAID TO SUPPLIERS

86,27%
SALARIES, WAGES AND BENEFITS

11,04%
REINVESTED IN THE BUSINESS

87,61%
EMPLOYEES AND INTERNAL EMPOWERMENT

0,24%
EMPLOYEE WELLNESS

Audit contracts awarded

As part of our business model, we outsource some audit work to supplement our capacity and the small to medium firms that audit on our behalf are referred to as 'contract work creditors'. Our choice of outsourced partners reflects both our capacity-building and transformation principles, which include developing and advancing black chartered accountants. We appoint these firms transparently based on their size, location, expertise and work quality. Outsourced work includes pre-issuance reviews, regularity audits, information systems audits and secondment of experts to assist with our regulatory and performance audits.

Outsourced partners

FIRMS

100 AUDIT FIRMS

- **9** LARGE FIRMS (TURNOVER OF MORE THAN R50 MILLION)
- **17** MEDIUM FIRMS (TURNOVER BETWEEN R10 MILLION AND R50 MILLION)
- **74** SMALL FIRMS (TURNOVER UP TO R10 MILLION)

SPEND

R464 million
Black-owned firms

R141 million
Female-owned firms

R475 milllion
BBBEE Level 1

R72 million
BBBEE Level 2

R82 million
BBBEE Level 3 and below

R629 million
Total spend on core audit work by private firms

Our allocation of work to large-scale firms allows us to supplement our internal capacity with audit personnel with the commensurate skills and experience. For the small and medium-sized audit firms, our support helps to introduce them into the mainstream economy, accelerates their growth and contributes meaningfully to the sustainability of black and female-owned firms, which transforms the auditing landscape.

Enterprise and supplier development

Enterprise and supplier development (ESD) is vital in driving economic transformation and sustainability and is something that, as a responsible corporate citizen, the AGSA takes seriously. Our ESD programme helps to accelerate the growth and sustainability of small to medium black-owned accounting and auditing enterprises. Since 2014, we have grown the programme from four beneficiaries to 23 – across all nine provinces and with all beneficiaries becoming suppliers through the outsourced audit firms programme.

Financial assistance, prioritised payments and the assistance we provide to the firms on the programme have contributed to the programme's success. In addition to the increase in beneficiary numbers, the programme has facilitated job creation, contributing to alleviating unemployment. More than R900 million in outsourced contract work was allocated to enterprise and supplier development firms during the 2020 to 2025 tender cycle, supporting income growth and providing training and employment opportunities (804 jobs over the five years).

In 2024-25 specifically, the supported firms created 44 jobs and we supported them with CWC allocations amounting to R145 million and grants amounting to R1,9 million.

23 Number of firms

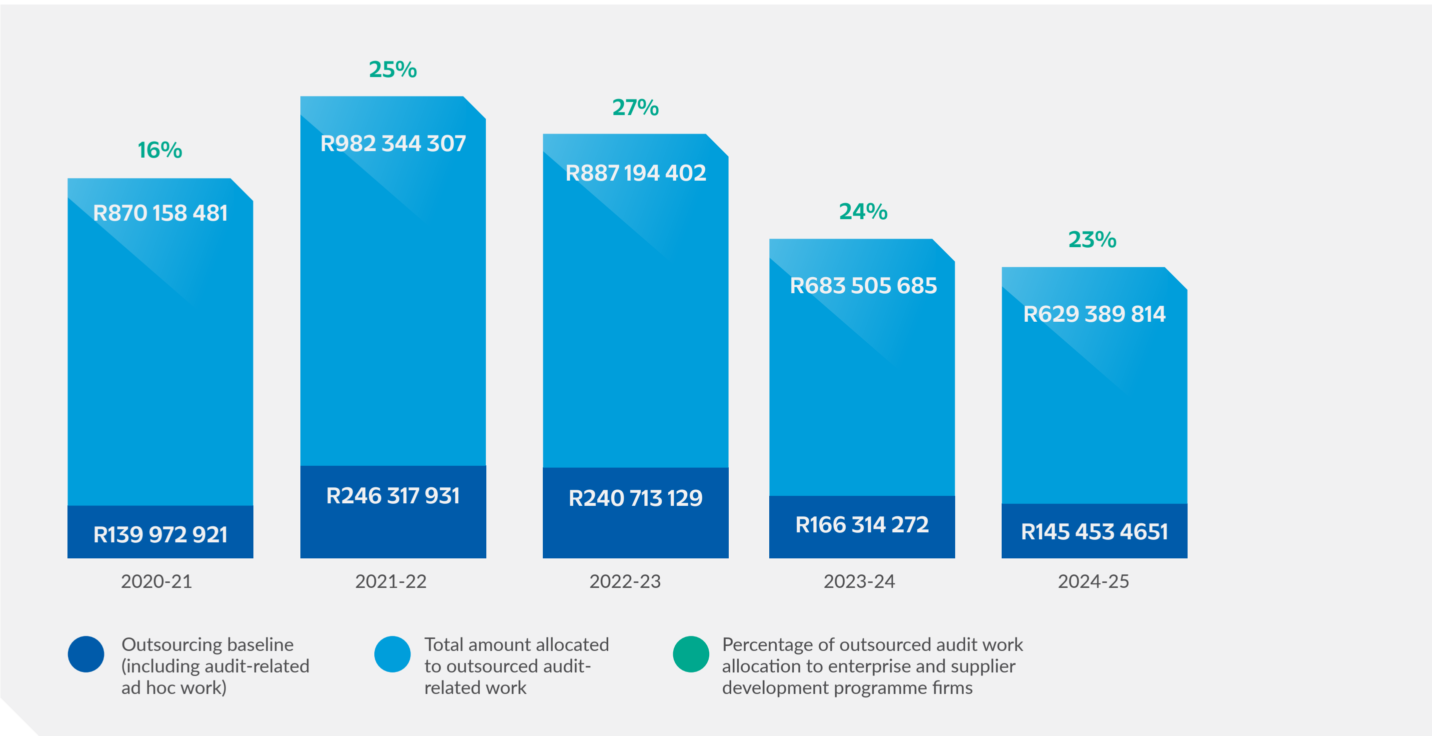
44 Total Employment

15 Permanent

29 Contract

R1 907 983,40
Grant allocation

Cumulatively, in the last five years the ESD programme created 804 jobs. This is a major contribution to the country's ambitious target of reducing unemployment to 6% by 2030, as set out in the National Development Plan (NDP).



2020-2025 ESD programme spend

Strategic risks and mitigation

Our risk management processes are integral to enabling organisational objectives and sustainably delivering our strategy. During the financial year, exco ensured that all strategic mitigations were implemented. We also continued robust engagements with our independent audit committee on our efforts to mitigate our strategic risks.

No new risks were identified during the year, but one of our seven strategic risks increased, from a 'medium' rating in 2023-24 to 'high'. Mitigations for this were developed and implemented throughout the year. Our risk assessment processes in the coming year will demonstrate whether these mitigations were successful.

Risk Description	Risk Owner	23-24	24-25	Annual Movement	Key Migrations
Failure to remain relevant (high-impact outcomes) in order to cause impact to our stakeholders with regards to product, insights or message as well as our pro-activeness	HoA				Socialise the Accountability Ecosystem Framework for implementation. Implement an effective resourcing management model (Enhance the resource pooling strategy)
Inability to achieve strategic and organisational objectives as a result of our inadequate strategies of attraction and retention of resources, leadership succession planning and employee experience	CPO				Implement the senior leaders' succession and retention strategy to improve succession coverage for leadership roles
Negative impact on the credibility of AGSA	CRO				Implementation of our ethics strategic programme and culture change initiative as well as enhance
Negative financial viability impacts on the ability to achieve the organisation's strategic and other objectives	CFO				Implement an updated debt recovery plan and development of the long-term funding plan
Slow response to information technology need impacting on efficiencies and achievement of organisational objectives	CTO				Development/procurement of an ERP solution, that will enable efficiencies within the organisation
Non-adherence to quality standards	CRO/ HoA				Implement and institutionalise quality management framework that management which encompasses the evaluation all of the suppliers strengthen quality review process
Inability to protect organisational resources (information, data etc)	CTO				Full implementation of ISO 270001/2 and IT security plan to improve the AGSA security posture

AGSA strategic risks

Critical High Medium Low

Our capitals

Capitals are resources that we use to satisfy our mandate and are integral to our operational and strategic success. Their availability, quality and affordability could affect our long-term sustainability and our ability to create value for ourselves and our stakeholders.

Types of capital

Intellectual	• Our knowledge and experience • The insights we garner from our audit work • The various reports we produce flowing from the above
Financial	• The funds we generate from the collection of audit fees • Other sources of funding
Human	• Our employees • Our employees' skills, knowledge and capabilities • Our organisational and people culture
Manufactured	• Human-created and production-orientated equipment • Technological tools
Social and relationship	• Our relationships with our key stakeholders, including auditees, the public and accountability ecosystem members
Natural	• Natural systems, including land, air and water • Our impact on these natural systems

Our capitals are integral to our operational and strategic success.

4

How we add value


FINANCIAL
SAVINGS GOAL

AGSA value-creation model

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

The value-creation model depicts how the AGSA goes about creating stakeholder value through its strategy and products and the internal systems and processes that support both.

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

- Our strategic goals, as defined in our #cultureshift2030 strategy.
- Our capitals and how we leverage them to support the realisation of each strategic goal.
- Our internal configuration and the way we have set up our organisation (from a people, processes and systems perspective) helps us to deliver on our key products.
- What those key products are.
- Who utilises them.

Value-creation model

INTERNAL PERSPECTIVE (INPUTS, PROCESSES AND PRODUCTS THAT UNDERPIN OUR BUSINESS MODEL AND DRIVE OUR STRATEGY)

OUR STRATEGY: #CULTURESHIFT2030

- Shift public sector culture
- Insight
- Influence
- Enforcement
- Sustainably
- Efficiently

OUR CAPITAL INPUTS

- INTELLECTUAL
- FINANCIAL
- HUMAN
- MANUFACTURED
- SOCIAL AND RELATIONSHIP
- NATURAL

OUR CONFIGURATION

- STRUCTURE
- SKILLS
- SYSTEMS
- EMPLOYEES

OUR VALUES

- We do the right thing
- We care for each other
- We excel in all we do
- We build trust

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

ACCOUNTABILITY ECOSYSTEM AND CULTURESHIFT COALITION

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

ACHIEVEMENT OF OUR MISSION AND #CULTURESHIFT2030 STRATEGIC INTENT

Improved auditee execution on individual service delivery mandates	Strengthened public institutions	Improved service delivery by the public service as a whole	Improved living experiences for South African people

OUR KEY PROCESSES

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

Audit and enterprise-wide quality management
(Risk 6)

Training young professionals
(Risk 2)

Stakeholder communication
(Risks 1 & 3)

Legal and compliance
(Risk 3)

OUR PRODUCTS

General reports

MI reports

Sector-specific insight reports

Performance audit reports

Real-time audit reports

Value these external stakeholders derive from our products:

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

Social value of our audits

The products and engagements with our stakeholders outlined in our value-creation model support the implementation of both our #cultureshift2030 strategy and our value-add focus. This is by ensuring that when we audit, we do so in a way that not only serves our strategic priorities but is responsive to socioeconomic needs. A way by which we realise the concept of shared value creation is through the link of our work – captured in our Myap – to the Sustainable Development Goals (SDGs).

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 4:
ensure inclusive, and equitable high-quality education and promote lifelong opportunities for all

- By 2030, ensure that all girls and boys complete, free, equitable and high-quality primary and secondary education leading to relevant and effective learning outcomes **(target 4.1)**
- By 2030, ensure that all girls and boys have access to high-quality early childhood development, care and pre-primary education so that they are ready for primary education **(target 4.2)**
- By 2030, ensure equal access for all women and men to affordable and high-quality technical, vocational and tertiary education, including university **(target 4.3)**

SDG 6:
clean water and sanitation

- By 2030, achieve universal and equitable access to safe and affordable drinking water for all **(target 6.1)**
- By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations **(target 6.2)**
- By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally **(target 6.3)**
- By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity **(target 6.4)**

SDG 8:
decent work and economic growth

- Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services **(target 8.3)**

SDG 9:
industry, innovation and infrastructure

- Develop high-quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, focusing on affordable and equitable access for all **(target 9.1)**

SDG 11:
sustainable cities and communities

- By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums **(target 11.1)**
- By 2030, provide access to safe, affordable, accessible and sustainable transport for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons **(target 11.2)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: infrastructure

This focus was expressed in pages 44 to 52 of our PFMA General Report 2023

Our audit focus was on assessing the existence and effectiveness of a centralised monitoring function of infrastructure implementation plan, with particular emphasis on water and sanitation, health and education.

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 6: clean water and sanitation

- By 2030, achieve universal and equitable access to safe and affordable drinking water for all **(target 6.1)**
- By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations **(target 6.2)**
- By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally **(target 6.3)**
- By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity **(target 6.4)**

SDG 11: sustainable cities and communities

- By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease direct global domestic product losses caused by disasters, including water-related disasters, to protect the poor and people in vulnerable situations **(target 11.5)**
- By 2030, reduce the adverse per capita environmental impact of cities, paying special attention to air quality and municipal and other waste management **(target 11.6)**

SDG 12: responsible consumption and production

- By 2030, achieve environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil to minimises adverse impacts on human health and the environment **(target 12.4)**

SDG 13: climate action

- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries **(target 13.1)**
- Integrate climate change measures into national policies, strategies and planning **(target 13.2)**
- Promote mechanisms for raising capacity for effective climate-change-related planning and management in least-developed countries and small island developing states, focusing particularly on women, youth and local, marginalised communities **(target 13.b)**

SDG 15: life on land

- By 2030, combat desertification, restore degraded land and soil – including land affected by desertification, drought and floods - and strive for a land-degradation-neutral world **(target 15.3)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: environmental sustainability

This focus was expressed through our standalone performance audit report on the rehabilitation of derelict and ownerless mines.

Insight: our audit insights focus was on government programmes that deal with climate change risk and its negative impact on the lives of citizens. We targeted the audit focus at all three levels of government, as the biggest impact of climate change issues is experienced at the local government level, with key decisions – including on policy – taken nationally. The information obtained was shared with key stakeholders at engagements with auditees and oversight structures to promote efficiency in how government deals with environmental issues.

Influence: information was shared with roleplayers in government to promote culture shift and communicate the seriousness of the environmental impact, and lack of timely implementation of consequence management for non-compliance and of remedial action by those responsible for environmental issues.

Enforcement: non-adherence to the National Environmental Management Act has a direct impact on the lives of citizens as it affects their wellbeing (knock-on effects of floods, air pollution, threats to water security etc). For this reason we used our material irregularity enforcement powers when we identified non-compliance with the potential for substantial harm to the public.

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 17:
partnerships for the goals

- Strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection **(target 17.1)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: fiscal pressure

This focus was expressed in our PFMA General Report 2023 (pages 63 to 71 and pages 102 and 103: key government priorities on state-owned entities)

We provided insights on fiscal pressure to influence roleplayers in the accountability ecosystem to have:

- Effective, achievable and monitored turnaround strategies/better business models (generating revenue) for state-owned entities (in distress).
- Functioning local government institutions (including metros and secondary cities) with good financial management and that are delivering services.

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 1:
no poverty

- By 2030, implement nationally appropriate social protection systems and measures for all, including floors, and achieve substantial coverage of the poor and the vulnerable **(target 1.3)**
- By 2030, ensure that all men and women, in particular the poor and vulnerable, have equal rights to economic resources and access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, new technology and financial services, including microfinance **(target 1.4)**

SDG 2:
zero hunger

- By 2030, end hunger and ensure access by all people, in particular the poor and vulnerable, including infants, to safe, nutritious and sufficient food all year **(target 2.1)**

SDG 4:
ensure inclusive and equitable high-quality education and promote lifelong opportunities for all

- By 2030, ensure that all girls and boys complete free, equitable and high-quality primary and secondary education, leading to relevant and effective learning outcomes **(target 4.1)**
- By 2030, ensure that all girls and boys have access to high-quality early childhood development, care and pre-primary education so that they are ready for primary education **(target 4.2)**
- By 2030, ensure equal access for all women and men to affordable and high-quality technical, vocational and tertiary education, including university **(target 4.3)**

SDG 8:
decent work and economic growth

- Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services **(target 8.3)**

SDG 9:
industry, innovation and infrastructure

- Develop high-quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, focusing on affordable and equitable access for all **(target 9.1)**

SDG 11:
sustainable cities and communities

- By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums **(target 11.1)**
- By 2030, provide access to safe, affordable, accessible and sustainable transport for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons **(target 11.2)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: education, skills and unemployment

This focus was expressed in our PPFMA General Report 2023 (pages 87 to 98). A standalone performance audit report was also produced.

Basic education: we focused our audit insights and messages on the following:

- Curriculum development
- School improvement performance
- Early childhood development
- Scholar transport
- School infrastructure
- The National School Nutrition Programme.

Higher education: our audit insights focused on:

- Integrated planning and the need for coordination of efforts
- Analysis of technical, vocational education and training college course offerings vs the country's skills needs
- An assessment of the efficacy of regulators/quality assurance bodies (Council for Higher Education, South African Qualifications Authority, Quality Council for Trades and Occupations, Local Governance Sector Education and Training Authority)

Local government: we focused on the role of structures such as the Local Government Sector Education and Training Authority to promote upskilling (professionalisation)

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 16:
peace, justice and strong institutions

- Promote the rule of law nationally and internationally and ensure equal access to justice for all **(target 16.3)**
- Develop effective, accountable and transparent institutions at all levels **(target 16.6)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: safety and security

This focus was expressed in our PFMA General Report 2023 (pages 56 and 62)

Crime prevention: we focused on gaining insights the country's crime prevention strategy (including key roleplayers, information and communications technology issues, and border management etc)

Crime response: gained further insights and built on our messaging on the following:
- The role of the National Prosecuting Authority in combatting and deterring criminal activities
- Docket management
- Call centres and forensic labs
- The ripple effect burden on correctional services

We also expanded our messaging on the integrated justice system, particularly delays and costs and their impact on outputs. Our recommendations included:
- A more coordinated crime prevention effort to ensure the safety and security for citizens
- Implementation of a process to enable crime prevention and the effective and timeous investigation of criminal cases to ensure successful prosecution

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 9:
industry, innovation and infrastructure

- Develop high-quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, focusing on affordable and equitable access for all **(target 9.1)**

SDG 11:
sustainable cities and communities

- Promote the rule of law nationally and internationally and ensure equal access to justice for all **(target 16.3)**
- Develop effective, accountable and transparent institutions at all levels **(target 16.6)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: roads and transport

This focus was expressed in our PFMA General Report 2023 (pages 50, 51 and page 87)

Our theme was 'Safe and secure transport', with insights on the following:
Roads: focus was on the regulations and systems designed or developed to provide safe and secure transport. This included understating of road safety initiatives developed to address the challenges identified in the National Road Safety Strategy

Rail: we focused on obtaining a deeper understanding of what led to the shift of goods and people from rail to road (causes and financial impact) and on insights on key strategic projects developed to improve road and railway infrastructure (part of infrastructure)

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 7:
affordable and clean energy

- By 2030, ensure universal access to affordable, reliable and modern energy services **(target 7.1)**
- By 2030, double the global rate of improvement in energy efficiency **(target 7.3)**
- By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services to all in developing countries, in particular least-developed countries, small island developing states and landlocked developing countries, in line with their support programmes **(target 7.b)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: energy sustainability

This focus was expressed in our PFMA General Report 2023 (page 102) as part of our messaging on state-owned entities (limited to energy sector auditees' audit outcomes)

We focused our audit insights on:

- The adequacy of established plans, reporting and functioning systems
- Established enforcement rules, conditions linked to the integrated energy and resource plans
- The adequacy of data and information for supporting industry requirements
- Infrastructure maintenance and follow-ups on insights from external experts
- Adequacy of local government energy planning and monitoring regulatory frameworks

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 11:
sustainable cities and communities

- By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums **(target 11.1)**
- By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries **(target 11.3)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: human settlements

Our focus was expressed in our PFMA General Report 2023 (page 50 and the material irregularities chapter)

Our audit insights were on:

- Sustainable human settlements
- Quantifying the need for housing nationally

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 1:
no poverty

- By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources and access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, new technology and financial services, including microfinance **(target 1.4)**

SDG 3:
ensure healthy lives and promote wellbeing for all at all ages

- Achieve universal health coverage, including financial risk protection, access to high-quality essential healthcare services and access to safe, effective, high-quality and affordable medicines and vaccines for all **(target 3.8)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: health

This focus was expressed in our PFMA General Report 2023 (pages 78 to 86)

Our insights were on:
- Follow-up on primary healthcare.
- The ideal hospital programme.
- Health facility compliance with norms and standards

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 6:
ensure availability and sustainable management of water and sanitation for all

- By 2030, achieve universal and equitable access to safe and affordable drinking water for all **(target 6.1)**
- By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations **(target 6.2)**
- By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally **(target 6.3)**
- By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater scarcity and substantially reduce the number of people suffering from water scarcity **(target 6.4)**
- By 2030, implement integrated water resources management at all levels, including through transboundary cooperation **(target 6.5)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: water and sanitation

This focus was expressed in pages 99 to 101 of our PFMA General Report 2023 and in our infrastructure section (as it had a particular focus on water and sanitation infrastructure)

Our audit insights were on:
- **Water quality:** actions taken to address findings in the blue drop and green drop reports
- **Water losses:** actions taken to address findings in the no drop report
- **Infrastructure** testing, focusing on projects to enhance water security
- **Infrastructure** testing at municipalities per infrastructure theme requirements

SDG AREAS RELEVANT TO OUR AUDIT WORK

SDG 16:
peace, justice and strong institutions

- Develop effective, accountable and transparent institutions at all levels **(target 16.6)**
- Ensure responsive, inclusive, participatory and representative decision-making at all levels **(target 16.7)**
- Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime **(target 16.a)**

HOW OUR MYAP AND AUDIT INSIGHTS RESPONDED TO THESE SDGs

Corresponding AGSA focus: coordinating institutions

This was expressed in our PFMA General Report 2023 (pages 126 to135, page 85: key government priorities and the information and communications technology section)

In the previous year, we reported that although the coordinating institutions were implementing their initiatives in line with their mandates, these initiatives were not yet yielding the desired results. This had a knock-on effect on the effectiveness of oversight and monitoring and on intergovernmental coordination

We urged those tasked with leading and coordinating institutions to continue collaborating (especially at the senior management level) and to use our recommendations and other audit insights to craft a turnaround plan to intensify their effectiveness

Other key insights were on:
- Mandates of institutions
- Monitoring and oversight (including support to dysfunctional municipalities)
- Financial management and support
- Consequence management
- Capacitation/professionalisation of the public sector
- Modernisation of government information and communication technology systems
- Effectiveness of governance and oversight by legislatures
- The role of councils in holding coordinating institutions accountable to perform

The value of our audit work to stakeholders

For key stakeholders

Through our audit work, we provide value to our stakeholders that goes beyond the mere provision of reports on the assurance of financial, compliance and performance information. The true value and relevance of our audit work is in what our reports allow auditees and other stakeholders to be able to do, based on the information that the reports convey to these stakeholders. Below is an outline of some of the value that our work provides.

FOR AUDITEES

- Allows the organisations that we audit to identify their financial, compliance and performance gaps, as well as how these can be addressed.
- Helps to instil discipline within auditees' operations, starting with their internal controls.
- Supports accounting officers who are looking to improve the business operations of their organisations.
- Acts as a deterrent to financial maladministration.

FOR OTHER KEY STAKEHOLDERS

- Creates transparency by providing the governance and oversight structures of public institutions with a factual view of how these institutions are performing, not only financially but also on their key performance metrics.
- Allows members of the public to hold the leaders of public institutions accountable by illustrating whether these institutions are executing on their service delivery mandates.
- Helps to bring objectivity to the public discourse on the effectiveness of the public service.

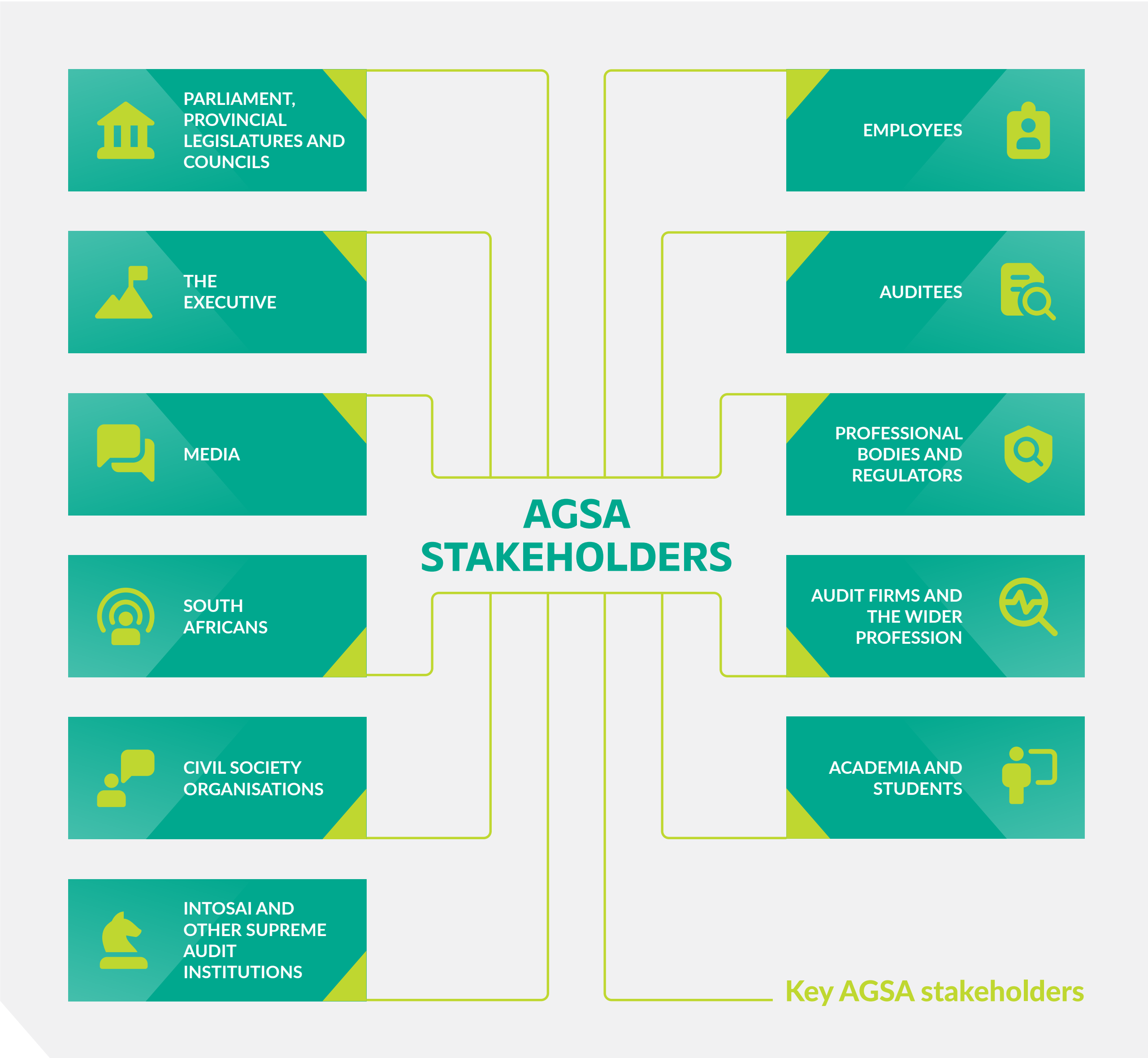
#auditor-generally speaking

The AGSA #cultureshift2030 strategy seeks to improve performance, transparency, accountability and integrity to better serve South Africans' lives. Our shared value creation involves auditing, engaging and collaborating with stakeholders in a way that allows them to not only meet our strategic priorities but also their own strategic needs.

