

STRATEGIC GOAL 2: VISIBILITY FOR IMPACT (V2)

Our mission is to strengthen South Africa's democracy through auditing that enables oversight, accountability and governance in the public sector.

Engaging with stakeholders allows us to build professional relationships that enable and influence the public sector to build strong financial and performance management systems, and to use public funds as intended for the benefit of the people of South Africa.

Our visibility programmes are designed to support our stakeholders by engaging them on our products and presenting them with audit insight. Broadly, we categorise our stakeholders as either constitutional or non-constitutional.

Our constitutional stakeholders – those identified through the Constitution – include our auditees, the executive and legislative stakeholders. Non-constitutional stakeholders – identified over the years as integral to achieving our mandate and improving public sector accountability – include the citizens of South Africa, public and CSOs, the media, standard-setters, professional institutions, other state institutions that support constitutional democracy, Intosai and Afrosai-e.

OUR APPROACH TO STAKEHOLDER MANAGEMENT

We use a simple three-step approach:

- 1 Analyse stakeholder needs
- 2 Develop specific action plans for each stakeholder group within the stakeholder categories
- 3 Engage with stakeholders and monitor the impact.

AGSA'S KEY STAKEHOLDER GROUPS



CONSTITUTIONAL STAKEHOLDERS

Visibility for impact objective 1: Achieve impact through visibility programmes

PERFORMANCE MEASURE

% implementation of our visibility programmes (constitutional stakeholders)

2020-21 TARGETS

80% – 100% of the planned engagements for 2020-21

2020-21 ACTUAL

195%

Impact of our visibility programmes

At the start of each annual cycle we customise our visibility programmes to ensure that our engagements achieve their desired impact and return on investment by convincing stakeholders to act. In these interactions, we emphasised

the lack of preventative controls in the government's financial system, the lapse in financial management and the implications of our enhanced mandate. We also focused on selected auditees that disbursed covid-19 funding and acknowledged the improvements made.

We prioritised 292 constitutional stakeholders for 524 interactions to help influence change, improve or maintain strong financial management systems, and implement corrective action where necessary. However, we exceeded our planned interactions by holding 1 023 interactions with these stakeholders for the year. This was in some part driven by engagements during our real-time audits.

Our visibility programmes provided ministers and portfolio committees with a platform to ask clear accountability questions related to our audit findings and covid-19 expenditure. We shared the audit outcomes of national and provincial, local government and real-time audits, and insight on transversal audit issues. The objective was to empower ministers to replicate good practices and establish corrective measures where required.

The covid-19 pandemic created an opportunity for innovation in stakeholder management, and the ability to engage virtually aided our quarterly engagements. Our proactive guidance and insight on preventative controls for government's covid-19-related expenditure provided added opportunities for collaboration. The Unemployment Insurance Fund was typical of an entity that benefitted from our interactions by recouping funds disbursed inappropriately.

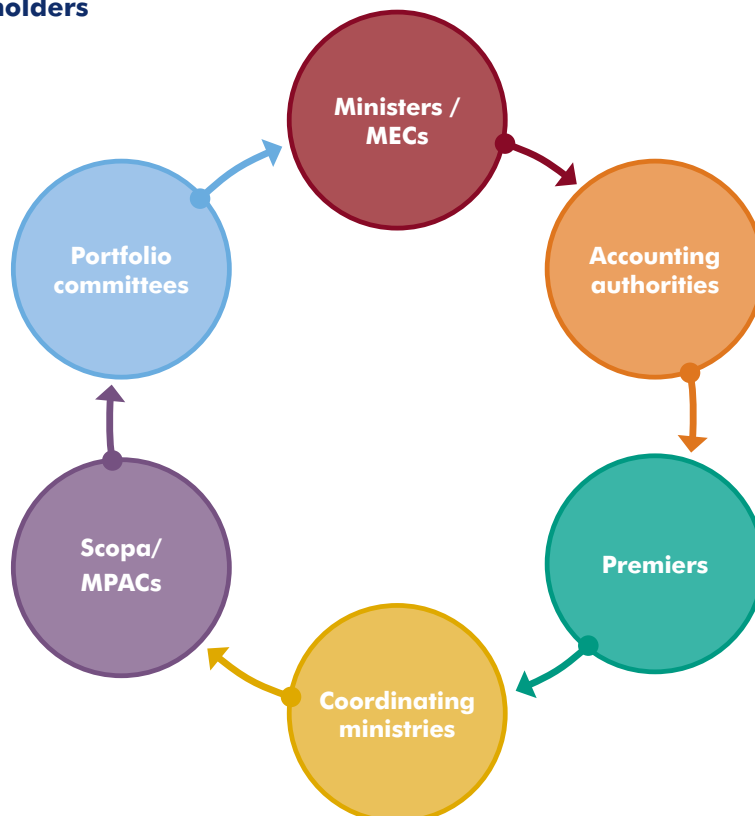
Overall, we believe that our interactions helped stakeholders carry out their mandates. Our constitutional stakeholders gained a better understanding of our audit messages and accounting officers who heeded our advice constructed audit action plans that addressed key internal control deficiencies and helped close their internal control gaps.

