

## SCALE OF THE ORGANISATION

At the end of March 2021, the AGSA employed



**3 703 people**

including trainee auditors and those on short-term contracts.

Our gross surplus was



**R1 054 million**

earned through audits conducted at 1 065 public institutions. Our net deficit was **R293 million**.

Auditees include our audit reports in their respective annual reports, which they table in their relevant legislature (Parliament and provincial legislatures). The reports are also made available to municipal councils or bodies with a direct interest in the particular audit. We may provide audit reports to any other legislature or organ of state if we consider it in the public interest to do so.

In addition to these audit reports, we publish general reports in which we analyse the outcomes of the audits at national, provincial and municipal levels, and special reports that analyse our findings from the real-time and discretionary audits. The results of our audits of water boards are summarised in a special presentation to the responsible portfolio committee in October each year. Similarly, each May we issue a special report on our audits of technical and vocational education and training (TVET) colleges.

## THE WAY WE ARE ORGANISED

While we are based in South Africa and deliver services that benefit local interests, the business operations of some of our auditees require us to audit elsewhere in the world.

## OUR BUSINESS UNITS

Our nine regional offices, one in each province ensures that we are accessible to our clients and deliver our services in the most cost-effective manner. These regional offices form part of our 15 regularity audit business units. The other six are national units situated at the head office, along with three specialised audit services units, and 14 support business units (see our management structure on page 19). We use a shared services model for all enterprise resources, which include financial and human capital, information and communication technology services, legal services, technical services, quality control, information and knowledge management, risk management, strategic management and communication.