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

Key stakeholders

Our key stakeholders in the accountability ecosystem and culture shift coalition all have a direct or indirect interest in the performance of the public sector. They derive their mandates from statutory, private and informal settings. Below are our main stakeholder groups.



Key AGSA stakeholders

Our products and engagements with our stakeholders, as outlined in the value-creation model above, have not only supported the implementation of our #cultureshift2030 strategy, they have also supported our value-add focus as an organisation. This is by ensuring that when we audit, engage and collaborate with these various stakeholders, we do so in a manner that not only serves our strategic priorities, but is responsive to their needs as well. This is how we, as an organisation, realise the concept of shared-value creation.

The following tables outline how we have realised this with some of our key stakeholders externally (auditees and accountability ecosystem partners) and internally (employees).

AUDITEES

Shared value-creation focus

- Share auditee-specific insights (strongly rooted in clear root causes and targeted recommendations) to help auditees solve for their compliance, financial management and performance challenges.
- Continuously influence efforts aimed at getting auditees to use our insights to influence positive changes in their financial management process and, in the long term, their audit outcomes.
- Ensure that where MIs have been raised, they are appropriately and promptly dealt with.
- Help auditees to better understand the AGSA's mandate and work, while better understanding auditees' challenges and constraints (facilitate more productive working relations – otherwise successful influence will not be possible).
- Develop more proactive and continuous engagements to improve AGSA-auditee relations (AGSA as a partner and enabler).
- Execute our audits in the most cost-effective, efficient and economical manner.

Capitals leveraged

Strategic priorities pursued

1 | 2 | 3 | 4 | 5

Strategic risks managed

1 | 4

Stakeholder relationship strength

Strong

PARLIAMENT, PROVINCIAL LEGISLATURES AND COUNCILS

Shared value-creation focus

- Enable oversight through our insights.
- Be a trustworthy source of relevant, independent and objective insights based on professional judgement and sound analysis.
- Proactively identify themes, common findings, trends and root causes.
- Provide audit recommendations and discussing these with key stakeholders to enable them to oversee and support beneficial changes in the public sector culture and service delivery so that we influence improvement in the lived reality of our people (accountability ecosystem).
- Support to the AGSA in safeguarding its independence (both legally and financially).

Capitals leveraged

Strategic priorities pursued

2 | 3 | 5

Strategic risks managed

1 4

Stakeholder relationship strength

Excellent

COORDINATING MINISTRIES

Shared value-creation focus

- Improve understanding of their role as accountability ecosystem members.
- Provide them with insights and support to enable them to better play their coordination function with auditees.
- Unpack, through our insights, the challenges facing the auditees that fall within their realm and provide recommendations on how they can best support these auditees while also holding them accountable.
- Create alignment between AGSA priorities and ministries' mandates, so as to make influence and collaboration easier and beneficial to us and them.

Capitals leveraged

Strategic priorities pursued

1 | 2 | 3

Strategic risks managed

1

Stakeholder relationship strength

Strong

PROFESSIONAL BODIES

Shared value-creation focus

- Share sector-specific insights to help professional bodies better understand how to create performance improvements.
- Increase understanding of AGSA work and processes, and increase AGSA understanding of sector-specific challenges and constraints.
- Drive two-way knowledge sharing and thought leadership.

Capitals leveraged

Strategic priorities pursued

2 | 3

Strategic risks managed

1

Stakeholder relationship strength

Excellent

SOUTH AFRICAN PEOPLE, CSOs AND MEDIA

Shared value-creation focus

- Act in the public interest and selecting areas of audit that have a direct impact on the lived reality of our people.
- Make public the results of our audit work and providing insights in a clear manner that enable citizens to hold their elected representatives and custodians of public resources accountable.
- Be a model organisation that champions clean administration and transformation imperatives.
- Share information about the lived experiences of South African people, to help ensure that our work remains relevant and of value to ordinary South Africans.

Capitals leveraged

Strategic priorities pursued

1 | 2 | 3 | 5

Strategic risks managed

1 | 3 | 4

Stakeholder relationship strength

Excellent

AUDIT FIRMS, STANDARD SETTERS AND THE WIDER PROFESSION

Shared value-creation focus

- Provide inputs into the development of audit standards and guides.
- Collaborate around professionalisation support, including funding and training support.
- Train skilled and highly qualified accounting professionals.
- Allocate contract audit work equitably and meaningfully, including to small and medium black and female-owned accounting firms.
- Create a pipeline of black chartered accountants for our organisation, the public service and the wider profession.

Capitals leveraged

Strategic priorities pursued

3 | 5

Strategic risks managed

1 | 6 | 4

Stakeholder relationship strength

Excellent

AGSA EMPLOYEES

Shared value-creation focus

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

Capitals leveraged

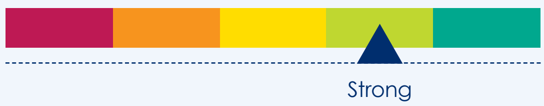
Strategic priorities pursued

1 | 5

Strategic risks managed

1 | 2 4 | 6

Stakeholder relationship strength



INTOSAI AND OTHER SAIs

Shared value-creation focus

- Share to help improve the performance other SAIs.
- Collaborate to grow and strengthen the profession globally.
- Provide the rationale for our work in empowering citizens to hold the custodians of public resources accountable in terms of Intosai-P 12: The value and benefits of supreme audit institutions – making a difference to the lives of citizens.

Capitals leveraged

Strategic priorities

1 | 2 | 3

Strategic risks managed

1

Stakeholder relationship strength

**The status of stakeholder relationship strengths indicated is based on the outcomes of the most recent AGSA Stakeholder Perception Survey (2023-24) as well as subsequent surveys to our auditees in 2024-25.*

5

Our strategy

Our strategy: #cultureshift2030

The strategic aspiration

Through the #cultureshift2030 strategy, we seek to make a stronger, more direct and consistent impact on the lives of South Africans. This impact will be evidenced by a public sector with a culture of performance, accountability, transparency and integrity. This means going beyond simple, occasional compliance with rules to an appreciation and normalised advancement of the outcomes for which the rules exist.

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

As we implement the strategy, we keep our aspiration and principles at the forefront of all our work. These inform our medium-term strategic planning, our annual organisational scorecard and all related operational tactics.

Strategic objectives

Our strategy will be realised through the achievement of the following six objectives:

SUSTAINABILITY — SO1

Acquire, develop and maintain the quantity, quality and configuration of resources and capabilities necessary to achieve and sustain our desired levels of impact.

EFFICIENTLY — SO2

Unlock latent capacity in the existing resource base through disciplined prioritisation, coordination and sequencing of initiatives and activities; efficiency; and productivity gains.

SHIFT PUBLIC SECTOR CULTURE — SO3

Move a critical mass of auditees towards organisational cultures characterised by performance, accountability, transparency and integrity.

INSIGHT — SO4

Generate audit insights that illuminate understanding, drive action and yield results.

INFLUENCE — SO5

Move stakeholders from mere awareness of our messages to action and the advocacy thereof in a manner that drives a public sector culture shift.

ENFORCEMENT — SO6

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

Our strategy implementation journey

#cultureshift2030 strategy

2021
INCEPTION

Conceptualisation of the strategy
Development of the strategy
Approval of the strategy

2022
INTRODUCTION

Ensured that the strategy delivers some key outputs

2023
IMPLEMENTATION

Full-blown implementation of the strategy

2024
INSTITUTIONALISATION

Ensured that the strategy delivers some key outputs

STRATEGY IMPLEMENTATION HIGHLIGHTS

- Full implementation of MI process
- Recovery of losses
- Audit software programme
- Digital transformation
- Healthy financial position
- Approval and implementation of People strategy to drive internal culture shift
- ISQM1 and SoQM implementation
- Accountability Ecosystem Framework
- Civil Society Engagement Framework
- Culture shift Continuum and Plotting
- Healthy financial position
- Launch of leadership academy
- Employer of choice award
- Attained AAA ethics rating
- Successful hosting of SAI20

2025
IMPACT

Assessment of the impact of the strategy until 2025 and beyond

Assess the strategy against its strategic aspiration

2024-25 Performance outcomes

AGAINST OUR STRATEGY

STRATEGIC GOAL ONE
Shift public sector culture

STRATEGIC GOAL TWO
Insights

STRATEGIC GOAL THREE
Influence

STRATEGIC GOAL FOUR
Enforcement

STRATEGIC GOAL FIVE
Sustainability

STRATEGIC GOAL SIX
Efficiently

Cultureshift framework

#CULTURESHIFT » **AUDIT PLANNING (Myap / OYAP)** » **EXECUTION** » **REPORTING**

THEORY OF CHANGE

CULTURE SHIFT 2023 CONTINUOUS SHARING OF LESSONS LEARNED

RECONSIDER PLOTTING

- Various insight plans
- Special reports
- Environmental scanning

ENFORCE

- Where we find problems and elevate them to auditees but our calls are not heeded, we enforce
- End-to-end review

INFLUENCE

- Investing preparing for engagements
- Roles and responsibility clarity / mandates clarity work
- Coalition partner work (Playbook)
- Solicit and track commitments from oversight / executives
- Significant attention to the root causes and recommendations (track) / AOs
- Review of the stakeholder plans- including mapping
- Change management framework
- Assessment of the accountability ecosystem

INSIGHT

Insights aimed at influencing to shift culture

PLOTTING

Plotting criteria refined / plot auditees – deep knowledge of the auditee

Cultureshift plans / Tactical plans

Annual % per cycle plans

#CULTURESHIFT

- GR
- MI Report
- PA standalone
- Website reports
- Engagement products

4% YR1 → YR7 **30% BY 2030**

STRATEGIC GOAL ONE

Shift public sector culture

KPI	TARGET	ACTUALS	YEAR-END STATUS
Assessment of overall performance by the AG	Favourable assessment	Favourable assessment partially achieved	Partially achieved (yellow)

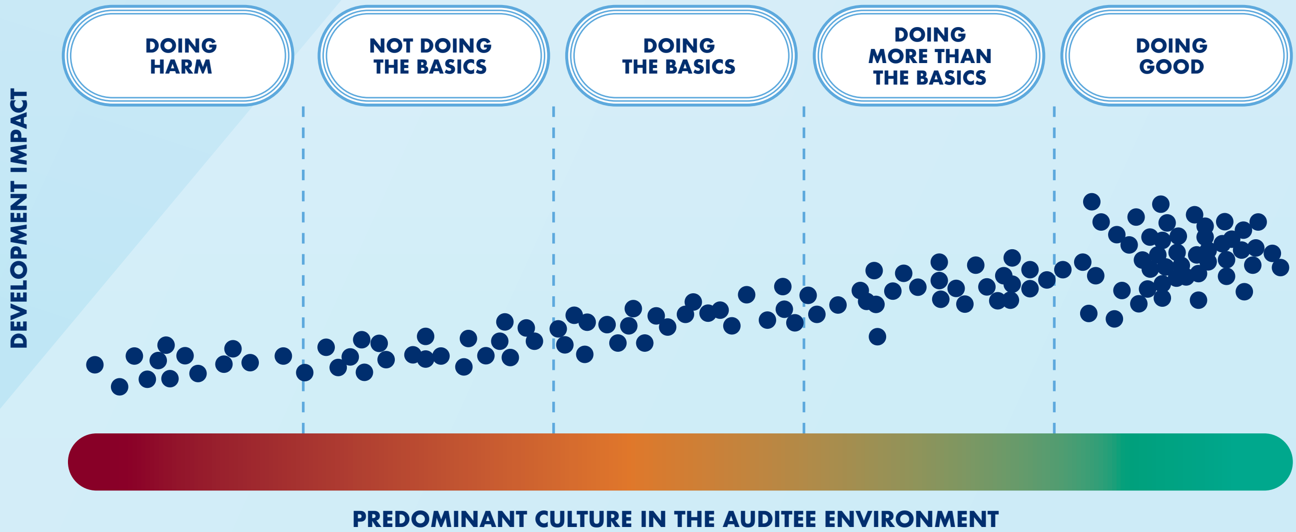
Performance Key (Year-end status) ● Not achieved ● Partially achieved ● Achieved ● Higher-achieved ● Over-achieved

The first strategic goal in our annual performance review is directly linked to the overall intent of our #Cultureshift2030 strategy. This is to move a critical mass of auditees towards cultures and outcomes that reflect performance, accountability, transparency and institutional integrity (Pati). We define this critical mass as the auditees that have the largest allocation of the national budget (30%) and whose service delivery mandates are the most closely linked to the everyday lived experiences of South African people. We refer to these as our high impact auditees.

The progress of these auditees is evaluated and ranked year-on-year using what we call the Cultureshift Continuum. Here, auditees are categorised from Doing Harm (the lowest performing category) to Doing Good (the highest category, indicating auditees with clean audits and who use that as a foundation to perform and deliver per their legislated mandates). Since the inception of the #Cultureshift2030 strategy in 2021, our focus has been on using our audit insights (along with our place and influence in the national accountability ecosystem as well as our material irregularity enforcement powers) to enable as many high-impact auditees as possible to move to the Doing Good category by 2030.

While there have been some auditee improvements on the Cultureshift Continuum compared to last year, we are still not satisfied with the overall performance and rate of progress of our auditees.

Priority was placed on the relevance and adequacy of coordinating institutions' oversight and monitoring mechanisms in ensuring adequate and sustainable service delivery.



While 7% of our auditees shifted to the doing-good category (national and provincial government), these were small departments and not the key service delivery departments and entities that hold a significant portion of the national budget. The figures were significantly lower for local government, with 49% of auditees in this space categorised as Doing Harm. The challenges at local government level include fraud, mismanagement, collusion and lack of consequences for wrongdoing. All of these factors contributed to diminishing the institutional integrity of auditees, particularly municipalities and public entities, often resulting in losses that attracted material irregularities and hindered auditee progress. Given the mandate and service delivery responsibilities of our auditees, all these outcomes are of significant concern.

The following municipal trends have been noted as contributing to the performance and service delivery challenges of auditees, especially municipalities:

- inadequate systems, including information technology systems, to collate and report performance information
- ineffective in-year monitoring, which undermines the credibility of performance reports
- lack of standardised performance indicators for core functions (electricity, housing, roads, water and sanitation)
- lack of consequence management leading to unreliable information in performance report or target underachievement
- absence of skills and capacity
- non-involvement of assurance providers, such as internal audit and audit committees, in performance management
- inadequate or non-existent oversight by councils and their committees
- political instability and lack of political will on performance matters
- lack of professionalisation, leading to work environments characterised by fear rather than competence and fit-for-purpose personnel
- non-adoption of guiding circulars and frameworks from National Treasury, resulting in inconsistencies in implementation of national, coherent practices.

While the overall plotting results for auditees remain poor, which is of concern to us, there have been some improvements in other areas that we hope to build on going forward. Over the years, we have seen improvements in auditee submission of financial statements. The submission of financial statements is key to the accountability and transparency pillars of the Pati Framework. When municipalities submit their financial statements on time, the public and those charged with governance and oversight, including legislatures, can review performance and enter accountability discussions with municipal leadership.

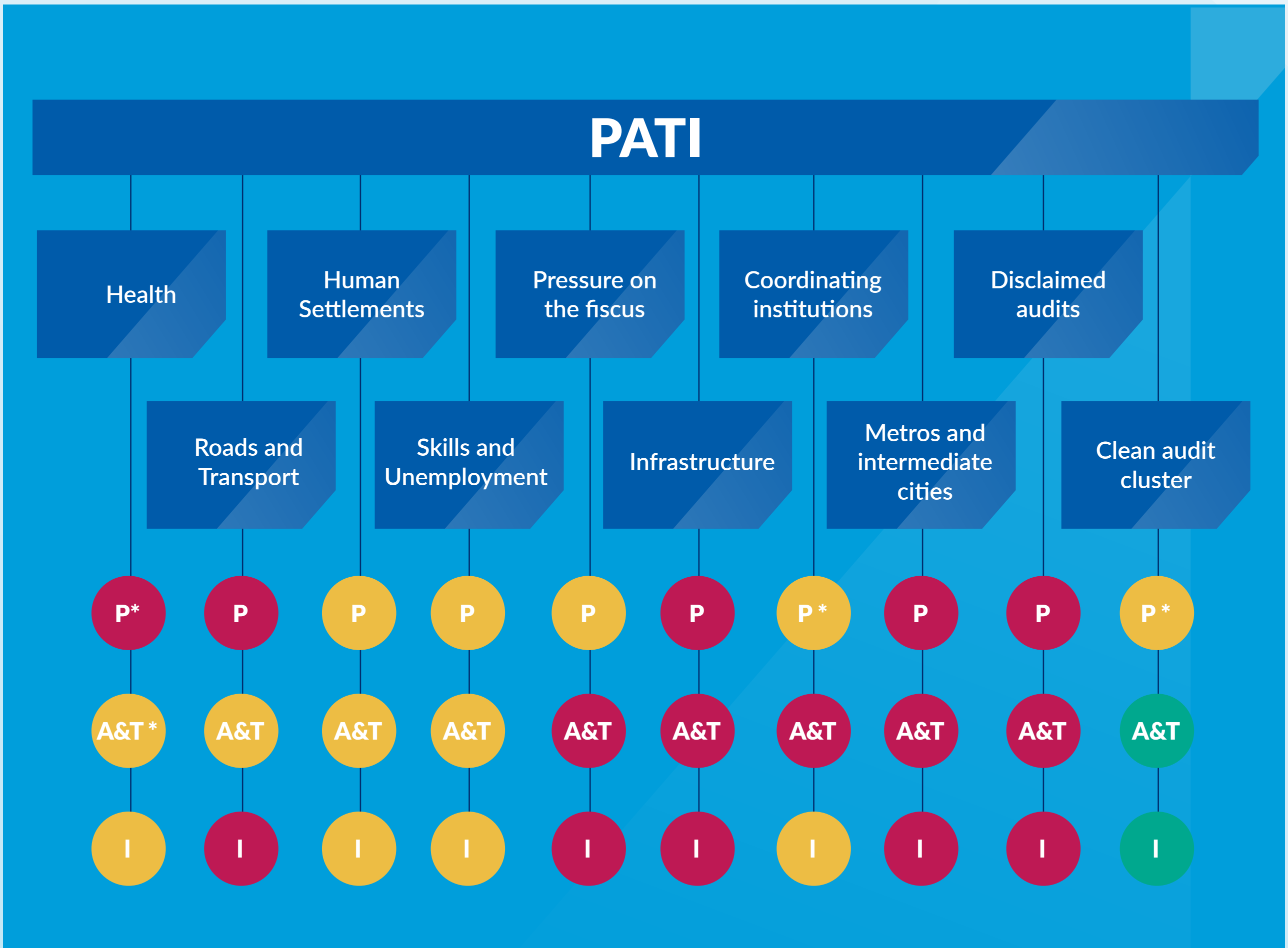
In the provincial and national government spaces, there has also been a continuous improvement in the quality of performance reports over the years. We have also seen a 14% improvement in compliance findings.

	PFMA – Medium-Term Strategic Framework		MFMA – current administration	
	31 March 2019	31 March 2024	30 June 2021	30 June 2024
Improvement in the submission of annual financial statements	93%	94%	82%	92%
Quality of financial reporting	70%	82%	23%	26%
Improvement in the quality of performance reports	60%	71%	26%	26%
Reduction in disclaimer audits	28	5	28	11
Improvement in compliance rate	26%	40%	17%	17%

Challenges in shifting public sector culture

As seen in the Pati analysis for our high-impact auditees below, accounting officers across all three spheres of government continued to be slow in implementing our audit recommendations and effectively addressing significant internal control deficiencies. This lead to recurring material misstatements, non-compliance and unmet service delivery obligations. Additionally, there was a lack of consequence management for officials responsible for unauthorised, irregular, fruitless and wasteful expenditure, which negatively affected auditees' plotting on the cultureshift continuum.

We found that vacancies and instability in key positions remain a concern at local government, contributing to operational inefficiencies and a lack of focus on crucial matters. Maintenance and safeguarding of infrastructure assets continued across all government spheres, resulting in service delivery breakdowns and financial losses. Overall, projects were poorly managed and there is insufficient consequence management for poor performance. The concerning trend of adopting unfunded budgets in financially distressed auditees continued. Lack of financial management disciplines was also reported at state-owned enterprises, which further contributed to increased irregular, fruitless, wasteful and unauthorised expenditure.



DEPICTION OF KEY AUDITEE PERFORMANCE 2024-25

DOING GOOD DOING THE BASICS DOING HARM

Our future response to challenges in shifting public sector culture

- Intensified stakeholder engagements through a structured influence programme
- Enhanced capacity building and professionalisation
- Addressing systematic barriers
- Scaling up on data-enabled audits
- Stakeholder collaboration

Conclusion

Intensified stakeholder engagements through a structured influence programme

Going forward, focused interventions will be essential to build momentum and align stakeholder expectations and priorities within the accountability ecosystem (AES). The implementation of our audit recommendations implementation, quality of performance and financial reporting, as well as targeted initiatives to improve procurement practices will also be prioritised. As the AGSA, we also intend to partner better with our AES partners to find practical solutions for dysfunctional municipalities, poor financial management practices and lack of consequence management.

Enhanced capacity building and professionalisation

All spheres of government must prioritise implementation of the professionalisation framework. This will ensure sustainable improvements in financial statements, service delivery, infrastructure and procurement. The control environment must also be made more conducive for professionals to make sound decisions and receive adequate support.

Addressing systemic barriers

We intend to obtain commitments from oversight bodies and monitor implementation to enforce consequence management for non-compliance and accelerate the implementation of audit action plans.

We will continue to review the annual performance plans of auditees to ensure that indicators and targets are aligned to the medium-term development plan. We will also assess the effectiveness of department, entity and municipality mandates (service delivery and budget implementation plan) through continued high-impact audits.

Scaling up on data-enabled audits

In line with our organisational focus on data-enabled audits, we will leverage data analytics to gain valuable insights that enhance key messages and findings. We will also continue to use our enforcement tool to better understand fraud indicators and identify material irregularities.

Stakeholder collaboration

Furthermore, we will build on current stakeholder engagements and partnerships to enhance collaboration, align priorities and achieve more effective outcomes. By strengthening established relationships, we can enhance the implementation of initiatives and better coordinate our response to sector challenges.

STRATEGIC GOAL TWO

Insights

KPI	TARGET	ACTUALS	YEAR-END STATUS
Implementation of the Myap	Produce all planned insights per the Myap and product vision Share insights with relevant stakeholders	Planned MFMA and PFMA insights successfully produced against the Myap and product vision. Insights shared with stakeholders as planned	● (Achieved)
% signed-off commitment schedules with executive authority and/or oversight chairs	Metro municipalities: 60% Targeted value chains (infrastructure): 60% Disclaimer auditees: 100% Clean audit cluster: 50%	Metro municipalities: 100% Infrastructure: 80% Disclaimer auditees: 100% Clean audit cluster: 73%	● (Achieved)
Percentage of AGSA recommendations implemented	30% (of our high-impact auditees)	31% of high-impact auditees implemented the key audit recommendations	● (Achieved)

Performance Key (Year-end status) ● Not achieved ● Partially achieved ● Achieved ● Higher-achieved ● Over-achieved

In pursuit of our intention to generate the sort of audit insights that illuminate stakeholder understanding (auditees and other accountability ecosystem members), drive action and yield results, 2024-25 saw us continue the rollout of the Myap.

Guided by the Myap, our audit teams made notable progress in areas such as fraud risk analytics and procurement-related insights. Stakeholder response to these insights was largely positive and, in many cases, auditees initiated recovery processes, committed to capacitation or sought further engagements and collaborations with us as a result. In some auditees, our recommendations led to policy changes, demonstrating their quality and our growing influence.

On the back of our audit insights and recommendations, auditees undertook to address root causes, improve audit outcomes, resolve service delivery challenges, ensure accountability and enhance financial health. On our side, follow up is now needed to confirm that these committed actions are implemented and lead to the desired auditee improvements (especially in their ability to deliver services, per their mandates). This will be an area of focus in the coming 2025-26 year.

Implementation of the Myap

Per our focus on continuity of audit messages (which is one of the benefits of the Myap to our work), we continued to focus on the high-impact auditees that we spotlighted in 2023-24 and added a few more. Below are the key sector insights derived from that 2024-25 Myap-led work.

Metros

Our continued work with the metros aimed to extract and disseminate insights that will help to promote integrated planning, adequate budgeting processes and improvements in oversight (particularly the implementation of consequence management where we have identified transgressions).

During engagements with speakers of councils, executive mayors, municipal public accounts committees, section 79 committees (non-executive municipal committees established by the Municipal Council under the Local Government: Municipal Structures Act 117 of 1998 to assist in performing council functions, overseeing performance, and enhancing community participation), members of mayoral committees for finance and infrastructure, accounting officers, senior management and audit committees, we shared the following insights on metros:

- metros are unable to fully deliver or meet service delivery targets, which continues to affect citizens' access to basic services failure to plan in an integrated manner affects service delivery
- financial health challenges continue to cause service delivery failures
- poor spending decisions increase costs
- lack of swift consequences by governance and oversight structures for transgressions and poor performance impairs accountability
- infrastructure maintenance issues arise from the absence of comprehensive maintenance strategies, declining maintenance budgets and ineffective revenue collection for maintenance
- information technology capacity, budget constraints, legacy systems decentralised information technology functions and lack of accountability contribute to lack of improvements in controls at most metros.
- metros have difficulty in driving initiatives to enhance service delivery and citizen interaction.

#auditor-generallyspeaking

The 'power of five' refers to the five powers granted to the AGSA by the PAA to move beyond traditional audits to address material irregularities andenforce compliance, deterring financial mismanagement, holding public officials accountable and ensuring that public funds are used effectively and efficiently. The powers are material irregularity investigation, recommendations, remedial action, certificate of debt and referral.