Interactions with legislated oversight bodies included sharing audit insight to equip them to scrutinise accounting officers' reports and publicly hold executive authorities to account for their stewardship of public funds. These institutionalised interactions with ministries, and portfolio and public account committees have matured. However, more action is required to improve audit outcomes.

Oversight leaders asked us to fast track our enhanced mandate and highlighted the need for all investigations into financial losses to be accompanied by a clear process for recovering funds. This expectation was largely in response to the slow pace of consequence management in departments. We responded by providing an update on the process of identifying and dealing with MIs, and emphasised the partnerships with all role players.

We will continue to enhance our visibility programmes to ensure that our messages remain relevant to all our stakeholders.

Constitutional stakeholders



Prioritised constitutional stakeholders



Cabinet and coordinating ministries

The Cabinet is the most senior level of the executive branch of the government of South Africa, and consists of the president, as head, the deputy president and ministers.

Coordinating ministries have collective transversal responsibilities that are mandated to several ministers. These responsibilities include cooperative governance development, local government, public financial management, performance, monitoring and evaluation and public administration.



Executive

The executive authorities are stewards of the apportioned public funds. They have executive powers to determine the direction of resources for service delivery to benefit citizens.

We engaged with them quarterly, either individually, collectively on platforms like in Cabinet or on roadshows, and through written communication.



The National Assembly and National Council of Provinces

We usually interact with the collective of the National Assembly and National Council of Provinces (NCoP) leadership after each audit cycle. For 2020-21, we first met with the house chairpersons individually and, later, with the committee of chairpersons where all the oversight committees' chairpersons are represented.

Using our general reports, oversight leaders immediately scheduled interactions with specific departments to address the findings. They responded to our special covid-19 report by driving the executive authority to call for speedy consequences, as the minister of employment and labour did in relation to the UIF.



Portfolio committees

The oversight committees remain critical to spreading our messages; they occupy a unique position to deal with sector-specific audit outcomes. The diversity of oversight committees also allows us to brief committees on a wide array of findings.

We interacted with all portfolio committees during the annual budget review and recommendations reports (BRRR) interactions. These interactions are meant to assess the state of financial management in each government department. Given the delayed submission of financial statements for auditing, the BRRR process took place a month later, which affected the uniformity of preparation and execution during this critical oversight process.

Using our audit findings, committees were able to formulate relevant and impactful resolutions in their respective BRRR reports.



Standing Committee on Public Accounts

Scopa's mandate is to scrutinise all annual reports to identify and call to account all departments with undesirable audit outcomes. It executes this mandate using our reliable and relevant information on state accounts. The committee's strategic objective is to use oversight to curb the rise of irregular, fruitless and wasteful expenditure, which is aligned to our desired impact for this stakeholder.

We assisted Scopa with briefings ahead of hearings and oversight visits in which they closely scrutinised the SOEs, with a particular focus on the fiduciary duties of their boards.