### Definitions

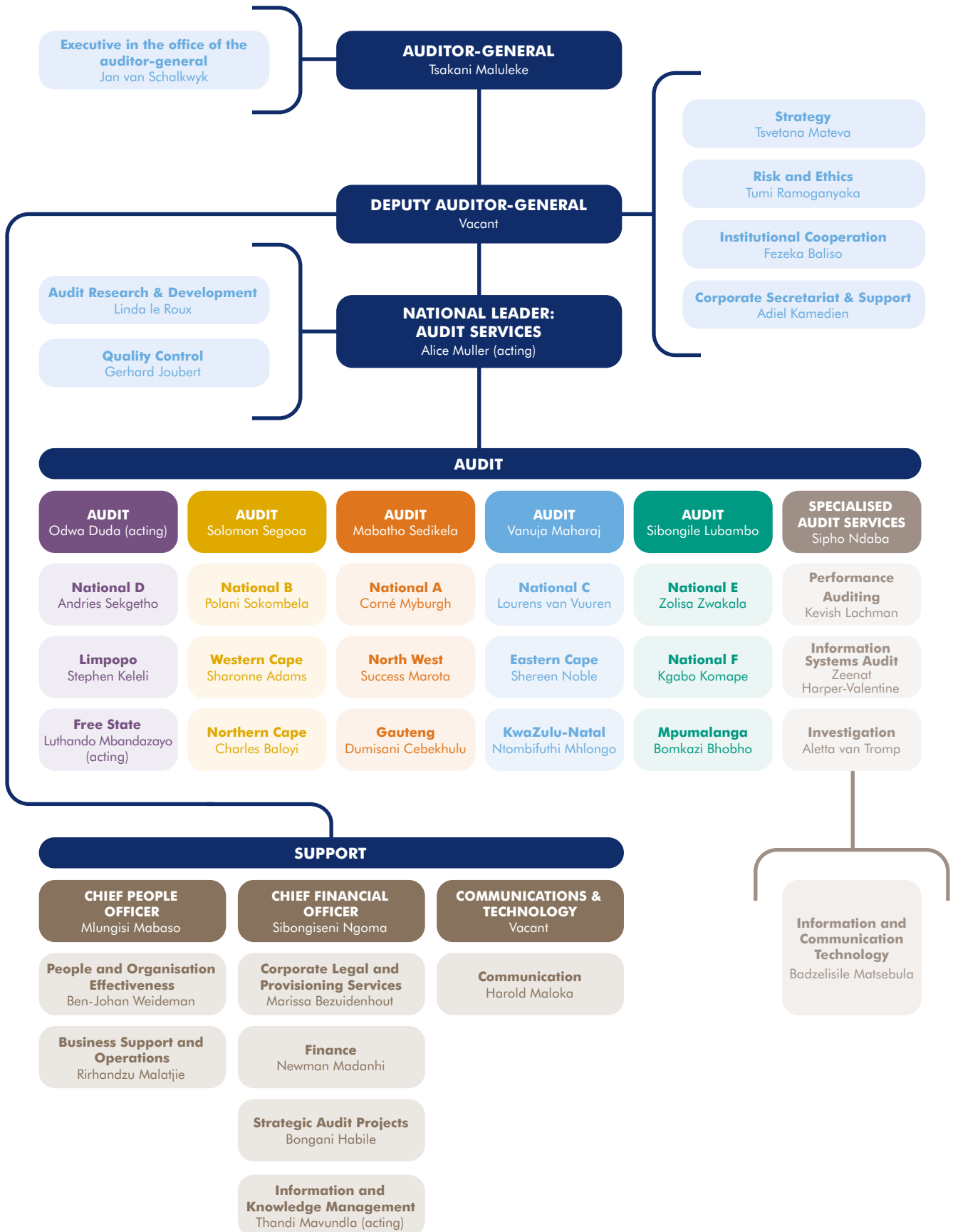


**Regularity audit** is an annual statutory examination and reporting on the auditee's financial statements. Within our scope of regularity audit, we also examine the auditees' compliance with relevant legislation and their reporting on performance against predetermined objectives. This is consistent with the provisions of our enabling legislation.








**Specialised Audit Services portfolio** is a division of the AGSA that nurtures and provides specialised skills and techniques to conduct in-depth audits based on the risk profile of the auditee. These audits can be stand-alone or integrated with the annual audits. The three specialised audit services business units are Investigations, Information Systems Audit and Performance Auditing.

## MANAGEMENT STRUCTURE OF THE AGSA



## 2020-21 VALUE-ADDED STATEMENT

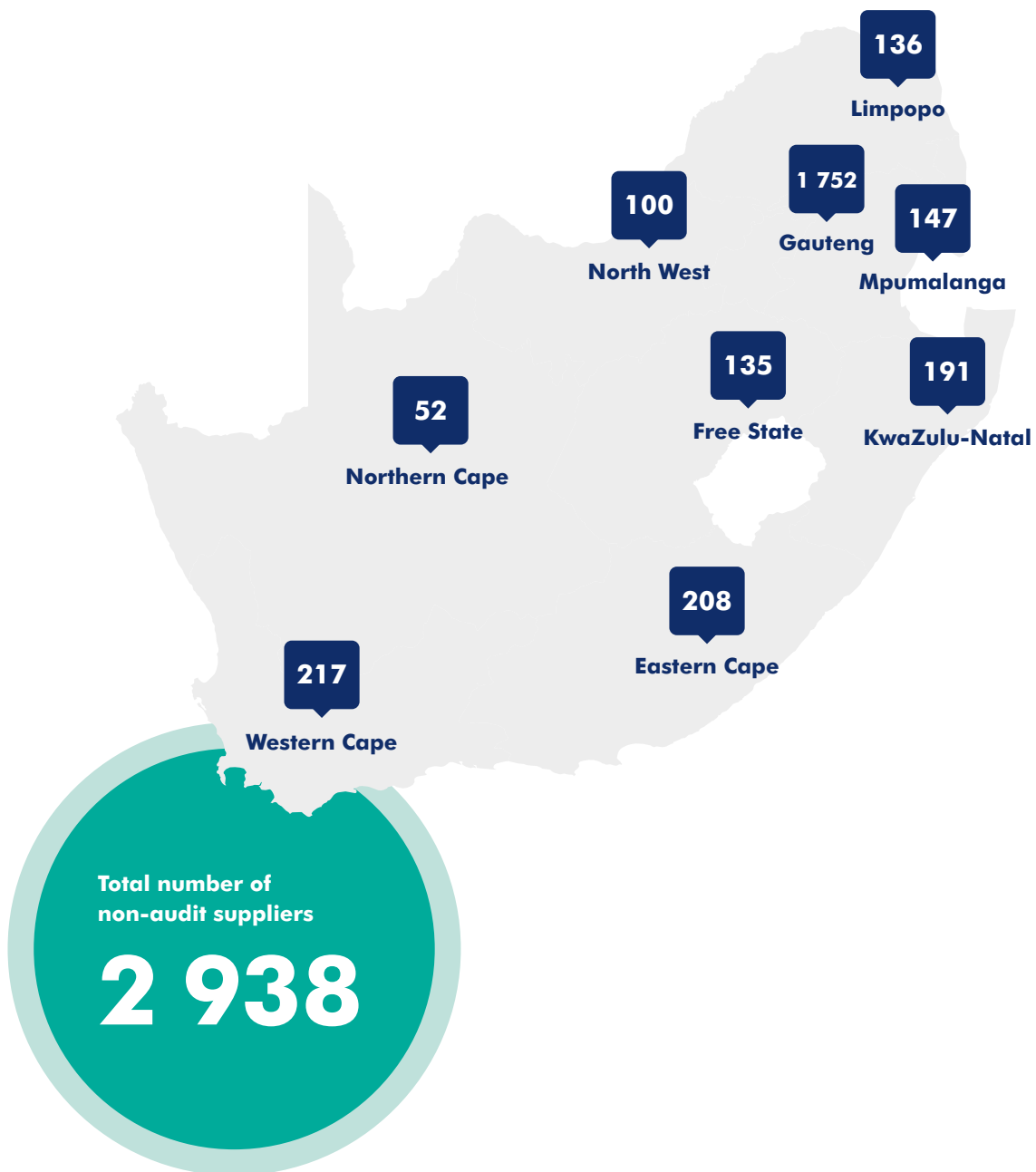
|   | %              | R million    |
|---|----------------|--------------|
|  <b>Revenue</b>                                      |                | <b>3 395</b> |
| Paid to suppliers   |                | (1 013)      |
| Value added by operation  |                | 2 382        |
| Interest income   |                | 58           |
| <b>Total value added</b>  |                | <b>2 440</b> |
| <b>Applied as follows</b>   |                |              |
|  <b>Paid on external empowerment</b>                 | <b>1,35%</b>   | <b>33</b>    |
| Corporate social investment   | 0,04%          | 1            |
| External bursaries  | 1,31%          | 32           |
|  <b>Paid on employees and internal empowerment</b> | <b>100,94%</b> | <b>2 463</b> |
| Salaries, wages and benefits  | 100,04%        | 2 441        |
| Employee wellness   | 0,08%          | 2            |
| Study assistance  | 0,41%          | 10           |
| Training  | 0,41%          | 10           |
|  <b>Paid to providers of capital</b>               | <b>2,05%</b>   | <b>50</b>    |
| Finance cost  | 2,05%          | 50           |
|  <b>Reinvested in the business</b>                 | <b>-4,34%</b>  | <b>(106)</b> |
| Depreciation  | 7,66%          | 187          |
| Retained deficit  | -12,00%        | (293)        |
| <b>Total value added</b>  | <b>100,00%</b> | <b>2 440</b> |