Priority was placed on the relevance and adequacy of coordinating institutions' oversight and monitoring mechanisms in ensuring adequate and sustainable service delivery

Disclaimer auditees

One of our highlights for 2024-25 was our ability to deliver strong enough audit recommendations, MI notifications and support to auditees, all of which enabled their success in reducing the number of disclaimers in local government, from 28 in 2021-22 to 11 in the last MFMA audit cycle. Our work on disclaimers was focused on deepening stakeholder insights to expose systemic risks and guide decisive interventions to help eradicate disclaimer audits.

Key insights shared with the governance and oversight structures of disclaimed auditees unpacked significant issues such as high vacancy rates in finance units, business transformation offices without clear corrective plans, poor records management (hindering effective post-audit action), and minimal improvement in financial viability despite recovery plans. Additionally, weak accounting and reporting controls continued to pose substantial fraud risks. Broadened fraud analytics also highlighted contract management gaps, governance weaknesses, bid evaluations inconsistencies and systemic control deficiencies.

Going forward, our teams will continue to focus on eradicating disclaimers and on the assessment of records, skills, capacity and financial viability.

Coordinating institutions

Recognising the crucial role that coordinating institutions play and the need to strategically partner with them, priority was placed on the relevance and adequacy of their oversight and monitoring mechanisms in ensuring adequate and sustainable service delivery. Although we saw role players implementing their mandates, outcomes fell short, as these mandates were performed mainly to comply, not always to enhance service delivery. This has had a ripple effect on the effectiveness of oversight and monitoring and on intergovernmental coordination.

While the annual performance plans of coordinating institutions align with Medium-term Strategic Framework priorities, some targets are still in progress. Oversight and monitoring remain weak due to lack of enforceability, accountability and consequence management for non-implementation. Financial recovery plans have not been effective in 29% of municipalities applying them, despite treasury interventions. A review of the national professionalisation framework exposed gaps in related legislation and directives. No coordinating institutions had annual performance plan indicators tied to the framework.

Furthermore, legislatures demonstrated ineffective governance and oversight, with poor follow-through on resolutions and limited accountability across parliamentary structures. Institutions are at different maturities, resulting in varied effectiveness of our insights. We have, however, seen progress in the accountability ecosystem in implementing our recommendations:

- the establishment of the interministerial committee by Cabinet to turn around local government
- inclusion of indicators and targets on public sector professionalisation in the Medium-Term Development Plan
- key provincial accountability roleplayers in North West improved alignment between its troika and the AGSA, while Limpopo revived MuniMec and increased premier support. The Eastern Cape premier committed to addressing disclaimers, attracting Standing Committee on Public Accounts attention, and in Mpumalanga, both the portfolio committee and the standing committee pledged to conduct oversight visits.

The MFMA audit cycle deepened the work of the governance arrangements approach ('power of five') to ignite the accountability ecosystem, using existing legislation to assess five focuses. These revealed that oversight mechanisms are poorly implemented, with many municipalities and members of the executive council failing to act on AGSA findings or produce mandated reports. Reporting remains unreliable, MFMA and Constitution interventions are largely ineffective and although support structures exist – such as disciplinary boards and appointments under Cogta – lack of accountability continues to hinder the restoration of good local-level governance. Overall, coordinating institutions have not improved service delivery and future focus will be on professionalisation and governance arrangements in metros, intermediate city municipalities and disclaimed auditees.

Infrastructure

Several challenges were identified in this sector, including ageing water and sanitation infrastructure. Exceeding approved project budgets was another trend we identified, which resulted in infrastructure projects costing more than intended and placing pressure on already struggling local government funds. Public sector infrastructure units continued to be overly reliant on consultants, due to lack of skills. Despite the government's Strategic Infrastructure Project Framework, misalignment persisted, leading to inaccurate tracking and poor coordination among departments and resulting in ineffective service delivery.

To influence improvements, we shared these insights on gap areas with key roleplayers such as executive authorities, directors-general, and chairpersons of audit and board committees in provincial and national departments. We also shared our insights with other stakeholders with a vested interest in the infrastructure ecosystem, such as the Construction Industry Development Board, civil society organisations and professional bodies for quantity surveyors.

Health

Whilst improvements were observed in almost all of the clinics we audited, deficiencies remained, including inadequate stock control, shortage of emergency trolleys, limited human resources and infrastructure challenges. The implementation plan for the National Digital Health Strategy was hindered by insufficient system use, leading to operational inefficiencies and lack of service delivery improvement. Similar deficiencies were identified during the audit of Ideal Hospitals, where we focused on operating theatres and emergency units.

These insights were shared with all provincial heads of departments, national department directors-general, and all executive authorities (including portfolio and select committees). This advocacy work helped to influence the department of health to include the Ideal Hospital status rate indicator in some of its annual performance plans, while finalising the mid-term development plan.

Education, skills and unemployment

The persistent skills gap in South Africa is a major barrier to economic growth, job creation and competitiveness. Our findings in this space indicated persistent challenges in education, including a shortage of qualified early childhood development practitioners despite rising enrolment, a lack of hiring standards, as well as poor maintenance and safety of facilities. Learner transport monitoring is inconsistent, with service providers not always adhering to contract terms. School infrastructure projects suffer from weak coordination, poor accountability for underperforming contractors and infrequent quality inspections by provincial education departments.

The national school nutrition programme is characterised by inactive and untrained committees, non-compliance with hygiene standards, poor management and procurement irregularities. Curriculum delivery and support also remained ineffective in several schools, with limited collaboration among schools, parents and communities.

We identified a need for coordination and collaboration among the heads of education committees, directors-general, provincial heads of department, audit committees, as well as portfolio and select committees. Resources also need to be efficiently allocated to address critical skills shortages, eliminate waste and enhance employment opportunities, especially in the higher education space.

Fiscal pressure

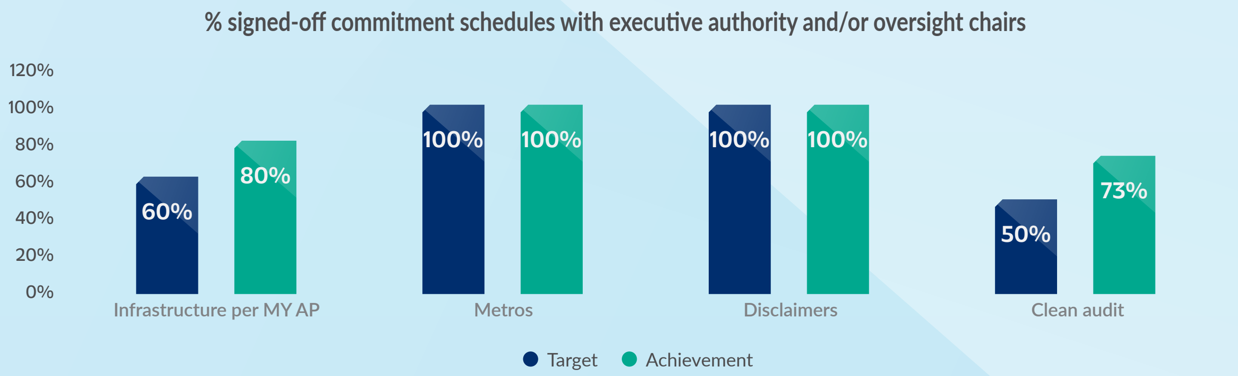
Significant challenges persisted with South Africa's fiscus. A mix of structural weaknesses, economic conditions and continued maladministration created a difficult environment for successfully managing public finances. Other challenges included the continued financial dependence of struggling state-owned enterprises and inefficiencies in funding key institutions. Efforts to restore sound financial management in municipalities through debt relief programmes were hindered by non-compliance and poor debt recovery, leading to cash flow issues.

Moreover, financial recovery plans for municipalities remained largely ineffective, with financial positions worsening despite their implementation. Municipalities also continued to adopt unfunded budgets, due to weak financial management and poor budgeting practices. Additionally, limited progress on prior-year recommendations exacerbated strain on the fiscus, as provincial treasuries lacked the authority to enforce corrective actions and monitor progress effectively.

Auditee commitments

On our performance indicators related to signed commitments, we either met or exceeded our targets for 2024-25.

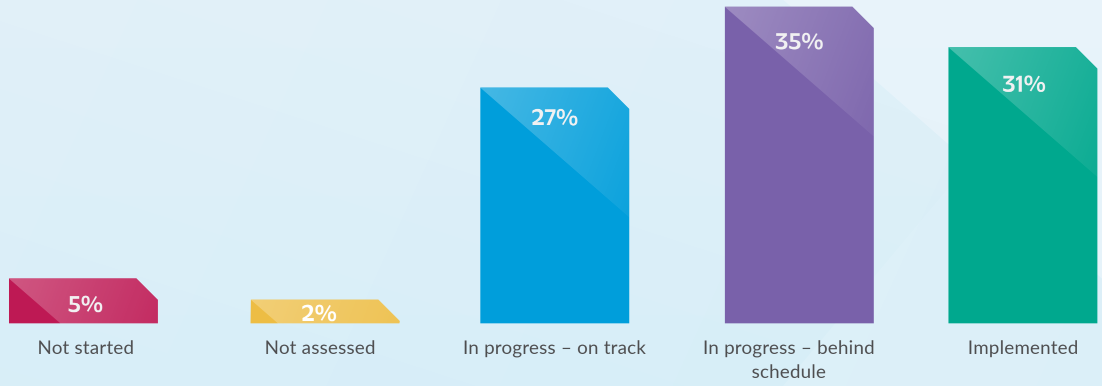
We prioritise soliciting commitments from executive authorities because we understand that setting the tone from the top within auditees is key to getting buy-in from the rest of their management structures. They also foster shared ownership of and auditee responsibility for solutions to the challenge areas that we raise through our audit findings and recommendations.



Auditee commitments signed

Recommendations

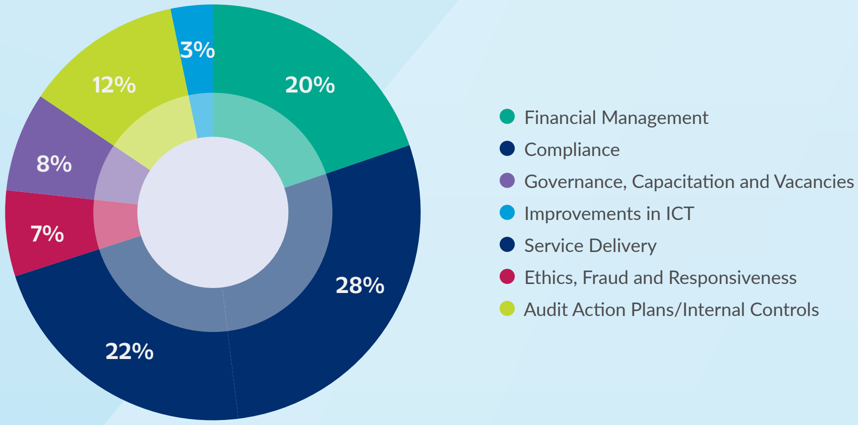
The graph below depicts the percentage implementation of the AGSA's recommendations in 2024-25.



The reasons for the 35% of recommendations not on track are as follows:

- changes in leadership impacts progress in implementation of the recommendations which are often reconsidered in line with the strategic direction of new office bearers
- prolonged investigations affecting consequence management implementation
- slow responses to recommendations due to lack of buy-in by roleplayers, lack of accountability and no consequences for non-implementation.

Most of our recommendations are aligned with our key focus audit areas of financial management, service delivery and compliance, as shown below.



STRATEGIC GOAL THREE

Influence

KPI	TARGET	ACTUALS	YEAR-END STATUS
Accountability ecosystem activeness for targeted auditee segments	Auditor-general assessment of overall audit portfolio performance in working to influence the accountability ecosystem	Partially achieved assessment result	Partially achieved
Public sentiment rating	Maintain baseline rating	86,63%	Achieved
	80% – 100% implementation of improvement plan	100%	Achieved
% achievement of outcomes targeted in stakeholder programme	75%	Significant progress made in engaging and influencing key stakeholders and on identifying new platforms and potential collaborators to drive strategic priorities. While notable strides have been made (including achieving our goals for induction of the seventh administration), in some engagements it is too early to assess the full impact.	Achieved

Performance Key (Year-end status) ● Not achieved ● Partially achieved ● Achieved ● Higher-achieved ● Over-achieved

Our strategic intent with the Influence goal continued to be moving our stakeholders from mere awareness of our messaging to actually taking action on the basis of the messages and advocating for the same things that we do in those messages. In 2024-25, we focused more on identifying the right stakeholders to engage with to make the accountability ecosystem more active and effective (in helping us to advocate for strong and consistent performance, accountability, transparency and institutional integrity within auditees).
We defined the main problems to be solved (based on our audit insights) and then the stakeholders that could drive solutions to those problems (or help to advocate for their solutions) in order to create the desired impact. We also developed criteria for the evaluation of the effectiveness of the ecosystem. These included stakeholder influence maturity, execution of roles and responsibilities, as well as alignment with our performance, accountability, transparency and integrity (Pati) Framework.

While there have been positive developments during the year, especially with key stakeholders such as provincial treasuries, Cogta, Salga and legislatures in certain provinces, more work still needs to be done. Going forward, we expect that efforts at the start of the seventh administration will deliver a positive return on investment. By analysing both successes and areas for improvement internally and externally, more impactful tactics will be developed and used for our influence work in 2025-26.

Improving accountability ecosystem performance

To enable our teams to more effectively influence stakeholders, we rolled out masterclasses on influence and persuasion. We launched an organisational influence playbook, aimed at providing guidance to our audit teams on how to go about understanding the different auditee role players better, to better service them and engage them in a manner that creates shared value for both auditees and us as an audit office.

A strategic approach was taken to inducting the seventh administration nationally and provincially. This included workshops with Parliament and legislatures and their portfolio and select committees.

Accountability and influence in action – success cases

Our interventions led to the appointment of a new municipal manager in Maluti-a-Phofung who is already driving accountability. Key achievements here included progress in records management, which led to submission of documents for auditing, and a proactive approach to the audit process with a commitment to implementing recommendations. Commitment to dealing with procurement deviations and ensuring broader senior management involvement in decision-making is encouraging.

Our engagements with the North West education head of department have led to 100% of infrastructure projects (schools) that were incomplete being completed during the review year, improving the conditions for learners.

We met with the South African Institution of Civil Engineering (Saice) and engaged in a productive exchange of ideas. The institution agreed to draft a position paper analysing the impact of community protests on project timelines and proposing solutions. Strategic engagements were also held with Built Environment Professions South Africa, the Council for the Built Environment and Consulting Engineers South Africa.

Following our engagement with the South African Police Service Commissioner, the department began making progress in implementing several previously issued recommendations. Advancements have been made on the 10111 call centre project plan, including staff capacitation and the procurement of new information technology to assist with call handling.

Our audit teams visited the Lesotho Highlands Water Project to review phase two progress and assess maintenance on the phase one tunnel. The insights we shared identified areas for improvement and the appropriate actions that should be taken to avoid potential setbacks.

Gauteng has made substantial progress on key road upgrade and rehabilitation projects, with all six delayed projects from the previous year now completed and open to the public. The department also achieved an unqualified audit of predetermined objectives outcome with no material amendments to the annual performance plans. Target achievement increased from 73% to 84%.

Advancing influence with executives and coordinating institutions

Recognising that a key enabler to the auditee performance culture and outcomes improvements that we are striving for requires strong leadership and an understanding of the role of inter-governmental coordination, we emphasised engagements with coordinating institutions, such as the Presidency, National Treasury and Cogta. We also influenced the Department of Planning, Monitoring and Evaluation and the Department of Public Service and Administration to amend performance management guidelines, further promoting public sector accountability and effectiveness. With our insights, the Presidency also developed a cluster improvement plan guide to enhance the effectiveness of Forum of South African Directors-General clusters.

Additionally, we have strengthened National Treasury support to internal audits and audit committees, ensuring they function effectively as assurance providers. This was enhanced through our engagements with the Institute of Internal Auditors Africa, the Chartered Institute of Government Finance Audit and Risk Officers and the Chartered Institute of Audit Governance Oversight and Leadership, with which we advocated empowerment and support of internal audit and audit committees. The work has led to greater National Treasury support to internal auditors and revitalisation of the public sector audit committee forum.

Through our messaging on the importance of intergovernmental collaboration through our focus on the power of five, we have heightened urgency by premiers, Cogta and finance members of the executive council to instil a culture of administrative and political accountability and consequence management in municipalities. This demonstrates our influence with provincial leadership, and we are seeing green shoots with municipal improvements such as the eradication of certain disclaimers.

Our influence was also evident in certain state of the province addresses, which stressed the need to better support local government and signalled that stakeholders are starting to take their role as coordinating ministries more seriously. Leadership in the various provinces have also indicated willingness to work more closely with our audit teams and leadership.

Parliamentary oversight

Since the inauguration of the seventh Parliament, there has been notable progress in the performance of oversight structures, which demonstrates a positive return on investment on the induction programme. The National Council of Provinces is willing to engage with us and, following the tabling of budget review and recommendations reports in October 2024, committees have taken resolutions and made recommendations to departments informed by AGSA insights. Many have followed up with departments for enhanced accountability.

The Standing Committee on Public Accounts continues to structure its oversight activities using AGSA reports and recent briefings have shown positive trends such as the use of our insights to call for auditee accountability. Select committees have also, for the first time, increased their focus on local government and provincial departments.

Civil society collaboration

Through civil society organisations, we ensure that issues important to citizens are elevated in our audits and messaging and that our engagement strategy has impact and relevance. During the period under review, several strategic initiatives were implemented, leading to impactful outcomes.

We will continue to bolster these strategic partnerships, amplifying stakeholder-driven advocacy and boosting governance accountability. We will also ensure the accuracy and reliability of data provided by civil society organisations, reinforcing trust and credibility.

- audit teams participated in the civil society-led site visit with Asivikelane, establishing a strong baseline for measuring the effectiveness of public participation at the Covid-19 settlement in Cape Town
- strategic discussions with organisations such as Outa, Water Can and Corruption Watch heightened support for Myap outcomes for basic services value chains
- insights shared with Outa, Corruption Watch, Asivikelane and the Public Health Institute of South Africa strongly influenced governance and oversight, reinforcing the AGSA's strategic role in promoting accountability.

International collaboration and value creation

As an active member of the International Organization of Supreme Audit Institutions, we also advanced our Pati principles on the global stage. Our 2024-25 accomplishments in the international space included training on the organisation's climate scanner tool, which assesses governments' readiness for climate change mitigation and digital transformation training with Supreme Audit Institution (SAI) Indonesia.

Through our work on the Intosai capacity building committee, we presided over 10 workstreams, with nine meeting their targets. A highlight has been the revision of the performance measurement framework for supreme audit institutions (SAI PMF), which will strengthen global performance assessments ahead of 2026. Our global influence also encompassed contributions to multi-lateral forums such as the SAI20 engagement group and the BRICS (Brazil, Russia, India, China, South Africa) SAIs collaboration. Under the auditor-general's leadership, we prepared for the SAI20 summit in June 2025, producing two consolidated theme papers and a self-assessment survey for SAIs to benchmark their strategies against G20 priorities. In addition, we worked on a comprehensive recommendation communiqué to be presented to G20 leaders, underscoring the value of public sector audits in improving governance.

In response to our SAI20 work and the recommendation communique, the SAI20 engagement group reaffirmed their dedication to promoting accountability and transparency in the various countries that they serve. They further pledged to use the insights gained as a result of our audit work to help create foresight for their governments, especially as it relates to the SAI20 themes. Lastly, they also undertook to use the learnings from the SAI20 engagements to enhance their deliberations on emerging issues and knowledge-sharing of good practices in the SAI20 and broader Intosai community.

Our audit teams continued their work with high-profile international organisations, including the United Nations Educational, Scientific and Cultural Organisation (UNESCO) the International Centre for Genetic Engineering and Biotechnology (ICGEB) and African Organisation of Public Accounts Committees (AFROPAC), while progressing with audits for the African Union Commission (AUC).

Continued use of media to help spread the AGSA's good governance messages

During the year under review, the AGSA continued to receive balanced and prominent media coverage from both earned and associative media mentions, for our key messages. This is a direct result of having built and continuously maintained strong working relationships with mainstream and community media agencies over the years.

The strategic media initiatives conducted during this period resulted in independent analysis revealing that journalists increased balanced reporting on the AGSA, its expanded mandate, and its messages. They also continued to use the organisation's audit reports as authoritative reference points when reporting on, or arguing for, public sector service delivery or a culture shift. This was largely due to our persistent participation in every parliamentary committee during the parliamentary induction phase. Our insights were prominently used as parliament and legislatures began their term, as well as by the executive as they set the tone for the 7th administration.

\Our continued strategic approach to encourage journalists to report on the AGSA's expanded mandate, included proactively arranging a series of media engagements for the auditor-general (AG) and other executives to provide various media outlets with a status update on the continued progress of the material irregularity (MI) process, five years after its implementation. We also hosted or facilitating sessions with over 100 journalists and media practitioners from the Parliamentary Press Gallery Association, the National Press Club, finance journalists who are part of the Witwatersrand University Centre for Journalism's Fellowship in Financial Journalism; as well as the University of Venda media/journalism students.

Social Media platforms have remained a crucial part of the communication mechanism to inform and educate the public about the AGSA's #cultureshift2030 strategy in a way that is easy to consume and resonates with the general public. We have seen an audience growth of over 157 000 follows across all our platforms, presenting opportunities to reach citizens directly.

Through this audience growth and all integrated communication work, we have managed to influence the public discourse positively and established the AGSA as a thought leader and important player supporting the country's democracy.

Stakeholder programme achievements

During 2024-25, our stakeholder engagement priorities were guided by the Myap areas/sectors that we spotlighted and the intention to advance the effectiveness of the accountability ecosystem for specific themes, value chains and clusters. A deliberate approach was also taken to identify new stakeholders and platforms with impact to expand our reach and our stakeholder universe. We also extended our value to stakeholders by implementing deliberate interventions like having workshops (including recommendation workshops), roundtables and attending established forums.

Stakeholder sentiment survey and improvement plan

During the year, our audit teams implemented action plans to enhance stakeholder engagement and improve perceptions of the AGSA. Progress was assessed through three surveys: post-PFMA audit cycle, post-MFMA audit cycle and post-budget review and recommendations report engagements.

The surveys indicated significant positive shifts in perceptions.

Dimension	PFMA	MFMA
Awareness and familiarity with #cultureshift2030 strategy	83%	88%
Stakeholder engagement	86%	88%
Understanding of recommendations	85%	85%
Quality of engagements	89%	89%

Conclusion

In 2025-26, we will continue our influence work in order to improve stakeholder participation in our #cultureshift2030 work. This will also help to create a more conducive environment for our findings, recommendations and interventions to strengthen performance, accountability, transparency and institutional integrity within auditees. Throughout the year, we will use the accountability ecosystem effectiveness assessment to introduce interventions and tactics that can influence stakeholders from awareness to action. Simultaneously, we will further assess which external stakeholders and internal influence tactics are most effective, as well as where more work or different tactics are required for better stakeholder activation and impact.

STRATEGIC GOAL **FOUR**

Enforcement

Intent

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

KPI	TARGET	ACTUALS	YEAR-END STATUS
% of auditee material irregularity process in full implementation	100%	100%	
% material irregularities on which there has been adherence by the AGSA to timelines (newly raised MIs)	60%	72%	
% of backlog material irregularities eradicated	60%	78% (audit business units) 88% (Material irregularity unit)	
% of high-impact material irregularities (as defined in the manual)	80%	99% (119 of 120 material irregularities met the criteria)	
% implementation of material irregularity unit capacitation plan	90% – 100%	100%	
% implementation of material irregularity end-to-end review recommendations (per approved action plan)	90% – 100%	91,48%	
Auditor-general's assessment of effectiveness of material irregularity system	Favourable assessment	Favourable assessment	

Performance Key (Year-end status) ● Not achieved ● Partially achieved ● Achieved ● Higher-achieved ● Over-achieved

In 2024-25 we reach a milestone in our enforcement journey – full implementation of the material irregularity process across all national, provincial and local government auditees. Consequently, our strategic focus shifted from implementation to increasing the process's impact, concentrating on raising high-impact and transversal irregularities to correct systemic governance and service delivery failures and activating our powers where there was inaction.

The goal was to ensure that each MI contributed meaningfully to enhanced accountability and driving lasting improvements in the public sector where it matters most. Exercising these powers reinforces accountability and supports the maintenance of fiscal discipline and governance. Our approach complements the efforts of other stakeholders within the accountability ecosystem and is a crucial tool for accounting officers and authorities to recover financial losses, prevent further losses and implement consequence management for irregularities.

Our expanded mandate seeks to:

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

Full implementation of the MI process

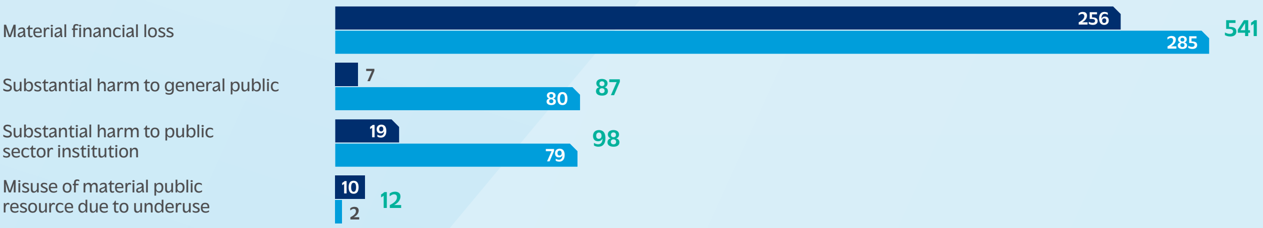
We have expanded the reach of the material irregularity process since its inception in 2019. Having started with 25 auditees in 2019-20, 2024-25 saw us achieve 100% implementation across all national, provincial and local government auditees.

We have also broadened the scope of the process. While initial focus was on non-compliance and material financial losses, by 2021-22 we had applied the full definition of a material irregularity, covering fraud, theft and breaches of fiduciary duty. This strengthened our ability to comprehensively identify performance, transparency, accountability and integrity issues and to prompt accounting officers and authorities to take corrective action and drive improvement.