In an effort to maximise its oversight impact, Scopa also sought strategic engagements with the AGSA and the SIU, especially during its oversight of the covid-19 disbursements.



Association of Public Accounts Committees

The Association of Public Accounts Committees (APAC) serves as the coordinating structure for national and all provincial Scopa chairpersons. It provides a cost-effective platform for engaging oversight on transversal issues. We engaged the APAC on the audit outcomes of both cycles and jurisdictions. The APAC has demonstrated an understanding of the root causes of audit outcomes in public hearings where accounting officers and executive authorities appeared for scrutiny. We look forward to the APAC playing an active role in equipping its members and support staff for heightened oversight.

Preventative controls guidance to constitutional stakeholders

In reprioritising our activities in response to the imperatives of our real-time audits, we refined our status of records reviews in 2020-21 to enhance our proactive approach and focus on preventative controls. While the status of records review provides an early warning to accounting officers, preventative controls are measures that enable accounting officers to maintain a solid set of controls that are applied daily to business processes.

Going forward, the preventative controls will form part of the status of records review.

The engagement on preventative controls extended to parliamentary oversight committee chairpersons and the APACs. This empowered them to oversee the executive authority and accounting officers during public hearings.

The importance of the preventative control guides in these interactions bodes well for incorporating them into our audit engagements.



NON-CONSTITUTIONAL STAKEHOLDERS

Collaboration with law-enforcement and other agencies

Since we commenced the real-time audits, we have enhanced our engagements and cooperation with the SIU and the Office of the Public Protector on allegations and investigations related to covid-19 expenditure. This cooperation prevented duplication of efforts when auditing and investigating this expenditure as the three offices' mandates and functions complement each other.

Government established the multiagency Fusion Centre in July 2020 to respond to risks identified in covid-19 expenditure. It comprises various law enforcement agencies to detect, investigate, prosecute and recover lost assets. Although we are not a law enforcement agency, we provided much-needed information on irregularities identified during the real-time audits. This significant information was used to follow up and refer cases to the relevant law enforcement agencies.

The impact was that the SIU used our findings on irregularities in the temporary employee/employer relief scheme (Ters) payments to motivate for an investigation into the Ters programme in its entirety. These investigations led to prosecutions and the recovery of some of the misappropriated funds.

Our virtual engagements increased our interaction, with various memorandums of understanding (MoUs) being agreed.

Standard-setters and regulators

Our strategy also requires non-constitutional stakeholder engagements with like-minded institutions that are responsible for regulations and setting accounting and auditing standards. We continued to strengthen our partnerships and cooperation with the institutions responsible for reporting frameworks and supporting legislation to improve the quality of these reports. Our main objective is to collaborate with and influence these stakeholders to ensure that our technical audit insight is used to execute their mandate. At the same time, we gather relevant insight from them for our own use.





National Treasury

We engaged with the National Treasury as one of the key standard setters for financial reporting frameworks and as a custodian of the national and provincial government and local government financial management legislation. Within the National Treasury we regularly interact with the Office of the Accountant-General and the Office of the Chief Procurement Officer.

Our objective in engaging with these offices is to resolve contentious technical matters, arising from our audits. These deliberations help to improve the consistency of responses and the way auditors and auditees apply these resolutions. We also provide inputs and comments on standards, templates, procurement prescripts, guidelines and other technical documents.



Performance information task team

The Performance Information Task Team (PITT) is a discussion forum with a collaborative advisory role. Its purpose is to evaluate existing performance management and reporting standards, frameworks and technical guidelines, and to provide input.

The PITT members are delegated by accounting officers from the National Treasury, Department of Planning, Monitoring and Evaluation, Department of Cooperative Governance and Traditional Affairs, Department of Public Service and Administration and the AGSA. The task team met four times during 2020-21.

The PITT provided deeper insight for consideration, which enabled us to align our current and future audit planning to performance management and reporting developments.



Accounting Standards Board

The Accounting Standards Board (ASB) is responsible for developing and maintaining the Standards of Generally Recognised Accounting Practice (GRAP), and advancing financial reporting in the public sector. Our objective in engaging with the ASB is to provide insight on implementing the audit, and auditing and accounting considerations when setting the GRAP standards.