## ORGANISATION'S SUPPLY CHAIN

In line with the principles prescribed in the Constitution, we maintain a procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective.

### Non-audit supplier database

Estimated number of suppliers in the supply chain database





100

**Audit firms including their regional offices**

14 large, 9 medium and 77 small<sup>1</sup>



1 636

**Audit contracts were awarded to these firms**



**Outsourced work**

included pre-issuance reviews, regularity audits, information systems audits and performance audits

<sup>1</sup> Large firm – turnover of more than R50 million  
Medium firm – turnover between R10 million – R50 million  
Small firm – turnover less than R10 million

In 2020-21, we had 2 938 suppliers in our non-audit supplier database. We continued to enable our financial viability by using cost-cutting measures and safeguards against paying a high premium for goods and services received. Contract negotiations and an unusual decrease in procurement activities due to the pandemic led to large savings for the organisation.

### **Audit contracts awarded**

As part of our business model, we outsource some of our audit work. The firms that audit on our behalf are appointed using a transparent selection process that considers their size, location, expertise and quality of audit work. The appointment process also incorporates the principles of transformation.

During 2020-21, R638 million (2019-20: R686 million) was spent on core audit work by private firms. Of this, R421 million (2019-20: R346 million) was allocated to black-owned firms, while R134 million (2019-20: R126 million) was allocated to black women-owned firms.

*For further information on our active support of transformation, see the vision and values driven chapter from pages 91 to 102.*

## **SIGNIFICANT CHANGES DURING THE REPORTING PERIOD**

During the performance period, we audited the funds released for the covid-19 pandemic response and initiatives. The president supported these real-time audits to identify weaknesses and address them in time to prevent further findings. The real-time audits had a significant impact on our operations. Our audit methodology proved to be agile enough to incorporate the changes in the environment.

We adopted a hybrid approach in response to the pandemic, which included working from home and a move to digital methods of work. To facilitate this hybrid approach, our information and communications technology (ICT) was forced to evolve rapidly.

Our head office, while still in Pretoria, has moved to a more spacious and energy efficient building. This move has resolved the challenges of a shortage of space and parking for our employees, and ensures that all our business units are accommodated in close proximity within the same building.

The building has the added advantage of being graded A+ energy efficient and using green initiatives such as harvesting rain water and energy saving air-conditioners to reduce our carbon footprint.

Our head office was chosen with the well-being of our employees firmly in mind. We now reside in a secure office precinct that meets our needs, with easy access to all parts of the building for people with disabilities.