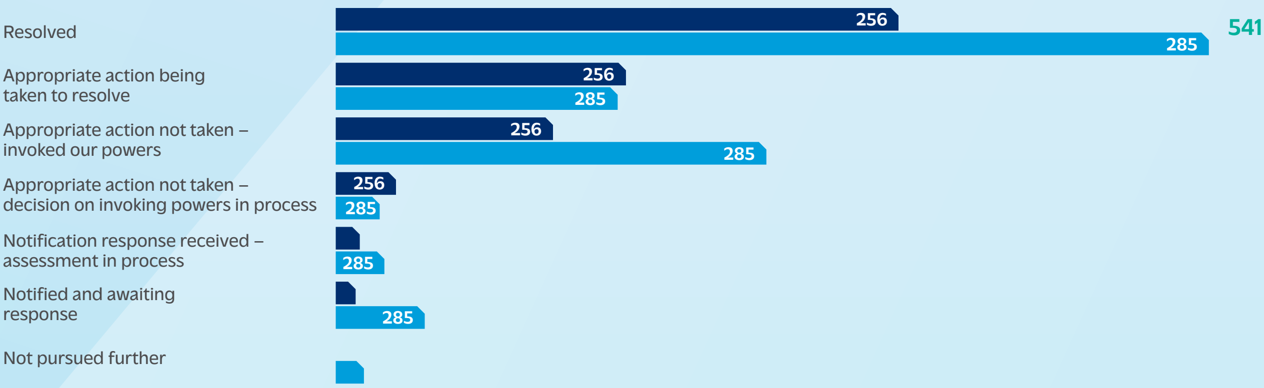
When accounting officers or authorities take little to no action in response to material irregularities raised, we include recommendations in the audit report outlining actions. We included recommendations on 58 irregularities in the audit reports of 43 auditees. At end-March 2025, several of these recommendations were at various stages of implementation. Should our recommendations go unheeded, we take binding remedial action, which is a binding (obligatory) instruction issued by the auditor-general. We have issued remedial action in 18 cases at 12 auditees. Where action is not taken – such as in nine local-government cases – the PAA gives us options such as escalating the matter to the accountability ecosystem, issuing a special report or pursuing legal action. While oversight and monitoring are standard expectations of the executive and oversight structures when remedial action is issued, the lack of implementation in these nine cases required more direct engagement. Accordingly, we formally requested intervention from provincial leadership, councils and audit committees to reinforce the urgency of implementation and uphold accountability.

Below is a breakdown of the irregularities identified thus far and their status:

NATURE OF IRREGULARITY 2023-24



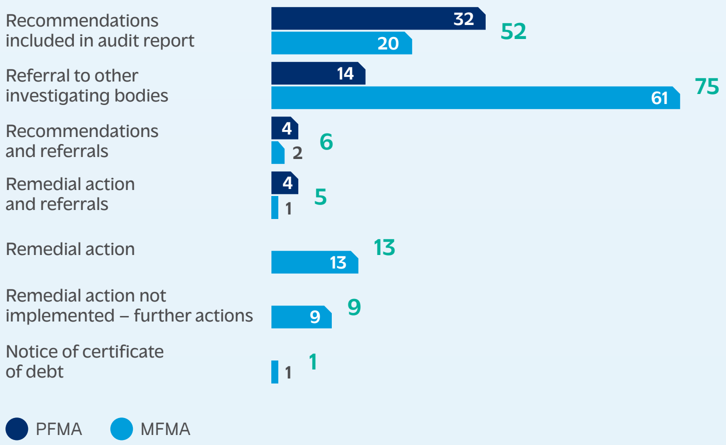
STATUS 2023-24



ESTIMATED MATERIAL FINANCIAL LOSS 2023-24

PFMA MFMA

APPROPRIATE ACTION – INVOKED OUR POWERS 2023-24



We continued to refer irregularities to public bodies when further investigation and enforcement action are more viable. These are typically matters that are complex, high-risk or indicate potential fraud, governance failures, poor service delivery or criminal conduct. This course enables independent investigation aligned with their mandates, helps mitigate potential conflicts with our audit responsibilities and heightens the integrity of investigation. To date, the auditor-general has approved 89 matters for referral to government departments and public bodies for further investigation. These cases are at stages including assessment, active investigation, prosecution handovers and court proceedings.

AGSA adherence to timelines

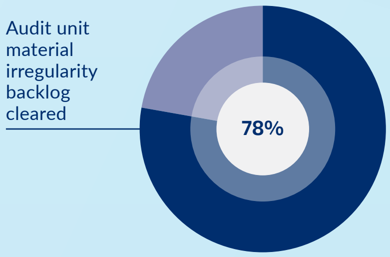
During the reporting period, we achieved 72% compliance to timelines for newly raised irregularities (76 of 106) through enhanced monitoring mechanisms, timely interaction with accounting officers and active involvement of internal decision-making structures.

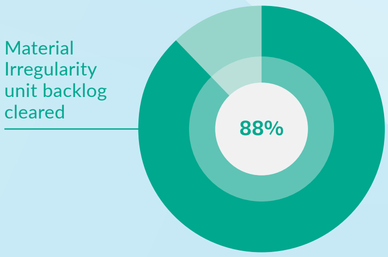
However, challenges remain in consistently meeting all timelines. These include delays or inadequate responses from auditees (often due to management instabilities) and the complexities of high-impact irregularities.

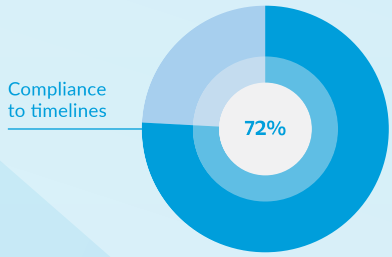
Resource constraints and competing audit priorities also limit timely execution. The limited availability of in-house experts with technical knowledge beyond financial matters also contributes, particularly in high-impact matters. We will extend the time for AGSA evaluation of accounting officer responses from 10 to 20 days for greater effectiveness.

Addressing the material irregularities backlog

During the year, 78% of the audit unit irregularity backlog (69 of 89) and 88% of the irregularity unit backlog (22 of 25) were successfully cleared through the continued dedication of both our audit and technical support teams. In both cases, matters had been in the system for 18 months or longer. Despite this, systemic accountability issues and slow recovery efforts hinder progress among auditees. Delays are often tied to prolonged disciplinary, investigation and recovery processes. In response, we have tightened up measures, including advancing matters to the next offstage and escalating unresolved matters to oversight authorities. Through this approach, we intend to eliminate the remaining backlog and prevent future occurrences.







Impact of our MI powers

While our expanded mandate has driven measurable progress in national and provincial government, the desired impact has not yet been realised in local government. Here, its potential to enhance accountability and oversight remained largely untapped. Prevention or recovery processes remained slow, pointing to broader weaknesses in addressing irregular, and fruitless and wasteful expenditure. Major constraints included the weak institutional capability and accountability systems. We have noted significant delays in response to our recommendations and the implementation of remedial actions. Prolonged investigations, delayed criminal proceedings and weak consequence management are often compounded by complex investigative processes, procedural fairness requirements and the resignation of implicated officials before disciplinary steps can be taken. Often, councils do not adequately fulfil their role due to a lack of structures and oversight to drive consequence management.

In an ideal public sector, the absence of irregularities would signify effective and responsible management of public resources, with officials diligently conducting their duties. Prevention is preferable to cure in safeguarding public funds. Recovering lost money is difficult and harm to the public or institutions may be irreversible. Furthermore, investigations and disciplinary measures that enable consequence management are not only costly and time-consuming but create significant disruption for those involved. Strengthening preventive and detective controls remains crucial to long-term integrity and efficiency of government operations.

We demonstrate the successes banked in implementing our process below:

FINANCIAL IMPACT						
	2023-24					
	PFMA Number of cases	Amount	MFMA Number of cases	Amount	Total Number of cases	Amount
Financial loss recovered	36	R1 453 863 352	28	R709 262 186	64	R2 163 125 538
Financial loss being recovered	43	R859 262 239	30	R370 240 783	73	R1 229 503 022
Financial loss prevented	13	R1 081 844 283	14	R244 117 404	27	R1 325 961 688
TOTAL	**92**	**R3 394 969 874**	**72**	**R1 323 620 373**	**164**	**R4 718 590 247**

ADDITIONAL IMPACT			
	2023-24		
	PFMA	MFMA	TOTAL
Internal controls improved to prevent recurrence	133	187	320
Fraud/criminal investigations instituted	55	29	84
Responsible officials identified and disciplinary process completed or progressing	103	89	192
Supplier contracts stopped where money was being lost	17	12	29
TOTAL	**308**	**317**	**625**

Conclusion

The 2024-25 year brought full implementation across all auditees, an increase in high-impact and transversal irregularities and sustained improvement in our timeliness and resolutions. Our interventions (whether through recommendations, remedial actions or referrals) have strengthened governance responses, supported consequence management and in some cases, enabled the recovery or prevention of financial losses and improvement of internal controls. These gains can be attributed to a stronger operating model, expanded Material Irregularity unit capacity and purposeful engagement with key accountability ecosystem roleplayers. By actively driving action through stakeholder engagement, we reinforced our role as a catalyst for improved performance, ethical conduct and resource protection across the public sector.

While challenges persist, particularly in systemic governance failure, we remain resolute in using every lever to drive accountability. We will continue to improve timeliness, impact and influence, ensuring our process delivers strategic value for South Africans well into the future.

SUSTAINABLY/EFFICIENTLY: AUDIT OPERATIONS

KPI	TARGET	ACTUALS	YEAR-END STATUS
% of audits completed within legislated timelines (excluding late submission of annual financial statements)	90% – 100%	93%	Achieved
% quality control rating achieved	80% – 90%	82%	Achieved

Performance Key (Year-end status): Not achieved | Partially achieved | Achieved | Higher-achieved | Over-achieved

Audits completed within legislated timelines

The ability by our audit teams to adhere to legislated timelines is a critical part of how we, as the country's supreme audit institution, ensure that we set the right example and operate by the same high performance, accountability and institutional integrity principles that we espouse to auditees and other stakeholders.

In 2024-25, we achieved a completion rate of 94%, a slight improvement from the 93% achieved in 2023-24.

Audit quality

Per our commitment at the end of the 2023-24 financial year (when we unfortunately did not achieve our audit quality target), we achieved an 82% quality rating in 2024-25. To strengthen our processes and close the quality-related gaps that we identified in the prior year, we implemented the following interventions through proactive reviews and technical support:

- Issuing of guidance on procedural fairness, reissuing the Leadership Toolkit (aimed at equipping audit leaders to have the right level of discussions with their teams regarding key audit quality matters), and planning a high-risk findings analysis.
- Implementation of 51% of Integrated Quality Management System remediation actions.
- Bolstering of technical support through validated computer-assisted audit techniques reports, guidance on conflict-of-interest findings, and updates on value-added tax reversal implications.
- Training efforts, which included Product Champion (PC) sessions on fiduciary duty MIs and AoPO auditing. PCs provide technical and audit quality support to all our audit business units, including through training and ongoing information sharing with the specific units they support.

These efforts collectively enhanced audit consistency, risk identification and audit team readiness. Going forward, we will remain vigilant on all the internal operational disciplines that are key to audit quality. This is with the aim of not only maintaining but further improving our audit quality rating at the end of the next financial year.

STRATEGIC GOAL FIVE

Sustainably (Finance)

Intent

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

Targeted outcome	KPI	TARGET	ACTUALS	YEAR-END STATUS
Optimal financial performance	Net surplus %	2%-5%	6%	
	Cash safety margin	2-3 months average across whole year	2,83 months	
	Overhead to income ratio	36%	36%	
	Contract work creditors as % of total revenue	16%	12%	
	Gross margin	40%	40%	
	Average collection of debt	85%	94%	
Governance, risk, compliance and ethics	Clean audit	Clean audit opinion	Clean audit	
Healthy, well and safe employees	Complainant satisfaction with responsiveness and resolution of threats and intimidation	85%-90%	80%	

Performance Key (Year-end status) Not achieved Partially achieved Achieved Higher-achieved Over-achieved

2024-25 saw us conclude the second year of our finance strategy. The organisation demonstrated continued resilience amid tough economic conditions, ensuring continued financial sustainability and progress towards our #cultureshift2030 targets. Our results demonstrated the effectiveness of our finance initiatives, driving own revenue growth, increasing profitability, and enhancing operational efficiency. With a continued focus on optimising and utilisation costs, improving resource utilisation, and transforming the finance function into a strategic business partner, we are on track to achieve sustainable financial success.

Strong performance against our key financial metrics

As the AGSA, our funding model is premised on the organisation being commercially viable and financially independent and secures the legal independence of the institution. We self-fund through fees (revenue) that are charged to auditees. These fees are used to defray the organisation's expenses and manage the day-to-day operations (overheads), with surpluses being used to fund the medium to long term capital investments.

Our funding model is purposefully designed to ensure long-term financial sustainability and enable us to deliver on our constitutional mandate – even amid challenging economic conditions. The generation and retention of surpluses is not driven by profit motives, but by a commitment to reinvest in the future of public sector auditing. These surpluses are critical to funding our multi-year digital transformation programme, which includes the deployment of advanced audit software and technology tools. This investment will significantly boost productivity, elevate audit quality, and reinforce AGSA's position as a leader in the sector. AGSA, however, continues to face challenges in converting retained surpluses into cash, particularly from local governments and state-owned entities that are currently experiencing financial distress. This constraint underscores the importance of strengthening collection mechanisms and enhancing collaboration across the public sector to ensure financial sustainability of our organisation.

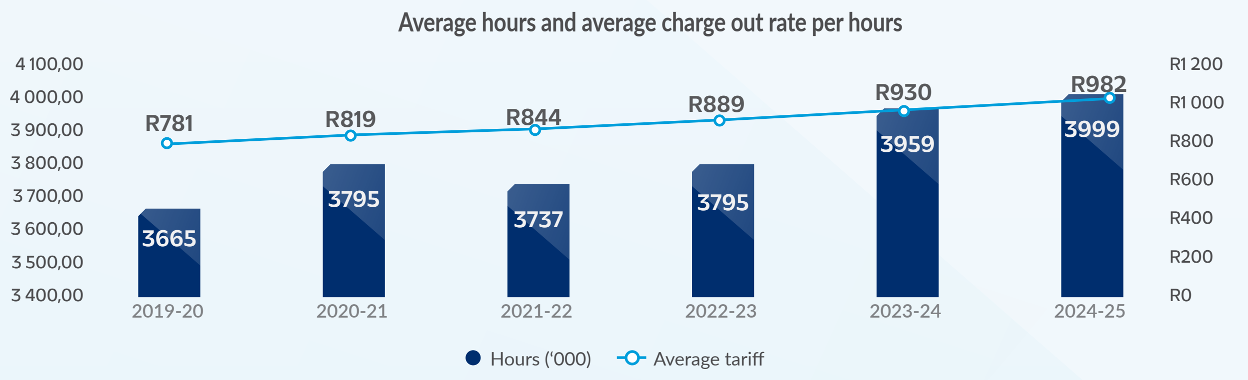
Over the years, we have encountered a range of financial challenges that pose risks to our long-term sustainability. These include the lingering economic effects of the pandemic, persistently low profit margins, stagnant revenue growth, high costs of working capital (CWC), escalating overhead expenses, ongoing cash flow constraints, and reliance on outdated technology infrastructure. In response, we developed a comprehensive finance strategic programme and funding model anchored in three core objectives:

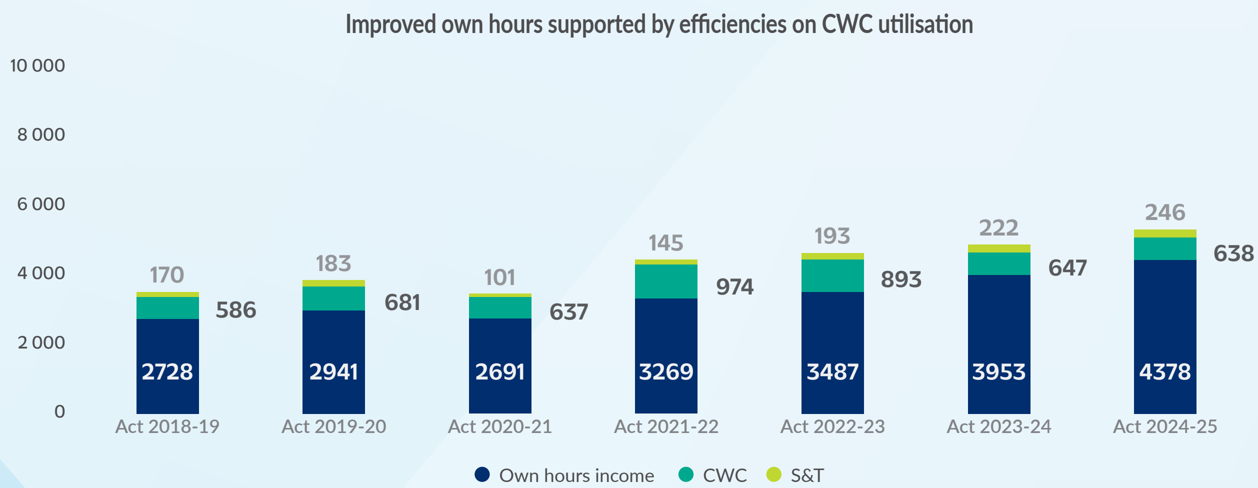
- **Revenue Growth:** Expanding income streams to support operational resilience and strategic initiatives.
- **Profitability Enhancement:** Improving margins through cost discipline, pricing strategies, and operational efficiencies.
- **Asset Efficiency and Effectiveness:** Maximising the value derived from existing resources while investing in future-ready capabilities.

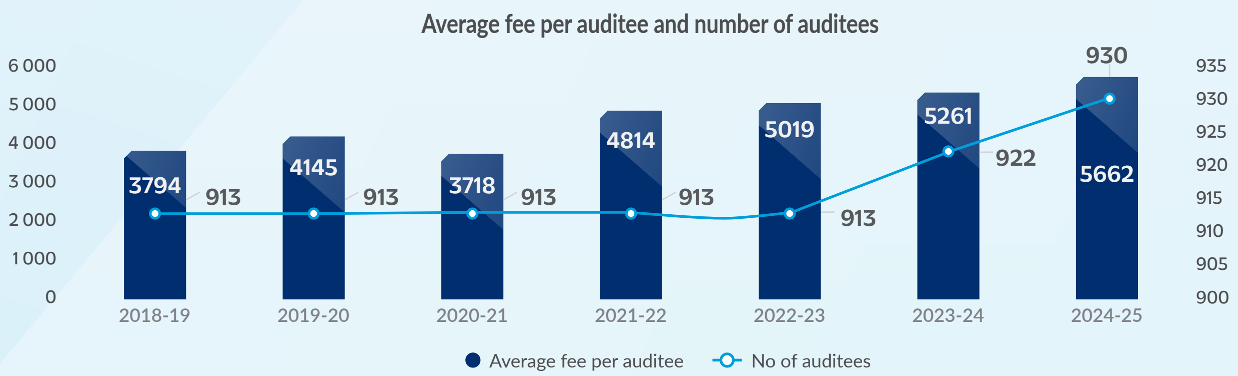
This strategic programme was designed not only to stabilise our financial position but to also enable sustained investment in innovation, digital transformation, and audit excellence.

Our financial performance for the financial year ending 31 March 2025 showed resilience, with all the financial targets either achieved or, in some cases, even exceeded. This despite the prolonged challenging economic conditions. We remain committed to maintaining affordable audit fees, driving efficiencies, and investing in the digital transformation necessary to deliver value for money to our auditees and the public. Therefore, our audit fees are not high by market standards. They constitute 0.2% of total government expenditure. During the year we conducted benchmarking exercise to compare our charge-out rates with private audit firms. The benchmarking shows that our charge-out rates are consistently lower than those of private sector firms, and increases in revenue are primarily due to the expansion of our audit scope, takeback of audits from private firms, and the clearing of backlogs, not above inflation fee hikes. Furthermore, in relation to certain auditees, the poor state of financial management,characterised by irregular expenditure and material misstatements, significantly increases the time and effort required by audit teams to formulate and express an audit opinion. These deficiencies not only complicate the audit process but also place additional strain on resources thus increasing audit hours. Our cost containment and efficiency initiatives, such as resource pooling and the Ahluma programme, have also enabled us to reduce reliance on external contractors and optimise internal capacity, further supporting our financial sustainability.

The results achieved are the outcomes of strategic shift to internalise critical skills, reduce external costs (especially CWC costs), and build a future-ready, digitally enabled audit workforce and cost optimisation coupled with collaborative efforts to drive improved collections and disciplined management practices that are embedded in our business model.


Average hours and average charge out rate per hours
4 100,00
4 000,00
3 900,00
3 800,00
3 700,00
3 600,00
3 500,00
3 400,00
R1 200
R1 000
R800
R600
R400
R200
R0
R781
R819
R844
R889
R930
R982
3665
3795
3737
3795
3959
3999
2019-20
2020-21
2021-22
2022-23
2023-24
2024-25
Hours ('000)
Average tariff


Improved own hours supported by efficiencies on CWC utilisation
10 000
8 000
6 000
4 000
2 000
0
170
586
2728
183
681
2941
101
637
2691
145
974
3269
193
893
3487
222
647
3953
246
638
4378
Act 2018-19
Act 2019-20
Act 2020-21
Act 2021-22
Act 2022-23
Act 2023-24
Act 2024-25
Own hours income
CWC
S&T


Average fee per auditee and number of auditees
6 000
5 000
4 000
3 000
2 000
1 000
0
935
930
925
920
915
910
905
900
3794
913
4145
913
3718
913
4814
913
5019
913
5261
922
930
5662
2018-19
2019-20
2020-21
2021-22
2022-23
2023-24
2024-25
Average fee per auditee
No of auditees

Dealing with threats and intimidation

The AGSA continues to stand firm against threats and intimidation directed at its employees. Proactive risk assessments, training and development of criteria to identify physical hotspots have been introduced to manage risks effectively and to ensure employee safety and support. There has been strong partnership between our security services and the people team this year, including through the employee wellness programme, and this has been invaluable in addressing incidents. Continuous engagement with law enforcement and other safety agencies has ensured swift and effective response.

The complainant satisfaction survey conducted on how well the organisation deals with threats and intimidation resulted in an 80% satisfaction rating, below the corporate scorecard target of 85%-90%. To address this, we have updated our safety and security plan. As part of the updated plan, we are refining the risk and incident reporting tool to remove limitations such as progress reports, real-time reporting and engagements with auditees when incidents are reported. The development of an online security monthly report also began and will be completed within the first half of 2025-26. This more frequent reporting will support the organisation in reporting security matters and help the AGSA to be more proactive in eliminating any safety threats to AGSA employees.

The AGSA continues to stand firm against threats and intimidation directed at its employees. through proactive risk assessments, training and development of criteria to identify physical hotspots.

Conclusion

Among our priorities for the upcoming 2025-26 financial year are the continued implementation of the finance strategy, finalisation of the enterprise and supplier development strategy and execution of the business continuity management plan to ensure organisational resilience. The audit software programme pilot and financial modelling will be monitored to ensure minimal disruption and financial impact. Internally, we will enhance productivity and billing efficiencies while externally, there will be ongoing liaison with National Treasury on funding matters, including dealing with financially distressed auditees, old debt and material irregularity funding.

STRATEGIC GOAL FIVE

Sustainably (Risk management)

KPI	TARGET	ACTUALS	YEAR-END STATUS
% of strategic risks managed (per the ISO31000 standard)	80% – 90%	97%	Higher-achieved
% of people tracking above benchmark relative to target leadership profile	Managed	Level 4 'managed' risk maturity	Achieved
Evaluation of an effective AGSA system of quality management by the auditor-general	Reasonable assurance	'Reasonable assurance' attained	Achieved
% quality control rating achieved	80% – 90%	82%	Achieved
Ethics maturity level	Attain AA rating	AAA ethics maturity rating	Over-achieved

Performance Key (Year-end status) Not achieved Partially achieved Achieved Higher-achieved Over-achieved

Our 2024-25 focus in this area was the enhancement of the organisation's risk and ethics performance, while ensuring compliance with regulatory standards. Doing this successfully involved reinforcing and remediation in the quality management system, improving ethical behaviour across the organisation, addressing risk management concerns and tackling challenges and legal risks.

Management of organisational risk

The organisation scored 97% against the target for strategic risk programme mitigations. The remaining mitigations are primarily technology related and include the development and procurement of a new audit software solution to replace TeamMate and the digitalisation of business processes.

Quality management system

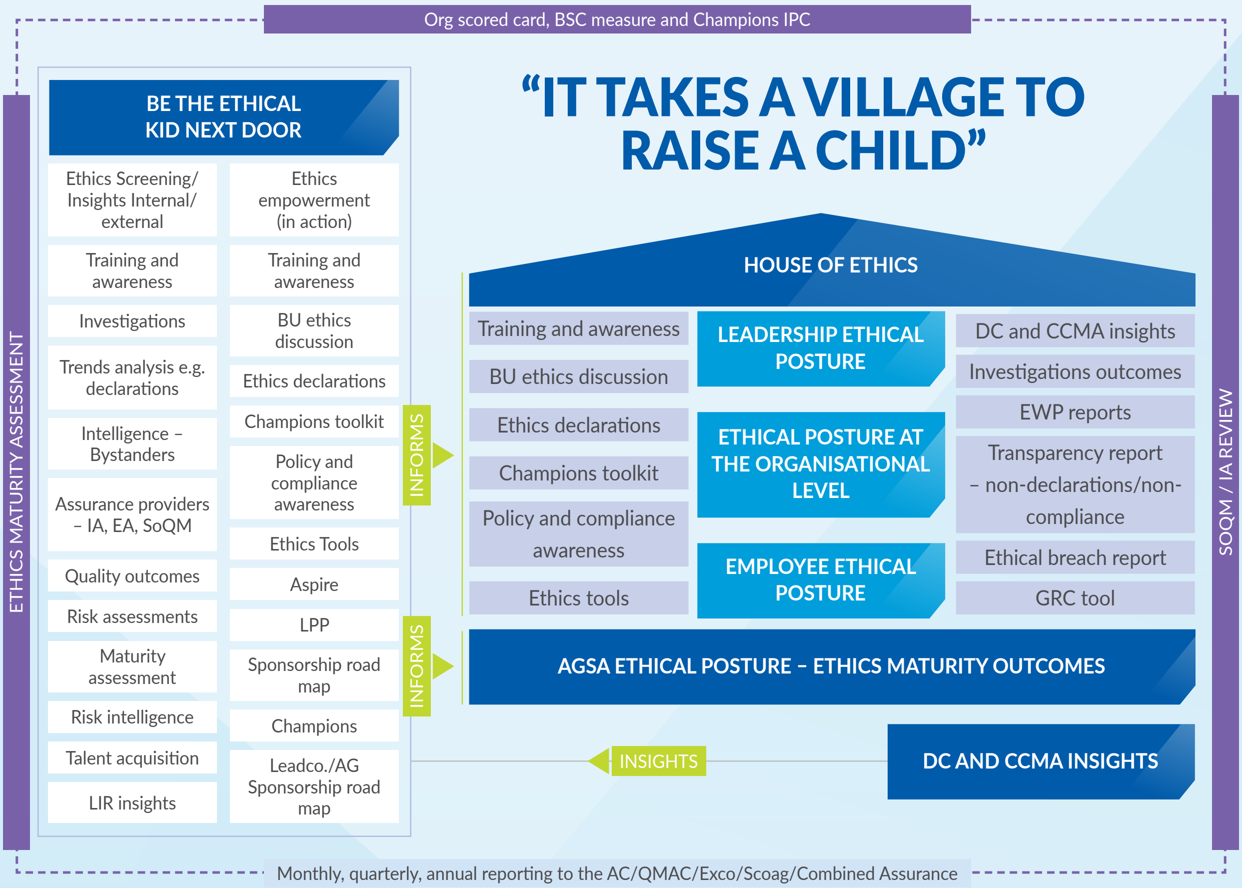
Following a decline in the audit quality score during 2023-24, a detailed remediation process – in line with an effective system of quality management cited in the International Standard on Quality Management – was implemented in 2024-25. A more rigorous root cause analysis was implemented at business units to ensure that remedial actions undertaken are correct and impactful, with actions being leader-led and continuously monitored.