Professional bodies: Independent Regulatory Board for Auditors

We engage with the IRBA to facilitate public sector audit insight in developing standards and guidance for auditors. These interactions included updating and issuing the IRBA and AGSA joint *Guidance on performing audits*.

The guides are used where the AGSA has opted not to directly perform the audit and is aimed at improving the quality of public sector audits performed by private audit firms.

These guides will enhance the contracted audit firms' understanding of public sector audits and improve audit quality. The IRBA also plays a role in the quality control assessment process.



Formal trilateral meeting

The formal trilateral meeting is between the AGSA, the director-general at National Treasury and the chief executive officer of the ASB. The objective is to strategically collaborate to improve financial reporting, accountability systems and transparency, and to give direction to technical specialists dealing with operational issues.

During the 2020-21 cycle, we held two meetings that focused on identifying areas of collaboration between the three institutions.



Stakeholder interactions with contracted audit firms

Contracted audit firms and pre-issuance reviewers assist us to close capacity shortages when conducting our audits in line with our constitutional mandate. These firms are viewed as an extension of our capacity to conduct audits and we are prompt with work allocations and communication to enable us to plan audits on time.

Our continuous communication with contracted audit firms ensures that they are kept abreast of all developments and remain aligned to our

needs. We aligned the audit directive that ensures a standardised audit methodology when work is performed through private audit firms.

Although the audit firms are required to adhere to the standard, we are mindful of our ownership of the standard for providing assurance and our senior managers are equally responsible for overseeing the work done by audit firms. In the spirit of professionalism, we hold audit firms accountable for quality at the highest level of audit partner.

OUR CITIZEN ENGAGEMENT STRATEGY

Engage actively with citizens

PERFORMANCE MEASURE

% implementation of actions as per our citizen engagement programmes stakeholder engagement plans)

2020-21 TARGETS

80% – 100% of the actions for 2020-21

2020-21 ACTUAL

81%

Enhanced citizen engagement continues to be viewed as essential internationally among supreme audit institutions. The outbreak of the pandemic and subsequent national lockdowns initially disrupted how organisations disseminated messages through conferences and other face-to-face engagements.

Our investment in building and developing social media platforms as official channels to engage citizens had an impact on the presence of our audit messages in the public discourse. These well-established social media platforms allowed us to keep the public informed on issues of public accountability, transparency and good governance.

We also used social media platforms to create awareness of our proactive approach to real-time audits and profiled the auditor-general and the AGSA as thought leaders by highlighting the auditor-general's participation at the Intosai CBC webinars, online media interviews and virtual panel discussions.

When the special reports were released, social media platforms were used to drive messages using #AGSAcovidReport. These reports were issued in an environment where many citizens were anxious and asking questions about the R500 billion in relief funds. The reports and our coverage provided accurate information about the

funding, directed the conversation towards preventative controls, offered updates on the issues and, most importantly, provided the public with messages of assurance that the AGSA is examining the public purse.

Enhancing community reach

Informed media coverage and engaging citizens on province-specific issues

We coordinated provincial media workshops and general report briefings that resulted in regional journalists reporting on the PAA enhancements and general report messages from an informed position. This conveyed our key messages to their communities in a balanced manner.

Engagement with professional associations and industry organisations

With social distancing restrictions introduced by the pandemic, we used virtual engagements as an alternative to face-to-face sessions with professional bodies. During these sessions, we shared audit outcomes, provided insight on our role and mandate, and engaged as thought leaders on various topics that have an impact on the profession. Topics included promoting ethical behaviour, sharing insight on public accountability and proactively auditing covid-19 expenditure, fraud and corruption.