In November 2024, the auditor-general, supported by the quality management assessment committee, finalised the AGSA quality management system evaluation for a second consecutive year and concluded that it provided reasonable assurance that we achieved the objectives of International Standard on Quality Management 1 (ISQM1).

Our ethics maturity

During 2024-25, we attained an AAA score – the highest possible ethical rating and one we are committed to maintaining. The success was attributable to our ethics strategic programme, which improves the effectiveness of ethics management across all business units. The ethics champions model and ethics maturity assessment plan, launched during the year, also made a positive contribution.

A 97,8% score was recorded for the individual annual declaration, a key ethics compliance initiative that confirms employee adherence to ethical standards, policies and procedures.



AGSA ethics framework

Complaints management

We assessed our complaints management process and found that certain areas required improvement. Some gaps identified included delays in finalising complaints, inefficient monitoring controls and some employees not being seriousness about the process. To deal with these, we began the process of developing a complaints management improvement plan, which we will complete during the coming financial year. We also began the work of procuring an automated complaints management system, which will also be in place by the end of our next financial year.

COMPLAINTS IMPROVEMENT PLAN

1. **Drive accountability**
   - Regular team progress meetings
   - Included in complaints team's IPCs

2. **Drive efficiencies in the complaints process.**
   - Differentiation in the application of timelines for different cases

3. **Improve project management of cases**
   - Regular tracking of tasks & activities by team, incl. nudging programme

4. **Improve communication and awareness**
   - Rolling out of stakeholder engagement plans on improvement process

5. **Remove barriers**
   - Implementation of the nudging process.
   - Sponsor proximity

6. **Improve transparency**
   - Stakeholders will access the complaints dashboard remotely

PROBLEM STATEMENT

The CRO portfolio developed and implemented complaints management improvement plan to address gaps noted from the complaints management environment. The improvement plan aims to address the following problem statements:

- Inefficiencies in the complaint management process (resolution timelines)
- Ineffective communication and awareness on complaints management
- Low Stakeholder buy in and prioritisation (Lack of awareness of reputational risk)
- Appeal process is not formally implemented
- Decision tree on cases to be investigated by REBU.

PROGRESS ON IMPROVEMENT PLAN

The following initiatives have been implemented to improve compliant management process:

- Implemented the nudging programme – regular meetings with the DAG to fast-track the report review and approval process.
- Implemented the transparency report to be regularly shared with stakeholders
- Implemented a process to differentiate application of timelines for complex cases and low complex cases.
- Formulated the stakeholder engagement and communication plan
- Designed a BI Management Dashboard with the assistance of the DT business unit, which will be accessible to stakeholders. The dashboard is at the UAT stage.
- Additionally, a service provider has been appointed to complete the development of the Complaints Management System tool, to go live in Nov 2025.

Overview of the complaints management improvement plan

Auditors joining auditees

Auditors joining auditees (AJAs) attracted management attention during the year, due to the reputational risk it presents to the organisation if not properly managed. While the organisation's ethics policy allows for departing audit employees to join AGSA auditees, any employee intending to join an auditee has to declare this, in order for the organisation to implement safeguards and mitigations to both ethical and quality risks. This is because if an employee has an interest in joining an auditee, such interest creates a self-interest threat to his/her independence.

To mitigate the ethical threats, safeguards such as quality review or removal of the employee in question from the specific auditee is necessary. In addition, if an employee has self-interest (intention to join auditee), there is a general perception that such employee might have overlooked some of the audit risks. AJAs also expose the organisation to reputational risk, because auditees or members of the public may question whether that employee gave an auditee a favourable audit opinion in exchange for the appointment.

Internally, we identified some challenges in the management of the AJA process. These included incomplete declarations, ineffective reporting of auditors joining auditees and flaws in risk assessment. During the course of the year, progress was made in closing most of the gaps and better mitigating risks. In addition to this, the 2025-26 financial year will also see the reporting and declarations process automated, as part of making it more efficient and effective.

Litigation

Litigation continues to be a risk area. While the organisation's legal position has been well defended, our work attracts great attention and scrutiny from both our auditees and the public, which requires that we are always highly vigilant.

Audit disputes

Recent history has shown an increased level of litigation among state organs. We are no exception and audit reports have increasingly come under scrutiny where some of our clients were not satisfied with their audit outcomes. To manage this in a constructive manner, we introduced the audit dispute resolution policy in November 2022. The policy facilitates the resolution of audit disputes, MI disputes and category 2 complaints (disputes and complaints and allegations) in line with the provision of the PAA section 13(1)(c) that requires the auditor-general to determine procedures for the handling of complaints when performing audits. Since its introduction, we have been vigilant about implementing the policy properly (as originally intended) to ensure that audit disputes as well as complaints and allegations against the AGSA and its employees referred to in the PAA are dealt with lawfully, transparently and fairly.

During the 2024-25 period, twelve audit disputes were received during 2024-25 period on matters including the validity of audit report qualification and/or material findings. Two disputes were in progress at year-end, one a tier 1, category 2 complaint received on 30 November 2024 on which the AGSA is liaising with the complainant to fully understand the issue and gather all information. The other is an ongoing matter escalated from a tier 1 complaint in January 2025.

The AGSA continues to bolster its dispute resolution processes to address conflicts timeously and effectively. Emphasis is on improving use of internal processes before resorting to external legal avenues.

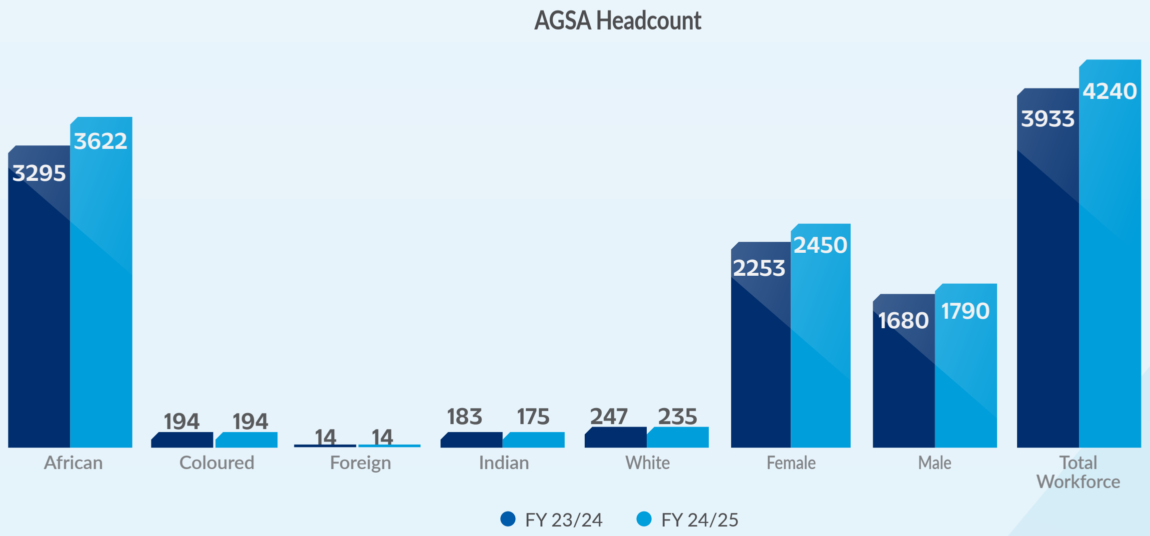
Sustainably (People and culture)

KPI	TARGET	ACTUALS	YEAR-END STATUS
360-degree leadership rating/ leadership confidence indicator	Maintain baseline leadership rating (3,6)	3,9	Achieved
% of people tracking above benchmark relative to target leadership profile	20%	52,77%	Higher-achieved
Culture index	2% increase on baseline	4,62%	Higher-achieved
% of people in top 20th percentile of performers retained	Maintain baseline (94%)	99%	Over-achieved
Achievement of assessment of professional competence pass rate	55%	63% pass rate	Higher-achieved
Improved efficiency and productivity	2,5% increase on baseline	Audit business units: target occupancy: 90% Actual occupancy achieved: 99,23% Support business units (including specialised audit services): target occupancy: 85% Actual occupancy achieved: 97,27%	Achieved

Performance Key (Year-end status) Not achieved Partially achieved Achieved Higher-achieved Over-achieved

In 2024-25, we emphasised leadership sustainability and operational efficiency in pursuit of our people-related #cultureshift2030 targets. Our priorities included improving productivity by unlocking internal capacity, enhancing internal organisational culture and deepening leadership capability. We channelled resources towards the intake of young professionals, targeted investments in professional competence development, fortifying our leadership pipeline and holistic employee wellbeing. The outcomes of this included an improvement in our professional competence pass rate, a high retention rate for high-performing employees and an increase in our organisational culture index score.

AGSA workforce profile

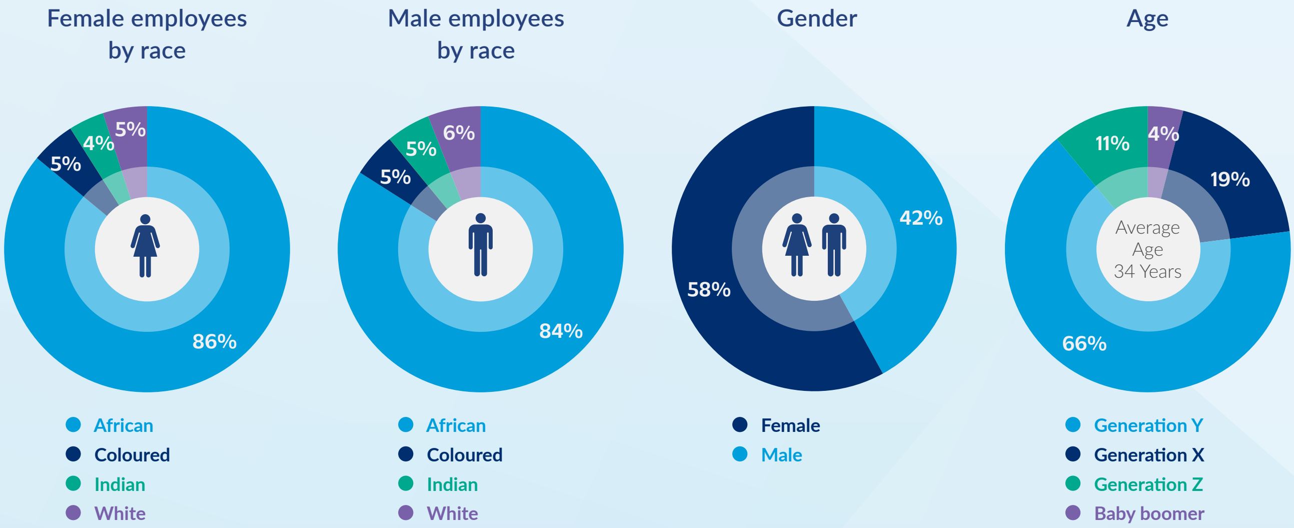


The AGSA workforce grew by 7,8% during the 2024-25 financial year to 4 240 employees. This was a deliberate move and historically, AGSA relied on Contract Work Creditors (CWC) to supply audit staff, often at a premium. By retaining trainees' post-articles and creating the Ahluma centre, AGSA now deploys these skilled professionals internally, reducing reliance on external firms and capturing value that would otherwise be lost to private audit firms. Staff pooling (resource pooling) across audits, especially during the MFMA cycle, has improved productivity, reduced CWC costs, and enabled national staff to support provincial business units. The growth in support staff is driven by investments in digital transformation, including the Digital Analyst Academy and fixed-term contracts for digital projects. This has enabled efficiencies through data driven audits, lowered the costs of doing the audits and has improved productivity.

Number of audit professionals

	Total		ACCA		Saiga		Cisa		Saica		ACFE and ICFP	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
African	592	790	8	11	152	194	24	51	404	522	4	12
Coloured	49	43	1	1	12	5	5	1	31	35	0	1
Foreign	6	5	3	3	0	0	0	0	3	2	0	0
Indian	64	49	2	5	21	9	4	1	37	34	0	0
White	92	192	2	4	42	21	10	3	38	164	0	0
Total	803	1079	16	24	227	229	43	56	513	757	4	13
March 2025	1882		40		456		99		1270		17	
March 2024	1646		41		450		80		1045		25	

Workforce breakdown



Organisational culture

We exceeded our 2024-25 AGSA culture index target, with 4,62% against the target of 2%. Five out of six culture survey dimensions measured showed growth, confirming the AGSA's strong performance orientation, with focus on excellence and accountability. Notably, there was a rise in the organisational culture categories focused on collaboration and people-centric practices, boding well for our work of creating a more inclusive and supportive workplace culture.

The 2024 employee engagement and culture survey assessed the involvement, enthusiasm and commitment of AGSA employees and provided insights on both culture successes and challenges. Based on the survey results, there were concerns around barriers to a diverse and inclusive culture and employee wellbeing. In the coming year, more attention will be dedicated to the employee experience, specifically among middle management.

Leadership development

The leadership development academy, launched in January 2025, now governs the AGSA leadership curriculum, including masterclasses, mentoring, onboarding, immersion experiences and coaching pipelines.

In the year under review, 312 employees (from assistant managers to executives) participated in structured transition programmes with the flagship executive transition programme launching in partnership with Henley Business School. This features an action learning project, through which executives solve real business challenges while applying classroom insights. We also had more than 200 senior leaders and managers participated in two masterclasses ('understanding strategy' and 'understanding culture').

Young professionals

The AGSA young professionals programme remains integral to the talent and transformation strategy, with its objective of developing future-fit leaders for the organisation and the public sector. Over the last few years, we have redesigned the programme to have more targeted recruitment, focused management and personalised support; all of which have helped the organisation to produce stronger exam outcomes and better professional development.

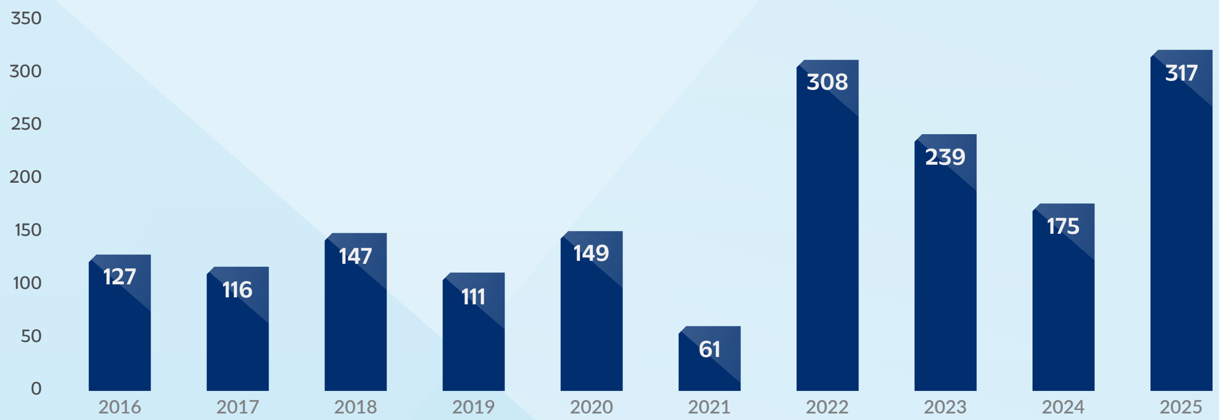
A measurable improvement was recorded for professional exam performance, with a 51% pass rate in the initial assessment of competence in January 2025 of 281 AGSA candidates (up from 48% in 2024). New recruits (2025) achieved a 66% pass rate, higher than our set organisational targets.

Exam sitting	January 2025 initial assessment of competence	January 2024 initial test of competence	January 2023 initial test of competence
AGSA candidates registered	281	211	309
AGSA candidates passed	144	101	163
AGSA pass rate	51%	48%	53%
National South African Institute of Chartered Accountants (Saica) pass rate	70%	67%	75%
National Saica African pass rate	64%	59%	67%

In the assessment of professional competence, the AGSA achieved a 63% pass rate	APC results	2022	2023	2024	2025
	SAICA overall pass rate	72%	58%	52%	73%
	SAICA African pass rate	62%	45%	39%	66%
	AGSA pass rate	57%	41%	34%	63%
	# of AGSA candidates passed	308	239	175	317

A total of 317 AGSA candidates passed, pushing the organisation's lifetime CA(SA) contribution to 2 218 professionals. The first-time pass rate for assessment of professional competence improved to 63%, demonstrating the effectiveness of refined recruitment and CTA preparation strategies. AGSA efforts were further supported by a partnership with the Financial and Accounting Sector Education and Training Authority, which expanded assessment of professional competence support and removed financial barriers for candidates.

Number of CAs(SA) produced over the last 10 years



Employee wellbeing

The purpose of our holistic wellbeing and safety is to enable a thriving, resilient, healthy, and safe AGSA workforce. The mental health and wellbeing of our people is critical for maintaining sustainable levels of employee engagement and resilience amid ongoing organisational and environmental pressures. By adopting an integrated approach to employee wellness, we realise positive impacts on both productivity and overall business performance.

Our multi-pronged wellness initiatives, underpinned by a proactive approach, significantly outperformed sector benchmarks demonstrating our commitment to integrated wellbeing and sustainable people practices.

During the year, the organisation recorded a quarterly Employee Assistance Programme (EAP) engagement rate of 47%, more than three times the sector benchmark of 14.7%. This upward trend reflects our proactive model which encourages early support-seeking behaviour rather than reactive crisis response. Presenting issues ranged from stress, anxiety, bereavement, and financial strain underscoring the real-life pressures our people face. Life threat cases remained below the sector norm (3.2% vs. 6.2%) due to early identification and support.

Transformation

The AGSA attained a broad-based black economic empowerment level of Level 1.

As we concluded year three of the five-year employment equity plan, it was notable that our female representation was at 58%, compared to the country's economically active population 44,6%. Males make up 42%, lagging behind the national average of 55,4%. This area will remain a focus for the organisation, to get the organisation in line with national figures. Another area of improvement is the under representation of African females at executive and senior management. Similarly with the number of Coloured and Indian males as well as females at other levels. Addressing these areas of concern is important for both the organisation's compliance with the amended Employment Equity Act (which states that designated employers must align their employment equity plans with newly gazetted five-year sector targets by 31 August 2025) and its own transformation principles.

Persons with disabilities

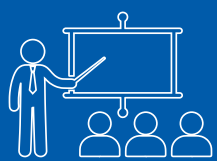
The representation of persons with disabilities remains below the 2% target, ending the year at 63 employees (1,5%). We are exploring potential partnerships with Disability Info South Africa (Disa) and the National Council for Persons with Disabilities to access comprehensive databases of qualified persons with disabilities and leverage the platforms of these organisations to advertise work opportunities more effectively.

CSI highlights

Joined hands with **Childhood Cancer Foundation South Africa** to make a meaningful impact on **Mandela Day.**

Provided prompt **support and hope to families** affected by disasters such as **flooding** in oThongathi (KwaZulu-Natal) and uMdantsane (East London).

On 16 September 2024, presented **mathematics study guides** to grades 10 to 12 pupils at under-resourced Palmridge Secondary School.



Partnered with **ProMaths to improve mathematics and physical science** results for high-school pupils in underprivileged communities.

Employee relations

The AGSA is proactive in employee relations issues, which fosters a positive workplace culture. By identifying and dealing with causes of misconduct, we not only prevent future occurrences but promote employee transparency, care, trust and accountability.

Thirteen employee relations disputes were referred to the Commission for Conciliation, Mediation and Arbitration (CMMA) in the review year, seven more than in the previous financial year. Six cases are ongoing.

Commission for Conciliation, Mediation and Arbitration disputes by outcome		
Outcome	Year-end report 2024-25	
	Total	%
Settled	2	15,38%
Withdrawal by applicant	3	23,08%
Ongoing	6	46,16%
No arbitration referral	2	15,38%
Total	**13**	**100%**

STRATEGIC GOAL SIX

Efficiently

Intent

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

KPI	TARGET	ACTUALS	YEAR-END STATUS
Project portfolios return on investment	Achieve 60% – 75% in-year benefits (as outlined in the exco-approved benefits realisation plan, focused on portfolio of strategic initiatives)	Most key business systems are being implemented only in 2025-26, when their benefits will become apparent	●
% implementation of exco-approved audit software project plan	Audit process management	Project pilot launch for was finalised by year-end	●
	Audit portfolio management	Auditee database and integration pilot finalised	●
	AGSA Kopano	AGSA Kopano pilot phase 1 went live on 1 March 2025	●
% implementation of exco-approved enterprise resource planning roadmap	80% – 100% implementation of enterprise resource planning readiness initiatives (process re-engineering and data clean-up)	100%	●
% implementation of intelligent automation roadmap	80% – 90%	Targeted automations for the year rolled out to business	●
% over-expenditure on capital expenditure project costs	5% (maximum)	The capital expenditure was within budget	●
Data/system recovery time on critical systems	100% compliance with service level agreement and disaster recovery plan	Service level agreement compliance: 87,04% Cybersecurity plan: 83%	●

Performance Key (Year-end status) ● Not achieved ● Partially achieved ● Achieved ● Higher-achieved ● Over-achieved

In 2024-25, our priority with regards to digital transformation was the flagship audit software programme (ASP), which is now at pilot stage. We continued the intelligent automation work that was initiated in 2023-24, developing and deploying robotics to create process efficiencies in the business areas of finance, people and audit support. Cybersecurity is paramount given the escalation of cyber attacks in the public sector. In September 2024, the information and cybersecurity plan was approved, outlining 26 initiatives for the year. Of these, 19 (73%) were implemented as planned, four (15%) are in progress and three (12%) were deferred/not required for this financial year. Organisation-wide user and business unit awareness is paramount managing cybersecurity.

We also continued the infrastructure modernisation project, focused on refreshing old and dated infrastructure in implementing the AGSA-specific private cloud. The project is a key dependency for the audit software programme and the digital transformation journey. Essential systems such as TeamMate, Draftworx and Impilo are now running on the new environment, while data from all business have been migrated to the new environment. Benefits are up-to-date infrastructure, better system uptime and shorter recovery times after an outage.

Audit software project

We made significant progress on our flagship digital transformation journey, namely the audit software project. This project promises to enable more efficient, effective and insightful audit insights. In the period under review, we successfully executed the preparations of the programme and advanced it to its pilot stage. As such we were successful at meeting our targets across the three projects that form part of the ASP: audit process management, audit portfolio management and AGSA Kopano (a project through which we seek to provide a fast, efficient and secure information sharing platform at every stage of our audits and automates communication between us and our auditees).

Capex

The bulk of our capital expenditure (capex) is allocated to our digital transformation journey and the organisation met its capex requirements for the financial year. Strategic investment in capital expenditure is central to the AGSA's self-funded, independent funding model. The financial capabilities we've built enabled the AGSA to fund multi-year digital transformation initiatives, modernise audit processes, and invest in its people, ensuring that the institution remains productive, efficient, and future-ready. These investments are key to our digital transformation agenda.

Benefits realisation

A benefits realisation culture is being developed across the organisation, but early benefits are already evident. The year under review initially saw us experience challenges with how to go about tracking the benefits of our various digital projects. This gave impetus to the work of defining clear, measurable benefits, devising tracking tools and mechanisms for tracking and institutionalising benefits realisation processes to ensure consistency and maturity across initiatives. As a result of this work, the organisation is now well positioned to track project benefits in a consistent and ongoing manner.

Projects at the benefits realisation phase

PROJECT
Data Snipper
STAGE OF THE PROJECT
BENEFITS REALISATION

4 951 hours saved in the year under review. There is an opportunity to improve adoption in some teams to further increase productivity gains

PROJECT
LinkedIn
STAGE OF THE PROJECT
BENEFITS REALISATION

96% activation rate by end-March 2025, with 4 047 of AGSA employees having completed courses on the platform. LinkedIn Learning has brought direct cost reductions and additional savings have been made in accommodation, transport and catering costs associated with training sessions

PROJECT
Impilo
STAGE OF THE PROJECT
YEAR ONE OF IMPLEMENTATION

The immediate benefit was a **significant reduction in audit hours (24,73%)**, which can be reallocated for other types of audits or reduction of audit hours for the long term. Long-term benefits also include containing audit costs

PROJECT
Infrastructure modernisation
STAGE OF THE PROJECT
IMPLEMENTATION

Early benefits observed through **cost savings from migrating data storage** from external providers to the AGSA cloud

PROJECT
Robots and applications
STAGE OF THE PROJECT
BENEFITS REALISATION

Significant efficiencies achieved through automation

Enterprise resource planning and intelligent automation roadmaps

A comprehensive data cleansing strategy and roadmap to enhance data quality and integrity kicked off in 2024-25. Since then, the PeopleSoft enterprise resource planning human resources module has been carried out, with completion earmarked for 2025-26.

Twenty automations were completed during 2024-25, comprising 12 apps and eight bots. The benefits of these automations will begin being tracked during the 2025-26 financial year.

We made significant progress on our flagship digital transformation journey, namely the audit software project.

Conclusion

The strategic initiatives undertaken to date have positioned the AGSA for digital transformation success. Our ongoing commitment to data integrity, cost optimisation and cybersecurity ensured that we not only implemented planned digital projects, but that we did so in a manner that was cognisant of inherent digitisation risks. Going forward, effective resource management, change management and leadership support will remain priorities. In the coming financial year, we will continue to roll out other elements of our digital programme, including technological infrastructure modernisation and a position and plan on artificial intelligence.

6

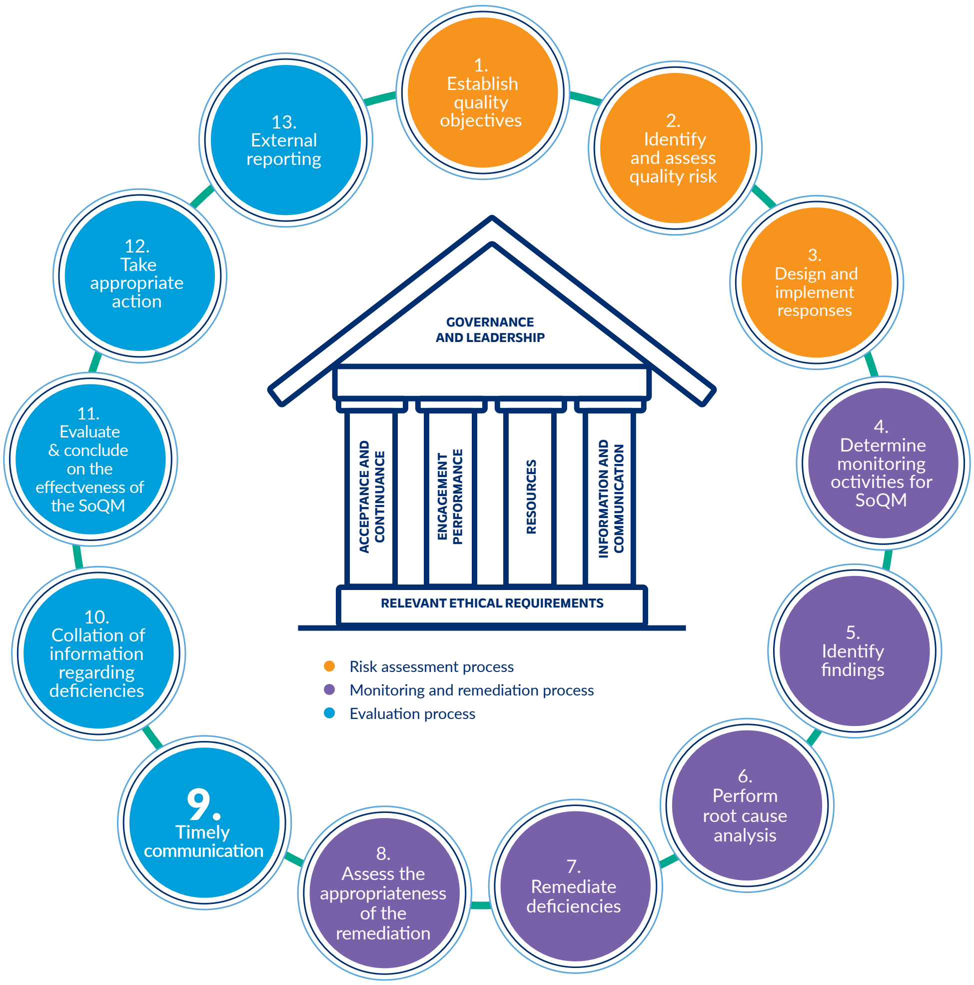
Governance and accountability reports

Auditor-general's report on the evaluation of the AGSA's system of quality management as of 22 November 2024

Introduction

1. In line with paragraph 13 of the International Standard on Quality Management (ISQM)1 standard[1], the annual evaluation of the AGSA's SoQM, was performed on 22 November 2024.
2. This report supports the communication requirements of paragraph 33 (d) (ii) of the ISQM 1[2].
3. I am pleased to report on the conclusion reached from my evaluation of the AGSA's system of quality management, as required by the standard.
4. The system of quality management has been designed and operates as follows:

Design and operation of the system of quality management



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

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

Responsibilities of the Auditor-General (AG) and Deputy Auditor-General (DAG) for the Auditor-General of South Africa's System of Quality Management

5. As the auditor general, I assume ultimate responsibility and accountability for the AGSA's SoQM in line with the AGSA's audit mandate from the Public Audit Act 25 of 2004 (PAA).
6. The deputy auditor general, who has a direct line of communication with me, is assigned operational responsibility. The deputy auditor general has, in turn, assigned certain operational responsibilities for the components of the SoQM to individuals with sufficient and appropriate experience and knowledge as well as the necessary authority to assume the operational responsibilities.

Evaluating the operating effectiveness of AGSA's system of quality management

7. Paragraph 53 of the standard states "The individual(s) assigned ultimate responsibility and accountability for the system of quality management shall evaluate, on behalf of the firm, the system of quality management. The evaluation shall be undertaken as of a point in time and performed at least annually".
8. In line with the guidance provided in the standard[8], I evaluated the AGSA's system of quality management, supported by the Quality Management Assessment Committee, on 22 November 2024.
9. In evaluating the SoQM, we considered the outcomes from the monitoring and remediation process. In using the results, the following was taken into account:
   - The severity and pervasiveness of identified deficiencies, and the effect on achieving the SoQM objectives
   - Whether remedial actions have been designed and implemented by the firm, and whether the remedial actions taken up to the time of the evaluation are effective; and
   - Whether we have appropriately corrected the effect of the identified deficiencies on the SoQM.

The conclusion reached on the evaluation of the SoQM

10. Based on the evidence considered, I am satisfied that the AGSA's SoQM provides the firm with reasonable assurance that:
    - The AGSA and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
    - Engagement reports issued by the AGSA or engagement managers or any other delegated signatories are appropriate in the circumstances.

Context for the conclusion

11. In discharging my allocated responsibilities of ultimate accountability and responsibility for the AGSA's SoQM,
    - I considered the committee's recommendation, as resolved at the QMAC meeting held on 22 November 2024.
    - Applied my professional judgement on the supporting evidence submitted from the AGSA's quality management processes.
12. I believe that the SoQM evidence I have received is sufficient and appropriate to provide a basis for my conclusion.

Tsakani Maluleke
Auditor-General

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

Remuneration committee report

The remuneration committee is an advisory committee of the auditor-general operating in accordance with its approved terms of reference. The committee provides strategic guidance on remuneration, performance-related rewards and other people-related matters to ensure alignment with the organisation's mandate, financial sustainability and employee value proposition. This report outlines the committee's key deliberations, decisions and achievements for the year under review.

Remuneration committee membership and meetings

The remuneration committee consists of the following members:

Member	Committee position
Tantaswa Fubu	Chairperson
Sifiso Cele	Deputy Chairperson
Nazlie Samodien	Member
Vonani Chauke (Deputy auditor-general)	Member

During the financial year, the committee held three formal meetings and one workshop:

- 12 March 2024
- 26 November 2024
- 4 March 2025
- Workshop: 27 May 2025 (focusing on auditor-general benchmarking, exco job grading outcome conducted by 21st Century, performance bonus market percentage benchmarking exercise, AGSA employee benefits broker and the people strategy roadshow). Members in attendance included independent and internal representatives, who provided oversight and strategic input on several remuneration and people practices.

Key matters considered

Performance-based salary increase model

The committee recommended the adoption of a performance-based salary increase model to replace the previous cost-of-living adjustment approach. The new model differentiates increases based on:

- individual performance contract scores
- salary positioning on the pay scale (compa-ratio)
- employee categories (general staff vs heads of portfolios and above).

The recommended increases were:

- 5% average for general employees
- 4.5% average for heads of portfolio and above.

This model supports the AGSA's performance culture while maintaining fiscal prudence. The proposal was confirmed to be within the approved salary budget, with liquidity and sustainability affirmed by finance. The committee highlighted the importance of effective internal and external communication of the new model and requested further refinement of policy language to ensure clarity, sensitivity to exceptional circumstances and long-term applicability.

Benchmarking and engagement with the Independent Remuneration Commission

The committee prioritised the benchmarking of the auditor-general's remuneration against appropriate comparators such as the Development Bank of Southern Africa and the Public Investment Corporation. It emphasised the importance of engaging the Independent Remuneration Committee in the Presidency before March 2025 to discuss outcomes from the 21st Century benchmark report. This engagement was deferred due to the impending expiry of the contract term in March 2025.

Revised auditor-general remuneration benchmarking

An independent benchmarking review of the auditor-general's remuneration was conducted by 21st Century. The role was assessed against Chief Executive Officer positions across both public and private sectors, including state-owned entities, relevant Chapter 9 institutions and large audit firms. The committee proposed a revised 70:30 public-private weighting ratio to ensure greater consistency with broader executive benchmarking practices. The committee also discussed the structure and purpose of the auditor-general's end-of-term payment and queried whether it aligns with long-term incentive principles. Concerns were raised about the absence of discounting to present value and the lack of formalised governance rules for such incentives. As a result, the committee resolved to finalise the benchmarking exercise with a summary of principles to guide future engagements with the Independent Remuneration Commission, refine the long-term incentive descriptor and governance framework and adopt the proposed 70:30 ratio in future benchmarking deliberations.

Executive job grading outcomes

The committee reviewed the executive job grading outcomes provided by 21st Century, which covered five senior roles: chief financial officer, chief people officer, chief technology officer, chief risk officer and head of specialised audits. The exercise aimed to find greater alignment between job titles and grading levels to enhance clarity and organisational coherence. The committee resolved to note the findings of the grading exercise, commission a revised process, involve the deputy auditor-general in future evaluations and ensure consistent alignment between job titles and finalised grades.

Employee benefits broker appointment

During the reporting period, the AGSA appointed a new employee benefits broker for a five-year term. This marked a strategic shift from a fragmented service model to a fully integrated, data-driven approach. The new model is designed to enhance employee experience and support evidence-based and timely decision-making through advanced analytics and align with the objectives of #cultureshift2030 strategy. The broker is expected to deliver a comprehensive and agile solution that not only meets the evolving needs of the organisation but contributes to the AGSA goals of influence, insight and operational efficiency. The committee welcomed the appointment and acknowledged its strategic importance in supporting employee wellbeing and enabling long-term organisational sustainability.

Implementation leadership DNA and internal culture

The committee noted progress made on the rollout of the leadership DNA and its integration into individual personal development plans and organisational key performance indicators. However, it emphasised the importance of tracking employees' lived experiences through 360-degree feedback and surveys to measure internal culture shift and leadership accountability.

Organisational wellness and talent

The committee supported initiatives to embed wellness as a strategic priority. The appointment of a benefit broker was noted as a key step in benchmarking and enhancing employee offerings. The committee encouraged continued progress on the wellness strategy and tracking of outcomes. Additionally, emphasis was placed on developing retention strategies for consistently high-performing employees.

Governance and reporting

The committee approved the remuneration report presented by management, noting the need for future enhancements to integrate environmental, social and governance considerations. This aligns with the planned finalisation and integration of the social and ethics committee into the governance framework, without altering the remuneration committee's advisory role.

Performance bonus recommendations (2024-25)

Bonus proposals for 2024/25 were deliberated. The organisation met all criteria for bonus eligibility as per the approved remuneration philosophy:

- an overall performance rating of 'achieved'
- financial and business scorecard targets met
- availability of sufficient cash reserves.

The committee noted exco recommendations and supported performance bonus payment within the approved reward framework.

Resolutions and recommendations

The committee made the following recommendations to the auditor-general:

- approval of the performance-based salary increase model to be implemented in 2025/26
- continued benchmarking and engagement with the Independent Remuneration Commission on auditor-general remuneration,
- finalisation and implementation of the wellness strategy, including a holistic benefits review
- approval of performance bonuses for 2024/25.

Conclusion

The remuneration committee is satisfied with progress in strengthening remuneration practices that support a high-performance and values-driven culture. The committee reaffirms its commitment to sound governance, fairness and alignment between organisational sustainability and employee recognition.

Tantaswa Fubu
Chairperson

Audit committee report

Introduction

This report of the audit committee (the committee) is prepared and based on the requirements of section 40 (6) (a) of the Public Audit Act 25 of 2004 (PAA), as well as its terms of reference, reviewed and approved on an annual basis.

According to principle 15 of the King IV code of governance, the governing body should ensure that assurance services enable an effective environment, and that these support the integrity of information for internal decision making and of the organisation's external reports.

The committee is pleased to present its report for the 2024-25 performance year to the Standing Committee on the Auditor-General (Scoag) and all other stakeholders of the Auditor-General South Africa (AGSA).

Committee governance

The committee is a statutory oversight structure, constituted in terms of section 40 of the PAA. The committee is accountable to the auditor-general (AG) and Scoag.

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

The committee's terms of reference, which are reviewed annually and approved by the AG, in line with best practices, outline its processes and responsibilities. Furthermore, the committee annually draws up an annual work plan that directs its activities.

The committee conducted its affairs and discharged its responsibilities to enable it to conclude, as outlined in its activities below, that for the reporting period:

- The system of internal control over financial reporting was adequate and operated effectively;
- Risk management policies, systems and processes were adequate and effective;
- The finance department has the required skills, competence and capacity to perform its duties;
- The oversight responsibilities are adequately discharged in respect of the integrated annual report (IAR);
- The system of internal audit is adequate to provide the committee with the required assurance on the internal control; and
- The combined assurance model was implemented adequately.

Activities of the committee

Details of the activities are summarised under the headings set out below:

External audit and evaluation of the annual financial statements

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

The committee:

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

The committee is satisfied with the oversight given to the audit process and the outcomes and therefore recommended to the DAG and AG to sign off on the IAR.

Internal audit

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

- reviewed and approved the annual internal audit plan and the audit charter;
- evaluated the independence, effectiveness and performance of the internal audit function and the effectiveness of the chief audit executive;
- considered reports from the internal audit function on the internal audit work performed throughout the year and their annual written assessment;
- met separately with the internal auditors in the absence of management to ascertain that the independence, quality, credibility, and effectiveness of the internal audit process was maintained and received confirmation that no restrictions were placed on them with regard to the audit.

The committee is assured that based on the work undertaken during the 2024-25 financial year, the system of internal control, risk management and governance at the AGSA is adequate and effective. There has been an improvement in the overall control environment compared to prior years; however, the inherent risk around IT security environment requires continuous improvement.

Risk management

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

The committee exercised oversight on:

- the strategic risks of the organisation, where it monitored the implementation of the mitigations agreed with management to manage the risks to an acceptable level;
- the assurance received from the internal auditors on the risk management function, financial and internal control environment, including fraud risk and compliance management systems; and
- the status on the organisation's ethical posture, where it monitored the status of AGSA's code of ethics and policies regarding gifts, conflict of interest, fraud and whistle-blowing.

Furthermore, the committee:

- reviewed and approved the strategic risk profile and the combined assurance plan for application in the 2025-26 performance period, as well as the strategic risk profile and the risk appetite statement for the period under review;
- monitored the organisation's performance in relation to the appetite measures defined for the 2024-25 financial period, and received assurance in line with the 2024-25 combined assurance plan, ensuring that assurance is obtained for all material risk areas, and that assurance by the different assurance providers is adequate;
- reviewed issues raised by the internal audit function and the corrective action committed to and undertaken by management to address the associated exposure.

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

Assessment of the finance function and the chief financial officer

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

Other focus areas

During the 2024-25 period, the committee was bolstered with an additional member with IT and digitalisation expertise, which allowed the committee to better navigate the cybersecurity environment. The committee continued to support the executive committee in the ongoing implementation of the #cultureshift2030 strategy.

Conclusion

The committee concludes that the system of internal control over financial reporting and risk management as well as the combined assurance processes of the AGSA are adequate and operating effectively. The Committee will again in the coming year, focus on the IT environment to ensure the risks are appropriately managed.

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

Grathel Motau
Chairperson

Independent auditor's report to Parliament

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Auditor-General of South Africa (AGSA) as set out on pages 121 to 164, which comprise the statement of financial position as at 31 March 2025, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the AGSA as at 31 March 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA).

Basis for opinion

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

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

We determined materiality for the financial statements as a whole to be R100 million, which is based on 2% (rounded) of revenue. We have identified revenue as a stable and reliable indicator of the AGSA's financial performance and as the most appropriate benchmark because in our view it reflects the focus placed by the users of the financial statements on the level of activity of the AGSA. We have consistently used revenue to determine materiality as opposed to profit-based benchmarks as the AGSA is not primarily a profit driven institution. The 2% threshold selected is based on our professional judgements considering qualitative factors affecting the AGSA.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Expected credit losses on trade receivables	
As at 31 March 2025 gross trade receivables amounted to R1.3 billion against which an expected credit loss (ECL) of R241 million has been recorded. Trade receivables are a significant balance in the financial statements and are subject to estimation uncertainty. Under IFRS 9, the entity applies the simplified approach to measure lifetime expected credit losses (ECLs) for trade receivables. This involves the use of a provision matrix, which requires judgment in determining historical loss rates, segmentation of receivables, and adjustments for forward-looking information. Given the significance of the balance, complexity and subjectivity involved, this area was considered a key audit matter. Refer to note 1.4; 5 and note 26.2 to the annual financial statements for the related disclosure. No material differences were noted.	Our audit procedures included: • Evaluating the design and implementation of controls over the ECL calculation. • Assessing the appropriateness of the provision matrix, including how receivables were grouped and historical loss rates were derived. • Testing the accuracy and completeness of the underlying data used in the model. • Reviewing the forward-looking adjustments applied and assessing their reasonableness in the context of current economic conditions. • Testing the mathematical accuracy of the provision matrix and recalculating the expected credit loss. • Evaluating the adequacy of disclosures in the financial statements in accordance with IFRS 7 and IFRS 9.
Intangible assets under development	
As at 31 March 2025 intangible assets amounted to R158 million and included intangible assets under development of R108 million. The AGSA has capitalised significant costs related to intangible assets under development, primarily software and technology platforms. The capitalisation of these costs requires management to exercise judgment in determining whether the criteria under IAS 38 Intangible Assets have been met. This includes assessing the technical feasibility, intention to complete, and the ability to generate future economic benefits. Additionally, intangible assets under development are subject to impairment testing under IAS 36 Impairment of Assets. This involves estimating future cash flows, discount rates, and other assumptions, which are inherently subjective and complex.	Our audit procedures included: • Evaluating management's assessment of the capitalisation criteria. • Testing the accuracy and completeness of costs capitalised by inspecting supporting invoices and time records. • Assessing the design and implementation of controls over the capitalisation process. • Reviewing impairment models for assets under development, including the reasonableness of key assumptions such as growth rates, discount rates, and expected future cash flows. • Assessing the methodology and assumptions used in impairment testing. • Evaluating the adequacy of disclosures in the financial statements regarding the capitalisation and impairment of intangible assets.

Given the materiality of these assets and the level of judgment involved, we considered this area to be a key audit matter. Refer to notes 1.3 and 3 to the annual financial statements for the related disclosure. No material differences were noted.	
Reassessment of lease	
As at 31 March 2025 the Lease liability and Right-of-use asset included an adjustment of R391 million for a reassessment of a lease. During the year, the AGSA reassessed the lease term of a lease contract following decisions to exercise extension options previously not included in the lease term. Under IFRS 16, such changes require remeasurement of the lease liability and corresponding adjustment to the right-of-use asset. This process involves significant judgment in determining whether the extension represents a lease modification or a reassessment, and in estimating the revised lease term and discount rate. Given the material impact on the financial statements and the complexity of the accounting treatment, we considered this a key audit matter. Refer to notes 1.8; 4 and 10 to the annual financial statements for the related disclosure. No material differences were noted.	Our audit procedures included: • Evaluating management's assessment of whether the lease extension constituted a modification or a reassessment under IFRS 16. • Reviewing the updated lease terms and extension clauses in the lease agreements. • Assessing the appropriateness of the revised discount rates applied in the remeasurement. • Testing the accuracy of the remeasurement calculations for lease liabilities and right-of-use assets. • Reviewing the related disclosures in the financial statements for adequacy and compliance with IFRS 16.

Other information

The deputy auditor-general (DAG) is responsible for the other information. The other information comprises the information included in the document titled "Integrated Annual Report 2024-25" which includes the Performance Reports and the Governance Reports of the AGSA. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the deputy auditor-general and the audit committe

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the AGSA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the DAG.
- Conclude on the appropriateness of the DAG's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the AGSA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained to the date of our auditor's report. However, future events or conditions may cause the AGSA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the DAG and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the DAG and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the DAG, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Audit Tenure
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Crowe JHB has been the auditor of the AGSA for eight years.

Independent auditor's reasonable assurance report to Parliament on performance against predetermined objectives

We have undertaken a reasonable assurance engagement on the report of performance against predetermined objectives of the AGSA for the year ended 31 March 2025, as set out on pages 58 to 97, of the Integrated Annual Report 2024-2025.

The deputy auditor-general's responsibilities

The DAG is responsible for the preparation and presentation of the report on performance against predetermined objectives as required by the PAA, and for such internal controls as determined necessary to enable the preparation of a report on performance against predetermined objectives that is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We are independent of the AGSA in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing assurance engagements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing assurance engagements in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

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

Auditor's responsibility

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

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the measurement of performance against predetermined objectives and related disclosures in the report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the report on performance against predetermined objectives, whether due to fraud or error.

In making those risk assessments we have considered internal control relevant to AGSA's preparation of the report on performance against predetermined objectives. A reasonable assurance engagement also includes:

- Evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used and the reasonableness of estimates made by AGSA;
- Assessing the suitability in the circumstances of AGSA's use of the applicable reporting criteria as a basis for preparing the selected information; and
- Evaluating the overall presentation of the performance against predetermined objectives.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Assurance work performed

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

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

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

- Shift public sector culture
- Insight
- Influence
- Enforcement
- Efficiently
- Sustainability

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

Usefulness of information

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

Consistency: Objectives, indicators and targets are consistent between the 2024-2027 Strategic plan and budget and the 2024-2025 IAR as required by the Public Audit Act.

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

Relevance: The indicators relate logically and directly to aspects of the AGSA's mandate and the realisation of strategic goals and objectives, as required by the Public Audit Act and the 2024-2027 Strategic plan and budget tabled in Parliament.

Reliability of information

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

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

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

The audit involves performing procedures to obtain audit evidence about the usefulness of the annual performance report and reliability of the objectives as set out in the annual performance report. The procedures selected depend on the auditor's judgement, including our assessment of the risks of material misstatement of the annual performance report. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some, even material, misstatements may not be detected, even though the audit is properly planned and performed in accordance with the ISAE 3000 (Revised). The procedures performed include the following:

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

Reasonable assurance opinion

In our opinion, the report on performance against predetermined objectives for the year ended 31 March 2025 is prepared, in all material respects, in accordance with the requirements of the PAA.

Gary Kartsounis
Partner
Registered Auditor
31 July 2025
Rivonia

Independent assurance practitioner's limited assurance report to Parliament on selected key sustainability indicators

Report on Selected Key Sustainability Indicators

We have undertaken a limited assurance engagement on selected key sustainability indicators, as described below, and presented in the 2024-25 Integrated Annual Report of the Auditor-General South Africa (AGSA) for the year ended 31 March 2025 (the Report).

Subject matter

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

Category	Key Sustainability Indicators	Scope of Coverage
Economic	Application of the funding model. Amounts and initiatives in respect of: • Trainee auditors scheme • Preferential procurement	Republic of South Africa
Social	Amounts and initiatives in respect of: • Bursaries and scholarships • Social responsibility programmes • Enterprise and supplier development	Republic of South Africa
Cultural	Disclosures in respect of: • Employee profile • Diversity • Staff turnover • Ethics training initiatives • Employee wellness programmes • Employee relations	Auditor-General of South Africa
Stakeholder engagements	Disclosures in respect of: • Employees • Auditees • Constitutional stakeholders • Media • Professional bodies • Citizenry • International stakeholders	Republic of South Africa

Deputy auditor-general's responsibilities

The Deputy auditor-general (DAG) is responsible for the selection, preparation and presentation of the selected key sustainability indicators in accordance with the GRI G4 Standards. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the report that is free from material misstatement, whether due to fraud or error. The DAG is also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected key sustainability indicators and for ensuring that those criteria are publicly available to the report users.

Our independence and quality control

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

Crowe JHB applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors responsibility

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

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

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

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

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

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

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected key sustainability indicators as set out in the subject matter paragraph above for the year ended 31 March 2025 are not prepared, in all material respects, in accordance with GRI G4 Standards.

Other matters

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

Restriction of liability

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

Gary Kartsounis
Partner
Registered Auditor
31 July 2025
Rivonia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Financial statements

Auditor-General of South Africa

Financial statements for the year ended 31 March 2025

Deputy auditor-general's responsibilities and approval

As the deputy auditor-general I am required by the Public Audit Act 25 of 2004 (PAA) to maintain adequate accounting records and am responsible for the content and integrity of the financial statements and related financial information. It is my responsibility to ensure that the financial statements fairly present the financial position of the Auditor-General of South Africa (AGSA) at the end of the financial year and the results of its operations, changes in equity and cash flows for the year then ended. The financial statements conform to the IFRS Accounting Standards and the PAA, and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. External auditors are engaged to express an independent opinion on the financial statements.

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

The AGSA's risk management focus is to identify, assess, manage and monitor all known forms of risk across the organisation. While operational risk cannot be eliminated, we try to minimise it by defining our risk appetite and ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

I have reviewed the AGSA's cash flow forecast for the year to 31 July 2026 and, in the light of this review and the current financial position, I am satisfied that the AGSA has, or has access to, adequate resources to continue operating as a going concern for the foreseeable future. The going concern basis assumes that the AGSA will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

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

The financial statements set out on pages 121 to 164, prepared on the going concern basis, were approved and signed by me on 31 July 2025 on behalf of the AGSA.