These platforms allowed us to strengthen our relations with professional bodies, ensure that our voice is heard, increase our impact, receive stakeholder feedback and enhance our brand presence. Our leadership was invited to share their messages at webinars, conferences, seminars, symposiums and other professional forums hosted by:

- Black Management Forum (BMF)
- Chartered Institute of Government Finance, Audit & Risk Officers (Cigfaro)
- CFO SA
- Association of Certified Fraud Examiners (ACFE)
- Association for the Advancement of Black Accountants of Southern Africa (Abasa)
- Saica

Tsakani Maluleke was appointed the non-executive chair of the Board of Directors of Saica last year, while she was deputy auditor-general. In the same period, the African Women Chartered Accountants (Awca) honoured her with the public sector leader of the year award at their women's month conference. The award recognised her as an exceptional business leader who demonstrated the tenacity to succeed in her career while continuing to inspire others.

Our engagement with civil society organisations

We engaged with CSOs to explore mutually beneficial opportunities for sharing information and engaging on initiatives that formed part of government's covid-19 relief efforts. The key focus was to use this information for our risk assessment process by narrowing our attention onto hotspots and challenges.

We continued to share input on fraud, corruption in infrastructure and personal protective equipment procurement processes, with reflections on the current progress of procurement reform in relation to national development agendas.

We also presented an overview of audit outcomes, provided an update on the PAA, and deliberated on how ailing municipalities can be restored to functioning, efficient local government institutions.

The CSOs appreciated our engagements and efforts to strengthen good governance in the public sector. Long-term relationships with CSOs will assist to deepen our risk assessments and clarify our messages.

Interactions with the media

Strategic media interactions during this period largely aimed to improve balanced media coverage of our audit messages as a demonstration of the value of our investment in our media sessions. Briefings included interviews with the major mainstream media agencies such as the SABC, Newzroom Afrika and eNCA and print media publications to ensure that the general report messages were widely reported.

As part of planned, strategic communication initiatives with journalists, we also discussed the progress in implementing the enhanced PAA and clarified new concepts such as MIs, and their comparison to already known audit concepts such as irregular expenditure.

Media coverage trends

Independent media analysis of the AGSA's coverage shows that the media largely focused on messages conveyed in the three special reports and the 2019-20 national and provincial government general reports. While the media continued to report on public sector expenditure patterns, they increased their reporting on the meaning of the enhanced PAA, especially the MI implementation and findings.

Social media

In our push for continuous improvements and focus on building a sustainable digital communication environment, we developed a citizen-specific information portal to access simplified articles about our role, mandate and related topics. This portal can be found at <https://onlineagsa.co.za/>.

Using social media, we raised awareness of, and directed traffic to, articles and videos on our portal (through #RaiseTheBar/This affects you too campaign). We increased the reach and impact of our messages by sharing digital versions of our reports, guides, newsletters and magazines.

Our social media community grew by 21,8 % from 63 029 to 82 934 subscribers, and generated over 7 million organic impressions from our messages and just under 350 000 engagements. This improvement in the number of people following and liking our social media channels including Facebook, YouTube, LinkedIn and Twitter suggests that our investment in these channels is certainly paying off.