Vonani Chauke
Deputy auditor-general

Auditor-General of South Africa

Financial statements for the year ended 31 March 2025

Statement of financial position as at 31 March 2025

	Notes	2025 R'000	2024 R'000
ASSETS			
Non-current assets		923 976	385 679
Property, plant and equipment	2	136 980	118 549
Intangible assets	3	157 646	33 797
Right-of-use assets	4	629 350	233 333
Current assets		2 505 609	2 150 711
Trade and other receivables	5	1 173 251	996 208
Cash and cash equivalents	6	1 332 358	1 154 503
Total assets		**3 429 585**	**2 536 390**
EQUITY AND LIABILITIES			
Reserves		1 832 708	1 502 002
General reserve	7	1 497 038	1 126 782
Special audit services reserve	8	4 964	4 964
Accumulated surplus	9	330 706	370 256
Liabilities			
Non-current liabilities		731 661	279 570
Lease liabilities	10	692 830	243 483
Post-retirement benefit obligations	11	10 239	10 923
Provisions	12	21 524	19 791
Trade and other payables	13	7 068	5 373
Current liabilities		865 216	754 818
Lease liabilities	10	70 196	100 818
Post-retirement benefit obligations	11	1 031	1 078
Provisions	12	–	1 913
Trade and other payables	13	793 989	651 009
Total equity and liabilities		**3 429 585**	**2 536 390**

Auditor-General of South Africa

Financial statements for the year ended 31 March 2025

Statement of surplus or deficit and other comprehensive income for the year ended 31 March 2025

	Notes	2025 R'000	2024 R'000
Revenue		5 265 245	4 850 526
Local services rendered	14	5 262 649	4 848 614
International services rendered		2 596	1 912
Direct audit cost		(3 156 854)	(2 925 363)
Recoverable staff cost	15	(2 273 107)	(2 054 714)
Contract work	16	(637 743)	(648 575)
Subsistence and travel	17	(246 004)	(222 074)
Gross surplus		**2 108 391**	**1 925 163**
Government grant and other income	18	829	44 717
Contributions to overheads		**2 109 220**	**1 969 880**
Operating expenditure		(1 905 134)	(1 713 882)
Non-recoverable staff cost	15	(1 336 204)	(1 196 191)
Depreciation expense – property, plant and equipment	2	(34 973)	(36 252)
Amortisation expense – intangible assets	3	(9 630)	(5 246)
Depreciation expense – right-of-use assets	4	(101 205)	(92 958)
Adjustment of allowance for impairment of receivables	5	(20 871)	(15 950)
Other operational expenditure	19	(402 223)	(367 253)
Post-retirement benefit obligations – current service cost	11	(28)	(32)
Operating surplus before finance charges		**204 086**	**255 998**
Interest income	20	187 481	155 225
Interest expense	20	(62 037)	(42 122)
Surplus for the year		**329 530**	**369 101**
Other comprehensive income			
Items that will not be reclassified to surplus or deficit			
Post-retirement benefit obligations – actuarial gains	11	1 176	1 155
Total comprehensive surplus for the year		**330 706**	**370 256**

Auditor-General of South Africa

Financial statements for the year ended 31 March 2025

Statement of changes in equity for the year ended 31 March 2025

	General reserve R'000	Special audit services reserve R'000	Accumulated surplus R'000	Total equity R'000
Balance at 31 March 2023	**863 621**	**4 964**	**263 161**	**1 131 746**
Transfer of accumulated surplus to reserves	263 161	–	(263 161)	–
Total comprehensive surplus	–	–	370 256	370 256
Surplus for the year	–	–	369 101	369 101
Other comprehensive income				
– Actuarial gains	–	–	1 155	1 155
Balance at 31 March 2024	**1 126 782**	**4 964**	**370 256**	**1 502 002**
Transfer of accumulated surplus to reserves	370 256	–	(370 256)	–
Total comprehensive surplus	–	–	330 706	330 706
Surplus for the year	–	–	329 530	329 530
Other comprehensive income				
– Actuarial gains	–	–	1 176	1 176
Balance at 31 March 2025	**1 497 038**	**4 964**	**330 706**	**1 832 708**
Notes	7	8	9	

Auditor-General of South Africa

Financial statements for the year ended 31 March 2025

Statement of cash flows for the year ended 31 March 2025

	Notes	2025 R'000	2024 R'000
Cash flows from operating activities			
Cash receipts from auditees	21.1	5 153 102	4 830 703
Total direct audit cost payments	21.2	(3 146 950)	(2 947 617)
Operational expenditure payments	21.3	(1 640 181)	(1 314 803)
Interest received	20	115 033	85 961
Interest paid	20	(60 504)	(40 644)
Net cash inflow from operating activities		**420 500**	**613 600**
Cash flows from investing activities			
Cash payments for property, plant and equipment	2	(35 488)	(46 070)
Cash payments for intangible assets	3	(129 382)	(25 071)
Proceeds from sale of property, plant and equipment	2	1 396	1 834
Net cash outflow from investing activities		**(163 474)**	**(69 307)**
Cash flow from financing activities			
Payment of lease liabilities	10	(79 171)	(96 319)
Net cash outflow from financing activities		**(79 171)**	**(96 319)**
Net increase in cash and cash equivalents		**177 855**	**447 974**
Cash and cash equivalents at the beginning of the year		1 154 503	706 529
Cash and cash equivalents at the end of the year	6	**1 332 358**	**1 154 503**

Auditor-General of South Africa

Financial statements for the year ended 31 March 2025

Notes to the financial statements

Accounting policies

1. Presentation of financial statements

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

1.1 New standards and interpretations

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

Standard/ interpretation	Effective date	Details	Impact
IFRS 7 – Financial Instruments: Disclosures	1 January 2026	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 The amendments to IFRS 7 introduce additional disclosure requirements to enhance transparency for investors on investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.	No impact on the AGSA financial statements
		Annual improvements to IFRS Accounting Standards – Volume 11 – Gain or Loss on Derecognition Narrow scope amendment to delete an obsolete reference that remained in IFRS 7 following the publication of IFRS 13 Fair-value Measurement and to make the wording of the requirements of IFRS 7 relating to disclosure of a gain or loss on derecognition consistent with the wording and concepts in IFRS 13.	No impact on the AGSA financial statements
		Contracts Referencing Nature – dependent Electricity – Amendments to IFRS 9 and IFRS 7 Narrow scope amendment adding new disclosure requirements to enable investors to understand the effect of contracts referencing nature-dependent electricity on an entity's financial performance and cash flows.	No impact on the AGSA financial statements

Auditor-General of South Africa

Financial statements for the year ended 31 March 2025

Notes to the financial statements

Accounting policies

1.1 New standards and interpretations (continued)

Standard/ interpretation	Effective date	Details	Impact
IFRS 9 – Financial Instruments	1 January 2026	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 Narrow scope amendments to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent, by: • Clarifying the classification of financial assets with ESG and similar features; and • Clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.	Impact on the AGSA financial statements to be determined
		Annual Improvements to IFRS Accounting Standards – Volume 11 Two narrow scope amendments were made to IFRS 9: • Derecognition of lease liabilities. The amendment clarifies that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss arising from the difference between the carrying amount of the lease liability extinguished or transferred and any consideration paid in profit or loss. • Transaction price. Removal of an inconsistency between the requirements of IFRS 9 and the requirements in IFRS 15 Revenue from Contracts from Customers in relation to the initial measurement of trade receivables at their transaction price. The amendment clarifies that trade receivables must be measured at the amount determined by applying IFRS 15.	No impact on the AGSA financial statements
		Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 Narrow scope amendment to allow entities to better reflect contracts referencing nature-dependent electricity (for example, renewable power purchase agreements by: • clarifying the application of the 'own-use' requirements of IFRS 9; and • permitting hedge accounting if these contracts are used as hedging instruments by parties to the contracts.	No impact on the AGSA financial statements

Auditor-General of South Africa

Financial statements for the year ended 31 March 2025

Notes to the financial statements

Accounting policies

1.1 New standards and interpretations (continued)

Standard/ interpretation	Effective date	Details	Impact
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027	Replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged and introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies: • Improved comparability in the statement of profit or loss through the introduction of three defined categories for income and expenses – operating, investing and financing – to improve the structure of the income statement, and a requirement for all companies to provide new defined subtotals, including operating profit. • Enhanced transparency of management-defined performance measures with a requirement for companies to disclose explanations of those company-specific measures that are related to the income statement. • More useful grouping of information in the financial statements through enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for companies to provide more transparency about operating expenses.	Impact on the AGSA financial statements to be determined
IAS 7 – Statement of Cash Flows	1 January 2026	Annual improvements to IFRS Accounting Standards – Volume 11 – Cost Method Narrow scope amendment to replace the term 'cost method' with 'at cost', following the earlier removal of the definition of 'cost method' from IFRS Accounting Standards.	No impact on the AGSA financial statements
IAS 21 – Effects of Changes in Foreign Exchange Rates	1 January 2025	Lack of Exchangeability The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.	No impact on the AGSA financial statements

Auditor-General of South Africa

Financial statements for the year ended 31 March 2025

Notes to the financial statements

Accounting policies

1.2 Property, plant and equipment

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

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

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

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

Item	Useful life (current and comparative period)
Computer equipment	8 to 12 years
Notebooks	4 years
Motor vehicles	7 to 12 years
Furniture and fittings	6 to 23 years
Office equipment	5 to 15 years
Leasehold improvements	Over the period of the lease

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

Auditor-General of South Africa

Financial statements for the year ended 31 March 2025

Notes to the financial statements

Accounting policies

1.2 Property, plant and equipment (continued)

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

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

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

1.3 Intangible assets

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation on these costs is provided to write down the intangible assets, on a straight-line basis, over their useful lives as follows:

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

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

Research and development costs
Research costs are expensed as incurred. Development costs that are directly associated with the production of identifiable and unique software products controlled by the AGSA are recognised as an intangible asset when the AGSA can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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Accounting policies

1.3 Intangible assets (continued)

Direct costs include outsourced services, software development employee costs and overheads directly attributed to preparing the asset for use. Development expenditure that does not meet the recognition criteria is expensed.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accummulated amortisation and accummulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in surplus or deficit. During the period of development, the asset is tested for impairment annually.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

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

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

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

1.4 Trade and other receivables

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

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

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1.4 Trade and other receivables (continued)

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

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

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

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

1.5 Cash and cash equivalents

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

1.6 General reserve

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

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1.7 Special audit services reserve

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

1.8 Leases

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

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

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

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

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

Lease liability

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

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

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1.8 Leases (continued)

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

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

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest expense (refer to note 20).

Estimating incremental borrowing rate used for leases

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

Determining the lease term of contracts with renewal options

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

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

Right-of-use assets

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

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1.8 Leases (continued)

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

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

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

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

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

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

1.9 Provisions

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

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

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

1.10 Financial liabilities

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

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1.10 Financial liabilities (continued)

Derecognition of financial liabilities

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

1.11 Revenue

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

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

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

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

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

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

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

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1.12 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

Pension plan – defined contribution plan

Contributions to a pension plan of the employee's choice, in respect of service in a particular period, are included in the employee's total cost of employment and are charged to surplus or deficit in the year to which they relate as part of the cost of employment. Certain employees on the staff rules terms and conditions, who transitioned under the Audit Arrangements Act 122 of 1992, chose to retain membership of the Government Employees Pension Fund (GEPF). The AGSA has no legal nor constructive obligation for normal retirements to pay further contributions if the GEPF does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and previous periods. For early retirements, the AGSA is required to incur the cost of early-retirement penalties.

Post-retirement medical care benefits – defined benefit plan

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

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

Leave liability

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

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Accounting policies

1.13 Government grants

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

1.14 Interest income

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

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2 Property, plant and equipment

2025	Cost R'000	Accumulated depreciation R'000	Carrying amount R'000
Computer equipment	72 375	(67 027)	5 348
Notebooks	139 835	(75 228)	64 607
Motor vehicles	9 540	(4 454)	5 086
Office equipment	6 602	(5 374)	1 228
Furniture and fittings	60 531	(52 637)	7 894
Leasehold improvements	97 811	(44 994)	52 817
	386 694	**(249 714)**	**136 980**

The carrying amounts are reconciled as follows:	Balance at the beginning of the year R'000	Additions [1] R'000	Disposals R'000	Depreciation R'000	Balance at the end of the year R'000
Computer equipment	4 980	2 342	–	(1 974)	5 348
Notebooks	52 866	34 185	(1 305)	(21 139)	64 607
Motor vehicles	3 788	1 835	–	(537)	5 086
Office equipment	490	1 314	(12)	(564)	1 228
Furniture and fittings	7 522	1 265	98	(991)	7 894
Leasehold improvements	48 903	13 682	–	(9 768)	52 817
	118 549	**54 623**	**(1 219)**	**(34 973)**	**136 980**

	2025 R'000
Proceeds on disposal of property, plant and equipment	**1 396**

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

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2 Property, plant and equipment (continued)

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

[1] Included in additions is R19 269 000 (2024: R134 000) accrued at year end but not yet paid.

	2024 R'000
Proceeds on disposal of property, plant and equipment	1 834

3 Intangible assets

2025	Cost R'000	Accumulated amortisation R'000	Carrying amount R'000
Computer software – purchased	59 378	(18 280)	41 098
Licences	46 088	(37 405)	8 683
Internally developed intangible assets	11 337	–	11 337
Intangible assets under development [2]	96 528	–	96 528
	213 331	**(55 685)**	**157 646**

The carrying amounts are reconciled as follows:	Balance at the beginning of the year R'000	Additions [3] R'000	Disposals R'000	Amortisation R'000	Balance at the end of the year R'000
Computer software – purchased	18 271	29 555	–	(6 728)	41 098
Licences	7 754	3 831	–	(2 902)	8 683
Internally developed intangible assets	–	11 337	–	–	11 337
Intangible assets under development [2]	7 772	88 756	–	–	96 528
	33 797	**133 479**	**–**	**(9 630)**	**157 646**

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3 Intangible assets (continued)

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

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

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

[3] Included in additions is R4 097 000 (2024: R nil) accrued at year end but not yet paid.

4 Right-of-use assets

2025	Cost R'000	Accumulated depreciation R'000	Carrying amount R'000
Office buildings	1 068 025	(438 675)	629 350

The carrying amounts are reconciled as follows:	Balance at the beginning of the year R'000	New leases R'000	Adjustments for lease modifications R'000	Disposals R'000	Depreciation R'000	Balance at the end of the year R'000
Office buildings	233 333	36 019	461 715	(512)	(101 205)	629 350

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4 Right-of-use assets (continued)

2024	Cost R'000	Accumulated depreciation R'000	Carrying amount R'000
Office buildings	621 385	(388 052)	233 333

The carrying amounts are reconciled as follows:	Balance at the beginning of the year R'000	New leases R'000	Adjustments for lease modifications R'000	Disposals R'000	Depreciation R'000	Balance at the end of the year R'000
Office buildings	323 005	909	2 377	–	(92 958)	233 333

The AGSA leases all the premises occupied by its head office and regionally based staff in the major centres of the country. The table below describes the nature of the AGSA's leasing activities by type of right-of-use asset recognised.

Office buildings	Remaining lease term	Extension option	Option to purchase	Variable payment linked to an index	Termination option
Eastern Cape	114 months	Yes	No	No	No
Free State	99 months	Yes	No	No	No
Gauteng	38 months	No	No	No	No
Head office (refer to note 27)	71 months	Yes	No	No	No
KwaZulu-Natal	73 months	Yes	No	No	No
Limpopo	41 months	No	No	No	No
Mpumalanga	16 months	Yes	No	No	No
Northern Cape	41 months	No	No	No	No
North West	27 months	Yes	No	No	No
Western Cape	117 months	Yes	No	No	No

The AGSA leases office equipment that is a low-value asset. The lease payments are recognised in surplus or deficit on a straight-line basis over the period of the lease (refer to note 10).

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		2025 R'000	2024 R'000
5	**Trade and other receivables**		
	Trade receivables (refer to note 25.2)	1 338 277	1 165 305
	Allowance for impairment of receivables [4]	(241 059)	(231 807)
	Net trade receivables	**1 097 218**	**933 498**
	Staff debtors	14 774	12 675
	Prepayments	61 055	49 828
	Other debtors	204	207
	Balance at the end of the year (refer to note 25.3)	**1 173 251**	**996 208**
[4]	Allowance for impairment of receivables		
	Balance at the beginning of the year	(231 807)	(219 642)
	Amount written off during the year	11 619	3 785
	Adjustment of allowance for impairment of receivables (refer to note 21.3)	(20 871)	(15 950)
	Balance at the end of the year (refer to note 25.2)	**(241 059)**	**(231 807)**

In determining the recoverability of trade receivables, the AGSA considered the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current and the forecast direction of conditions at the reporting date.

		2025 R'000	2024 R'000
6	**Cash and cash equivalents**		
	Investment reserved for specific liabilities [5]	239 228	219 627
	Overnight call account	441 876	259 942
	Notice deposits	303 608	228 580
	Current bank account	347 646	446 354
	Balance at the end of the year (refer to notes 25.3 and 25.4)	**1 332 358**	**1 154 503**
[5]	Investment reserved for specific liabilities		
	The liabilities covered by this investment include the following:		
	Post-retirement medical care benefits (refer to note 11)	11 270	12 001
	13th cheque accrual (refer to note 13) [6]	9 762	8 393
	Leave pay accrual (refer to note 13) [7]	216 472	177 908
	Repayment to former Transkei, Bophuthatswana, Venda and Ciskei – deductions of salary overpayments	119	195
		237 623	**198 497**

[6] Employees have the option of structuring their packages to include a 13th cheque (equal to one month's basic salary) that is paid in their birthday month. The accrual relates to the bonus portion of the packages due to employees at 31 March 2025.

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6 Cash and cash equivalents (continued)

[7] The R216 million includes R152 565 827 (2024: R136 620 581) ringfenced for the leave pay accrual. The remaining balance of R63 905 500 (2024: R41 287 074) is covered through the current account as this can be encashed within the current year.

	2025 R'000	2024 R'000
7 General reserve		
Balance at the beginning of the year	1 126 782	863 621
Transfer of accumulated surplus to general reserve (refer to note 9)	370 256	263 161
Balance at the end of the year	**1 497 038**	**1 126 782**

Accumulated surplus that was recommended by the Scoag and approved by Parliament (in terms of section 38(4) of the PAA) to be retained for working capital, capital investment programmes on the digitisation of the AGSA and general reserve requirements of the AGSA.

8 Special audit services reserve

	2025 R'000	2024 R'000
Balance at the beginning and end of the year	**4 964**	**4 964**

A fund set aside to finance special investigations or audits, for which the AGSA may be unable to recover the costs from a specific auditee. The former audit commission instructed that the reserve should not be increased before further guidance is provided by Scoag, established in terms of section 55(2)(b)(ii) of the Constitution.

9 Accumulated surplus

	2025 R'000	2024 R'000
Balance at the beginning of the year	370 256	263 161
Transfer of accumulated surplus to general reserve (refer to note 7)	(370 256)	(263 161)
Total comprehensive surplus for the year	330 706	370 256
Balance at the end of the year	**330 706**	**370 256**

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

	2025 R'000	2024 R'000
10 Lease liabilities		
Maturity analysis of future lease payments (discounted)		
Due within one year	146 965	132 642
Between one and five years	658 345	238 204
More than five years	275 079	69 908
Total future lease payments (refer to note 25.4)	**1 080 389**	**440 754**
Total future finance costs	(317 363)	(96 453)
Lease liabilities (refer to notes 25.3 and 25.4)	**763 026**	**344 301**
Non-current portion	692 830	243 483
Current portion	70 196	100 818
Expenses related to leases		
Low-value lease expense – recognition exemption	**3 008**	**–**

The AGSA elected the recognition exemption on low-value leases of office equipment (refer to note 4).

	2025 R'000	2024 R'000
Total cash outflows relating to leases		
Presented under financing activities		
Cash payments for capital portion of lease liabilities	79 171	96 319
Presented under operating activities		
Cash payments for interest portion of lease liabilities	60 429	40 644
Cash payments for low-value leases	3 008	–
Total cash outflow relating to leases	**142 608**	**136 963**

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

10 Lease liabilities (continued)

The AGSA leases all the premises occupied by its head office and regionally based staff in the major centres of the country. The table below describes the nature of the AGSA's leasing activities by type of right-of-use asset recognised:

Office buildings	Remaining lease term	Extension option	Option to purchase	Variable payment linked to an index	Termination option
Eastern Cape	114 months	Yes	No	No	No
Free State	99 months	Yes	No	No	No
Gauteng	38 months	No	No	No	No
Head office (refer to note 27)	71 months	Yes	No	No	No
KwaZulu-Natal	73 months	Yes	No	No	No
Limpopo	41 months	No	No	No	No
Mpumalanga	16 months	Yes	No	No	No
Northern Cape	41 months	No	No	No	No
North West	27 months	Yes	No	No	No
Western Cape	117 months	Yes	No	No	No

The incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 11,15%. The incremental borrowing rates for new leases and lease modifications entered into after initial recognition are as follows:

2020-21 financial year – between 6,95% and 10,16%

2021-22 financial year – between 5,83% and 5,94%

2022-23 financial year – between 7,55% and 10,91%

2023-24 financial year – between 10,66% and 11,31%

2024-25 financial year – between 9,99% and 10,55%

	2025 R'000	2024 R'000
11 Post-retirement benefit obligation		
Post-retirement medical care benefits	11 270	12 001

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Notes to the financial statements

11 Post-retirement benefit obligation (continued)

	2025 R'000	2024 R'000
The liability is reconciled as follows:		
Balance at the beginning of the year	12 001	12 904
Current-year provision	385	263
Current service costs	28	32
Actuarial gain	(1 176)	(1 155)
Remeasurements due to experience adjustments	(1 260)	(772)
Remeasurements due to financial assumptions	84	(383)
Interest expense adjustment on retirement benefit obligations (refer to note 20)	1 533	1 478
Effect of settlement	–	(92)
Less: Payments made	(1 116)	(1 166)
Balance at the end of the year (refer to note 6)	**11 270**	**12 001**
Non-current portion	10 239	10 923
Current portion	1 031	1 078
	11 270	**12 001**

The obligation for medical care contributions for post-retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was performed at 31 March 2025 by external actuaries using the projected unit credit method.

The valuation is based on the following most recent principal actuarial assumptions:

	2025	2024
The discount rate reflects the timing of benefit payments and is based on market bond yields	11,2%	13,4%
Subsidy increase rate (based on the inflation rate)	5,3%	7,4%
Expected retirement age	63	63
Number of continuation members	89	94
Average age of continuation members	75,7	75,0
Percentage continuation members married	42%	45%
Number of in-service members	9	9
Average age of in-service members	55,5	54,5
Percentage in-service members married	90%	90%
Average years of past service of in-service members	32,7	31,7

Sensitivity analysis

Below is the recalculated liability, as per the actuarial report, showing the effect of:

- A one percentage point decrease or increase in the discount rate
- A one percentage point decrease or increase in the inflation rate
- A one-year decrease or increase in the expected retirement age

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

11 Post-retirement benefit obligation (continued)

Sensitivity analysis (continued)

2025

Discount rate	Assumption 11,20%	-1%	+1%
Accrued liability 31 March 2025 (R'000)	11 270	12 217	10 451
% change		8,4%	-7,3%

Inflation rate	Assumption 5,30%	+1%	-1%
Accrued liability 31 March 2025 (R'000)	11 270	12 213	10 445
% change		8,4%	-7,3%

Expected retirement age	Assumption 63 years	1 year younger	1 year older
Accrued liability 31 March 2025 (R'000)	11 270	11 334	11 195
% change		0,6%	-0,7%

2024

Discount rate	Assumption 13,40%	-1%	+1%
Accrued liability 31 March 2024 (R'000)	12 001	13 004	11 133
% change		8,4%	-7,2%

Inflation rate	Assumption 7,40%	+1%	-1%
Accrued liability 31 March 2024 (R'000)	12 001	13 000	11 126
% change		8,3%	-7,3%

Expected retirement age	Assumption 63 years	1 year younger	1 year older
Accrued liability 31 March 2024 (R'000)	12 001	12 075	11 934
% change		0,6%	-0,6%

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

	2025 R'000	2024 R'000
12 Provisions		
Reinstatement cost [8]		
Opening balance	21 704	23 532
Provision raised	1 734	–
Payments made	(1 914)	(528)
Provision reversal	–	(1 300)
Closing balance	**21 524**	**21 704**
Non-current portion	21 524	19 791
Current portion	–	1 913
	21 524	**21 704**

[8] Provision for reinstatement costs relating to the AGSA's leased premises.

13 Trade and other payables

	2025 R'000	2024 R'000
Trade payables [9]	76 142	31 879
Accruals	65 220	56 941
Deferred compensation [10]	7 068	5 373
13th cheque accrual (refer to note 6)	9 762	8 394
Leave pay accrual (refer to note 6)	216 472	177 908
Performance bonus accrual	308 582	261 797
Staff creditors	4 184	3 197
Value-added tax (VAT) and paye as you earn (PAYE)	113 627	110 893
Balance at the end of the year (refer to notes 25.3 and 25.4)	**801 057**	**656 382**
Non-current portion	7 068	5 373
Current portion	793 989	651 009
	801 057	**656 382**

[9] **Ageing of trade payables:**

	Total R'000	Current R'000	30 to 60 R'000	60 to 90 R'000	90 to 120 R'000	120+ R'000
2025						
Trade payables	76 142	33 601	22 258	5 714	7 125	7 444
2024						
Trade payables	31 879	16 766	8 616	2 394	1 293	2 810

[10] The auditor-general is entitled to a termination benefit (deferred compensation) at the completion of her term. The deferred compensation is accrued over the seven-year term, based on past service.

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

14 Revenue

	2025 R'000	2024 R'000
Local services rendered [11]	5 262 649	4 848 614
Own hours	4 376 274	3 967 587
Contract work recoverable (refer to note 16)	641 557	659 517
Subsistence and travel recoverable (refer to note 17)	244 818	221 510
International services rendered [12]	2 596	1 912
Own hours	1 787	1 293
Contract work (refer to note 16)	–	55
Subsistence and travel (refer to note 17)	809	564
	5 265 245	**4 850 526**

[11] The amount of revenue invoiced but not recognised for the current period is R11 051 000 (2024: R5 437 000) and R14 613 000 (2024: R34 436 000) income previously not recognised was recovered and included in revenue in the current period.

[12] International income relates to the International Centre For Genetic Engineering and Biotechnology and United Nations Educational, Scientific and Cultural Organisation audits.

15 Staff cost

	2025 R'000	2024 R'000
Management salaries (refer to note 24.1)	46 970	40 493
Other non-recoverable staff salaries	702 416	697 079
Other staff expenditure	355 751	307 609
Performance bonus [13]	303 455	256 960
Group life scheme	38 344	38 758
Other employer contributions	13 952	11 891
Course fees and study assistance	125 855	86 916
Adjustment of leave pay accrual	105 212	64 075
Incentive on settlement of post-retirement obligation	–	19
Total non-recoverable staff cost	**1 336 204**	**1 196 191**
Recoverable staff cost (part of direct audit cost)	2 273 107	2 054 714
Total staff cost	**3 609 311**	**3 250 905**
Average number of staff	**4 094**	**3 818**

[13] This amount excludes the performance bonus of R6 152 000 (2024: R4 914 000) for key management personnel, which is included under management salaries (refer to note 24.1).

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Notes to the financial statements

	2025 R'000	2024 R'000
16 Contract work		
Contract work recoverable (refer to note 14)	641 557	659 572
Contract work non-recoverable	(3 814)	(10 997)
	637 743	**648 575**

This represents work done by external audit firms on behalf of the AGSA. Work is allocated to audit firms based on a tender process. No mark-up is applied to contract work.

17 Subsistence and travel

	2025 R'000	2024 R'000
Subsistence and travelling recoverable (refer to note 14)	245 627	222 074
Subsistence and travelling non-recoverable	377	–
	246 004	**222 074**

This represents subsistence and travel cost of AGSA staff while performing their duties. No mark-up is applied to subsistence and travel.

18 Government grant and other income

	2025 R'000	2024 R'000
Government grant received [14]	–	43 478
Sundry income [15]	205	874
Profit on sale of property, plant and equipment (refer to note 21.3)	177	365
Gain on lease modification [16]	447	–
	829	**44 717**

[14] Non-refundable grant received from National Treasury to assist with the implementation cost of the revised PAA, that has already been incurred.

[15] Sundry income consists mainly of income from the AGSA's gift shop.

[16] The gain on lease modification relates to the cancellation of the Mpumalanga lease and replacing it with a new lease for more space.

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

	2025 R'000	2024 R'000
19 Other operational expenditure		
Auditor's remuneration	5 940	5 211
Audit of financial statements and predetermined objectives	4 699	4 401
Other assurance work	278	272
Other services (agreed upon procedures)	963	538
Loss – cyber breach	839	–
Governance costs	2 917	2 074
Information and communications technology services	117 586	115 794
Internal audit fees	5 392	3 423
Legal costs	17 429	15 932
Service costs – land and buildings	37 798	36 310
Low-value leases – office equipment	3 754	3 202
Other operational expenses (excluding staff cost)	27 294	26 166
Publications	1 022	2 072
Refreshments	6 561	4 508
Repairs and maintenance	15 805	15 586
Bank charges	690	604
Labour and staff relations	904	872
Insurance	2 312	2 524
Outsourced services	36 910	47 863
Recruitment costs	24 445	22 327
Stakeholder relations	44 733	30 592
Stationery and printing	3 114	3 774
Subsistence and travelling non-audit	61 672	43 093
Telephone and postage	12 400	11 492
	402 223	**367 253**

	2025 R'000	2024 R'000
20 Interest		
Interest income		
Interest income on bank and investments	107 561	77 172
Interest on overdue debtors accounts – received	7 472	8 789
	115 033	85 961
Interest on overdue debtors accounts – accrued	72 448	69 264
	187 481	**155 225**

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

	2025 R'000	2024 R'000
20 Interest (continued)		
Interest expense		
Interest on lease liabilities	(60 429)	(40 644)
Interest on overdue accounts	(75)	–
	(60 504)	(40 644)
Interest expense adjustment on retirement benefit obligations (refer to note 11)	(1 533)	(1 478)
	(62 037)	**(42 122)**

21 Notes to the cash flow statement

21.1 Cash receipts from auditees

	2025 R'000	2024 R'000
Revenue	5 265 245	4 850 526
Net increase in trade receivables	(112 143)	(19 823)
	5 153 102	**4 830 703**

21.2 Total direct audit cost payments

	2025 R'000	2024 R'000
Direct audit cost	(3 156 854)	(2 925 363)
Net increase/(decrease) in trade payables	9 904	(22 254)
	(3 146 950)	**(2 947 617)**

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

	2025 R'000	2024 R'000
21 Notes to the cash flow statement (continued)		
21.3 Operational expenditure payments		
Surplus for the year	329 530	369 101
Adjusted for:		
Revenue	(5 265 245)	(4 850 526)
Direct audit cost	3 156 854	2 925 363
Interest income	(187 481)	(155 225)
Interest expense	62 037	42 122
Depreciation – property, plant and equipment	34 973	36 252
Depreciation – right-of-use assets	101 205	92 958
Amortisation – intangible assets	9 630	5 246
Increase in allowance for impairment of receivables (refer to note 5)	20 871	15 950
Increase/(decrease) in 13th cheque accrual	1 368	(30)
Increase/(decrease) in leave pay accrual	38 564	(12 102)
Increase in performance bonus accrual	46 785	261 797
Decrease in liability for post-retirement medical care benefits	(1 088)	(1 226)
Increase/(decrease) in accruals	11 282	(52 549)
Profit on the disposal of property, plant and equipment (refer to notes 18 and 19)	(177)	(365)
	(1 640 892)	**(1 323 234)**
Other working capital changes	711	8 431
Increase in other receivables	(13 323)	(10 360)
Increase in other payables	14 034	18 791
	(1 640 181)	**(1 314 803)**
22 Notebook losses		
Notebook computers stolen and written off at the carrying amount: 65 (2024: 83)	**176**	**673**

The AGSA policy is to self-insure notebook computers as this has proven to be more economical.

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

23 Commitments

23.1 Other commitments

Thuthuka

The AGSA has committed to fund 120 undergraduate students for three years while they complete their studies, at a rate per student that is determined every year by the Thuthuka Bursary Fund trustees and on condition that the AGSA can stop its financial contribution by written notice. As the rate per student is determined yearly, the commitment cannot be quantified. However, the yearly commitment at current rates amounts to R15 414 810 (120 students x R128 457 per student).

External bursaries

External bursaries are awarded annually to full-time students for undergraduate and postgraduate studies until they complete the qualification and on condition that all subjects are passed. Failed subjects are repeated at the student's own expense. If a student fails repeatedly, the bursary agreement is terminated and the amounts advanced must be repaid to the AGSA or, in certain instances, redeemed through employment at the AGSA if the student already has a degree. Due to the uncertainties around the varying costs of studies across the universities and the pass rate, the amount cannot be quantified, but will be managed within the budgeted amount of R5 133 822 for approximately 44 students for the 2025-26 financial year.

	2025 R'000	2024 R'000
23.2 Capital commitments		
Approved and contracted [17]	556 953	295 413
Source of funding		
Internal resources	556 953	295 413

[17] Property, plant and equipment and intangible assets approved and contracted for by 31 March 2025 for implementation after 31 March 2025.

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Notes to the financial statements

24 Related parties

Transactions with related parties are on an arm's-length basis at market-related prices.

24.1 Key management personnel compensation

Total short-term, long-term and termination benefits paid to management.

2025

				Short-term benefits		Long-term benefits	
Position	Name	Appointment date	Term end date	Gross remuneration R'000	Performance bonus R'000	Deferred compensation R'000	Total remuneration R'000
Auditor-general	T Maluleke	1 December 2020		5 655	–	1 695	7 350
Deputy auditor-general	V Chauke	1 July 2021		5 259	1 578	–	6 837
Head of audit national	SS Ngoma	1 June 2021		4 324	906	–	5 230
Head of audit provincial	MM Sedikela	1 June 2021	30 June 2024	5 392	–	–	5 392
Head of specialised audits	T Mahlamvu	1 January 2024		4 350	840	–	5 190
Chief financial officer	P Sokombela	1 March 2022		3 272	654	–	3 926
Chief people officer	L Miyambu	1 April 2023		3 710	742	–	4 452
Chief risk officer	MS Segooa	1 July 2021		3 822	764	–	4 586
Chief technology officer	P Ndarana	1 June 2022		3 339	668	–	4 007
Total management compensation				**39 123**	**6 152**	**1 695**	**46 970**

2024

				Short-term benefits		Long-term benefits	
Position	Name	Appointment date	Term end date	Gross remuneration R'000	Performance bonus R'000	Deferred compensation R'000	Total remuneration R'000
Auditor-general	T Maluleke	1 December 2020		5 552	–	1 665	7 217
Deputy auditor-general	V Chauke	1 July 2021		4 962	1 488	–	6 450
Head of audit national	SS Ngoma	1 June 2021		4 079	816	–	4 895
Head of audit provincial	MM Sedikela	1 June 2021		4 079	–	–	4 079
Head of specialised audits	T Mahlamvu	1 January 2024		1 200	–	–	1 200
Chief financial officer	P Sokombela	1 Mar 2022		3 087	617	–	3 704
Chief people officer	L Miyambu	1 April 2023		4 200	642	–	4 842
Chief risk officer	MS Segooa	1 July 2021		3 605	721	–	4 326
Chief technology officer	P Ndarana	1 June 2022		3 150	630	–	3 780
Total management compensation				**33 914**	**4 914**	**1 665**	**40 493**

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Notes to the financial statements

24 Related parties (continued)

24.2 Members of governing boards

Total board fees paid to members of governing boards

Name	Role	Appointment date	Term end date	2025 R'000	2024 R'000
G Motau	Audit committee	1 Nov 2022		475	293
CL Roskruge	Audit committee	17 Mar 2016		323	323
C Mampuru	Audit committee	1 Dec 2018		323	323
T Maluleke	Quality control assessment committee	1 Jun 2021		–	–
L de Beer	Quality control assessment committee	1 Apr 2015		–	29
V Chauke	Quality control assessment committee	1 Jun 2022		–	–
G Motau	Quality control assessment committee	1 Nov 2022		164	76
Z Wadee	Quality control assessment committee	1 Sep 2023		161	81
M Nkeli	Remuneration committee	1 Mar 2021		–	–
VES Cele	Remuneration committee	1 Aug 2023		161	121
N Samodien	Remuneration committee	17 Mar 2014		161	161
V Chauke	Remuneration committee	1 Jul 2021		–	–
T Fubu	Remuneration committee	1 Jun 2022		188	174
				1 956	**1 581**

25 Financial instruments

The carrying amount of financial assets and liabilities reasonably approximate their fair value due to the short-term nature of the financial instruments.

25.1 Market risk

Interest rate risk management

The exposure to changes in interest rates relates primarily to the AGSA's current and investment accounts.

Interest rate sensitivity

Below are the recalculated financial assets and liabilities showing the effect of:

A one percentage point decrease or increase in the current account interest rate

A one percentage point decrease or increase in the investment account interest rates

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Notes to the financial statements

25 Financial instruments (continued)

2025

Current and investment accounts interest rates	Current balance	+1%	-1%
Net surplus (R'000)	330 706	343 525	316 837
% change		3,9%	-4,2%
Current bank and investment accounts balances (R'000)	1 332 358	1 345 177	1 318 489
% change		1,0%	-1,0%

2024

Current and investment accounts interest rates	Current balance	+1%	-1%
Net surplus (R'000)	370 256	380 458	360 172
% change		2,8%	-2,7%
Current bank and investment accounts balances (R'000)	1 154 503	1 164 705	1 144 419
% change		0,9%	-0,9%

25.2 Credit risk

Financial assets that potentially subject the AGSA to concentrations of credit risk consist principally of cash and short-term deposits placed with financial institutions that have the following national short-term credit ratings:

	2025 (2024)		
Financial institution	Fitch	Moody's	S&P
Standard Bank of South Africa Limited	F1+ (F1+)	P-3 (P-1)	A-1+ (A-1+)
Investec Bank Limited	F1+ (F1+)	P-3 (P-1)	A-1+ (A-1+)
Nedbank Limited	F1+ (F1+)	P-3 (P-1)	A-1+ (A-1+)
First National Bank, a division of FirstRand Bank Limited	F1+ (F1+)	P-3 (P-1)	A-1+ (A-1+)
Absa Bank Limited	F1+ (F1+)	P-3 (P-1)	A-1+ (A-1+)

Trade receivables are presented net of the allowance for impairment. Credit risk of trade receivables is limited to some degree due to the AGSA's constitutionally conferred audit mandate. However, the AGSA has a significant concentration of credit risk with local government debtors and other debtors (including unlisted public entities, municipal entities and utility agency corporations).

All financial assets are unsecured. The carrying amount of financial assets included in the statement of financial position represents the AGSA's exposure to credit risk in relation to these assets.

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Notes to the financial statements

25 Financial instruments (continued)

25.2 Credit risk (continued)

AGSA expected credit loss rates 2024-25

	Current	30 days	60 days	90 days	120 days	150 days	180 days	181+ days
National	2%	17%	55%	100%	100%	100%	100%	100%
Provincial	2%	5%	19%	37%	43%	49%	53%	100%
Local								
Local municipality	16%	28%	40%	48%	50%	56%	63%	100%
District municipality	4%	8%	15%	23%	30%	38%	46%	100%
Metro	6%	14%	64%	100%	100%	100%	100%	100%
Statutory	6%	14%	30%	43%	41%	45%	47%	100%
Other debtors	5%	12%	28%	41%	45%	52%	59%	100%
Non-audit debtors	100%	100%	100%	100%	87%	88%	88%	100%

AGSA expected credit loss rates 2023-24

	Current	30 days	60 days	90 days	120 days	150 days	180 days	181+ days
National	1%	7%	36%	75%	50%	51%	51%	100%
Provincial	2%	5%	18%	35%	41%	48%	52%	100%
Local								
Local municipality	16%	27%	39%	47%	46%	52%	59%	100%
District municipality	4%	7%	13%	21%	25%	32%	41%	100%
Metro	6%	15%	57%	100%	50%	50%	50%	100%
Statutory	5%	11%	27%	40%	40%	44%	46%	100%
Other debtors	4%	10%	25%	37%	40%	47%	55%	100%
Non-audit debtors	100%	100%	100%	100%	86%	87%	87%	100%

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25 Financial instruments (continued)

25.2 Credit risk (continued)

An analysis of the ageing of trade receivables that are 30 days and over is as follows:

2025	Total	Current	30 – 120	120 – 180	180+
Debtor type	R'000	R'000	R'000	R'000	R'000
National	111 784	105 053	748	953	5 030
Provincial	210 574	185 277	10 600	954	13 743
Local	517 558	63 681	177 161	80 357	196 359
Local municipality	480 734	50 264	164 728	73 150	192 592
District municipality	16 813	5 461	5 890	2 453	3 009
Metro	20 011	7 956	6 543	4 754	758
Statutory	66 655	36 725	3 141	6 979	19 810
Other [18]	431 706	231 843	19 866	15 757	164 240
Total trade receivables (refer to note 5)	**1 338 277**	**622 579**	**211 516**	**105 000**	**399 182**

2024	Total	Current	30 – 120	120 – 180	180+
Debtor type	R'000	R'000	R'000	R'000	R'000
National	88 110	83 729	3 408	196	777
Provincial	167 498	158 140	6 103	911	2 344
Local	488 455	111 612	140 954	65 622	170 267
Local municipality	424 487	73 275	129 895	57 668	163 649
District municipality	20 695	5 894	7 310	4 537	2 954
Metro	43 273	32 443	3 749	3 417	3 664
Statutory	51 152	28 698	2 094	5 168	15 192
Other [18]	370 090	185 300	29 030	25 057	130 703
Total trade receivables (refer to note 5)	**1 165 305**	**567 479**	**181 589**	**96 954**	**319 283**

R715 698 000 (2024: R597 826 000) of receivables, comprising 53,5% (2024: 51,3%) of total receivables, is in arrears. Local government debtors' arrears are R453 877 000 (2024: R376 843 000), which is 63,4% (2024: 63,0%) of total arrears and 33,9% (2024: 32,3%) of total receivables.

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

25 Financial instruments (continued)

25.2 Credit risk (continued)

Financial assets subject to credit risk

2025	Trade receivables	Allowance for impairment of receivables	Net trade receivables
Debtor type	R'000	R'000	R'000
National	111 784	(4 307)	107 477
Provincial	210 574	(8 511)	202 063
Local	517 558	(133 382)	384 176
Local municipality	480 734	(129 419)	351 315
District municipality	16 813	(2 154)	14 659
Metro	20 011	(1 809)	18 202
Statutory	66 655	(8 375)	58 280
Other [18]	431 706	(86 484)	345 222
	1 338 277	**(241 059)**	**1 097 218**

2024	Trade receivables	Allowance for impairment of receivables	Net trade receivables
Debtor type	R'000	R'000	R'000
National	88 110	(1 063)	87 047
Provincial	167 498	(7 975)	159 523
Local	488 455	(132 217)	356 238
Local municipality	424 487	(127 578)	296 909
District municipliplaity	20 695	(3 147)	17 548
Metro	43 273	(1 492)	41 781
Statutory	51 152	(7 207)	43 945
Other [18]	370 090	(83 345)	286 745
	1 165 305	**(231 807)**	**933 498**

[18] Other receivables include unlisted public entities, municipal entities and utility agency corporations.

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

25 Financial instruments (continued)

25.3 Liquidity risk

Liquidity risk is the risk that the AGSA will not be able to meet its financial obligations as they fall due.

The AGSA has adequate cash balances at its disposal and minimal long-term debt, which limits liquidity risk. Budgets and cash flow forecasts are prepared annually to ensure that liquidity risks are monitored and controlled.

Maturity profile of financial instruments

2025	Within 1 year R'000	1 to 5 years R'000	Later than 5 years R'000	Total R'000
Assets				
Trade and other receivables (refer to note 25.4)	1 112 196	–	–	1 112 196
Total trade and other receivables (refer to note 5)	1 173 251	–	–	1 173 251
Prepayments	(61 055)	–	–	(61 055)
Cash (refer to notes 6 and 25.4)	1 332 358	–	–	1 332 358
Current account	347 646	–	–	347 646
Overnight call account	441 876	–	–	441 876
Notice deposits	542 836	–	–	542 836
Total financial assets	**2 444 554**	**–**	**–**	**2 444 554**
Liabilities				
Lease liabilities (refer to note 10)	70 196	452 289	240 541	763 026
Trade and other payables (refer to note 25.4)	463 890	–	7 068	470 958
Total trade and other payables (refer to note 13)	793 989	–	7 068	801 057
Leave pay accrual	(216 472)	–	–	(216 472)
VAT and PAYE	(113 627)	–	–	(113 627)
Total financial liabilities	**534 086**	**452 289**	**247 609**	**1 233 984**
Net financial assets	**1 910 468**	**(452 289)**	**(247 609)**	**1 210 570**

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

25 Financial instruments (continued)

25.3 Liquidity risk (continued)

2024	Within 1 year R'000	1 to 5 years R'000	Later than 5 years R'000	Total R'000
Assets				
Trade and other receivables (refer to note 25.4)	946 380	–	–	946 380
Total trade and other receivables (refer to note 5)	996 208	–	–	996 208
Prepayments	(49 828)	–	–	(49 828)
Cash (refer to notes 6 and 25.4)	1 154 503	–	–	1 154 503
Current account	446 354	–	–	446 354
Overnight call account	259 942	–	–	259 942
Notice deposits	448 207	–	–	448 207
Total financial assets	**2 100 883**	**–**	**–**	**2 100 883**
Liabilities				
Lease liabilities (refer to note 10)	100 818	183 404	60 079	344 301
Trade and other payables (refer to note 25.4)	362 208	–	5 373	367 581
Total trade and other payables (refer to note 13)	651 009	–	5 373	656 382
Leave pay accrual	(177 908)	–	–	(177 908)
VAT and PAYE	(110 893)	–	–	(110 893)
Total financial liabilities	**463 026**	**183 404**	**65 452**	**711 882**
Net financial assets	**1 637 857**	**(183 404)**	**(65 452)**	**1 389 001**

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

25 Financial instruments (continued)

25.4 Classification of financial instruments

Line items presented in the statement of financial position summarised per category of financial instrument.

2025	Loans and receivables R'000	Non-financial assets R'000	Total R'000
Financial assets			
Financial assets measured at amortised cost			
Trade and other receivables (refer to note 25.3)	1 112 196	61 055	1 173 251
Cash and cash equivalents (refer to notes 6 and 25.3)	1 332 358	–	1 332 358
	2 444 554	**61 055**	**2 505 609**

	Financial liabilities R'000	Non-financial liabilities R'000	Total R'000
Financial liabilities			
Financial liabilities measured at amortised cost			
Lease liabilities (refer to note 10)	763 026	–	763 026
Trade and other payables (refer to notes 13 and 25.3)	470 958	330 099	801 057
	1 233 984	**330 099**	**1 564 083**

2024	Loans and receivables R'000	Non-financial assets R'000	Total R'000
Financial assets			
Financial assets measured at amortised cost			
Trade and other receivables (refer to note 25.3)	946 380	49 828	996 208
Cash and cash equivalents (refer to notes 6 and 25.3)	1 154 503	–	1 154 503
	2 100 883	**49 828**	**2 150 711**

	Financial liabilities R'000	Non-financial liabilities R'000	Total R'000
Financial liabilities			
Financial liabilities measured at amortised cost			
Lease liabilities (refer to note 10)	344 301	–	344 301
Trade and other payables (refer to notes 13 and 25.3)	367 581	288 801	656 382
	711 882	**288 801**	**1 000 683**

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Financial statements for the year ended 31 March 2025

Notes to the financial statements

25 Financial instruments (continued)

25.4 Classification of financial instruments (continued)

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities is as follows:

Minimum lease payments due

	Within 1 year	1 to 5 years	Later than 5 years
2025			
Lease payments (refer to note 10)	146 965	658 345	275 079
Finance charges	(76 768)	(206 057)	(34 538)
Net present value	**70 197**	**452 288**	**240 541**
2024			
Lease payments (refer to note 10)	132 642	238 204	69 908
Finance charges	(31 824)	(54 800)	(9 829)
Net present value	**100 818**	**183 404**	**60 079**

26 Taxation

No provision is made for income tax as the AGSA is exempt in terms of section 10(1)(cA)(i) of the Income Tax Act 58 of 1962.

27 Subsequent events

At 31 March 2025, the AGSA had an active lease agreement for its head office premises, with a remaining lease term of 71 months ending 28 February 2031. In April 2025, the AGSA entered into a new lease agreement for the same premises, effective 1 May 2025 and terminating on 30 April 2032. The new lease agreement was negotiated to secure more favourable terms and rental discounts. In line with IFRS 16 and IAS 10, the new lease has not been recognised in these financial statements as it commences after the reporting date. Recognition of the associated right-of-use asset and lease liability will occur in the subsequent financial year. Based on the revised rental payments, escalation rates and lease period, total rental payments will be reduced by R122 071 000 (refer to notes 4 and 10).

28 Going concern

Based on the AGSA's cash flow forecast for the next 12 months to 31 July 2026 and the year-to-date performance, the AGSA will continue to operate as a going concern for the foreseeable future.

8

Annexures

Abbreviations and acronyms

ACCA	Association of Chartered Certified Accountants
ACFE	Association of Certified Fraud Examiners
ACMI	Advisory committee on material irregularities
Afrosai-e	African Organisation of English-speaking SAIs
APAC	Association of Public Accounts Committees
APC	Assessment of Professional Competence
ASP	Audit software project
AQI	Audit quality indicators
AUC	African Union Commission
ASB	Accounting Standards Board
AWCA	African Women Chartered Accountants
B-BBEE	Broad-based black economic empowerment
BRRR	Budget review and recommendation report
CBC	Capacity-building committee
CCMA	Commission for Conciliation, Mediation and Arbitration
Cogta	Cooperative Governance and Traditional Affairs
CSIR	Council for Scientific and Industrial Research
CSO	Civil society organisations
CTA	Certificate in the Theory of Accounting
D&O	Derelict and ownerless
DraaS	Disaster Recovery as a Service
EAP	Economically active population
EDP	Executive Development Programme
EE	Employment equity
EEA	Employment Equity Act
EHWP	Employee health and wellness programme
EME	Exempted micro enterprises
ERP	Enterprise resource planning
ESD	Enterprise and supplier development
EVP	Employee value proposition
Exco	Executive committee
GRAP	Generally Recognised Accounting Practice
GRI	Global Reporting Initiative
IAASB	International Auditing and Assurance Standards Boards
ICT	Information Communication Technology
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
Intosai	International Organization of Supreme Audit Institutions
IRBA	Independent Regulatory Board for Auditors
ISQC 1	International Standard on Quality Control
ISQM	International Standard on Quality Management
ISSAI	International Standards of Supreme audit Institutions
ITC	Initial Test of Competence
LDP	Leadership Development Programme
MDP	Manager Development Programme
MI	Material irregularity
MEC	Members of the executive council
MTSF	Medium-Term Strategic Framework
NCoP	National Council of Provinces
NLC	National Lotteries Commission
NRF	National Revenue fund
PAA	Public Audit Act 25 of 2004
PWD	Persons with disabilities
QCAC	Quality control assessment committee
QMAC	Quality Management Assessment Committee
QSE	Qualifying small enterprises
Remco	Remuneration committee
SACE	South African Council of Engineers
Scoag	Standing Committee on the Auditor-General
Scopa	Standing Committee on Public Accounts
SDG	Sustainable Development Goals
SOE	State-owned enterprise
SoQM	System of quality management
SoRR	Status of records review

Integrated reporting index

IIRC content elements	Major report sections addressing the elements
Organisational overview and external environment	• The auditor-general's message • The deputy auditor general's • Overview of performance • Who we are • Value-creation process • Strategic risks • Conditions under which we operate
Governance	• Corporate Governance Framework • External Charters, principles and initiatives that we subscribe to or endorse
Business model	• Business model • Our value-creation model • Value and benefits of supreme audit institutions
Risks and opportunities	• Strategic risks • Our value-creation model
Strategy and resource allocation	• The auditor-general's message • The deputy auditor general's overview of performance • Who we are • Value-creation process
Performance	• Organisation's performance against predetermined objectives ◦ Value-adding auditing ◦ Visibility for impact ◦ Viability ◦ Vision and values driven
Outlook	• The deputy auditor general's overview of performance • In the conclusion of each of the strategic goals: ◦ Value-adding auditing ◦ Visibility for impact ◦ Viability ◦ Vision and values driven
Basis of preparation and presentation	• Reporting profile

GRI content index

The Guidelines for sustainable reporting of the Global Reporting Initiative (GRI) Standards informed the content and format of the report, which meets the information and reporting requirements in accordance with the 'Core' version.

GRI	Description
GRI 102 2016: General standard disclosures – strategy and analysis	
102-14	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation.
GRI 102 2016: General standard disclosures – organisational profile	
102-1	Name of the organisation
102-2	Activities, brand, products and services of the AGSA
102-3	Location of head office
102-4	National footprint of the AGSA
102-5	Nature of ownership and legal form
102-6	Geographic breakdown, types of customers and beneficiaries
102-7	Scale of the organisation, including • Number of employees • Number of operations • Net revenue • Quantity of services / products offered
102-8	Workforce profile • Total number of employees (permanent) • Total number of employees (contract) • Workforce by employment contract and gender • State whether a substantial portion of the organisation's work is performed by contractors
102-9	Description of AGSA's supply chain
102-10	Report any significant changes during the reporting period regarding the organisation's size, structure or supply chain
102-11	Report on whether and how the precautionary approach or principle is addressed by the organisation
102-12	External charters, principles and initiatives that we subscribe to or endorse
102-13	Memberships maintained at an organisational level
GRI 102 2016: General standard disclosures – identified material aspects and boundaries	
102-46	Process for defining the report content and the aspect boundaries
102-47	List of material aspects identified
GRI 102 2016: General standard disclosures – takeholder engagement	
102-40	List of stakeholder groups identified by the organisation
102-42	Basis for identification and selection of stakeholders
102-43	Organisation's approach to stakeholder management
102-44	Key topics raised through stakeholder engagement
GRI 102 2016: General standard disclosures – report profile	
102-50	Reporting period
102-51	Date of the most recent report
102-52	Reporting cycle
102-53	Contact point for questions regarding the report
102-54	Claims of reporting in accordance with GRI standards
102-55	GRI content index

GRI	Description	Page
102-56	Organisation's policy and practice on seeking external assurance	
GRI 102 2016: General standard disclosures – governance		
102-18	Governance structures within the AGSA	
102-22	Composition of the highest governance body and its committees	
GRI 102 2016: General standard disclosures – ethics and integrity		
102-16	• The organisation's ethical principle, standards and norms of behaviour such as code of ethics and code of conduct • Ethical and independence requirements	
GRI 103 2016: General standard disclosures – disclosures on management approach		
103-2	Labour practices and grievance mechanisms	
GRI 401: Specific standard disclosures – labour practices and decent work – employment		
401-1	• New employee hires • Staff turnover	
GRI 403: Specific standard disclosures – labour practices and decent work – occupational health and safety		
403-2	Occupational health - types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
GRI 404: Specific standard disclosures – labour practices and decent work – training and education		
404-1	Average hours of training, per employee and by employee category	
405-1	Diversity and equal opportunity • Workforce by region and gender • Workforce by grade, race and gender • Workforce by employment contract and gender • Workforce profile by race and age • Executive committee by race group	
GRI 405: Specific standard disclosures – labour practices and decent work – diversity and equal opportunity		
413-1	Local communities • Socioeconomic development initiatives	

Sustainable development goals

The sustainable development goals (SDGs) aim to ensure economic prosperity and an improvement in human well-being. Achieving these goals takes sound governance structures.

Our awareness of the SDG priorities in our own reporting is highlighted to demonstrate areas that are influenced by these goals.

SDG	Pages
No poverty	
No hunger	
Good health and wellbeing	
Quality education	
Gender equality	
Clean water and sanitation	
Affordable and clean energy	
Decent work and economic growth	

SDG	Pages
Industry, innovation and infrastructure	
Sustainable cities and communities	
Responsible consumption and production	
Climate action	
Life on land	
Peace, justice and strong institutions	
Partnerships for the goals	

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