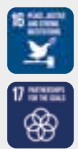
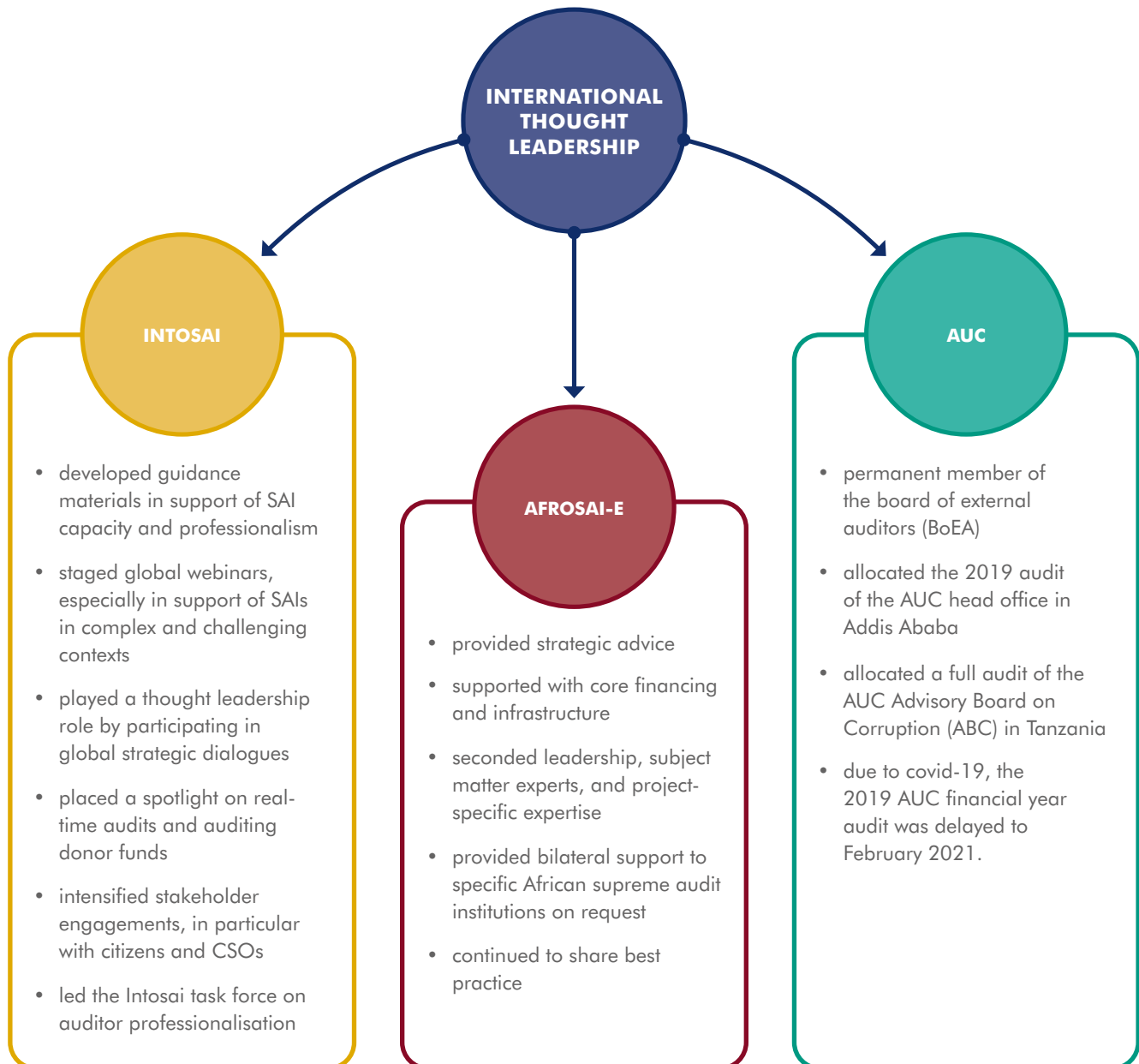
Appropriate social media campaigns were also used to share national, provincial and local government audit outcomes for both audit cycles using #AGSAreport, and highlight our socio-economic development efforts.

International thought leadership

We continued to play a key leadership role within the global community of 195 supreme audit institutions as the chair of the CBC, which is one of Intosai's four strategic goals. The CBC supports SAIs to maximise their value and benefits to society by developing their professional capacities. The interruption caused by the covid-19 global pandemic was used as an opportunity to respond with agility and successfully advance the CBC's key objectives through alternative means.

Through our participation in Intosai, Afrosai-e and the African Union Committee (AUC), we contribute towards the building of "the Africa we want", an aspiration of Africa's Agenda 2063, as well as a stronger global community of SAIs.





In its *Supreme audit institutions independence index: 2021 global synthesis report*, the World Bank rated SAI SA as one of two very highly independent supreme audit institutions, an accolade of which we can be proud.

A strong and independent supreme audit institution is critical for strengthening governance, oversight and accountability in the public sector so that the country's public resources can be used to benefit its citizens.

The World Bank assessed 118 of its clients on 10 indicators that included: financial and operational autonomy, a constitutional and legal framework, audit mandate and transparency in the process for appointing the head of the SAI.



This is an endorsement of the work done by those who came before us and conducted themselves and the organisation with the highest level of integrity, which protected the reputation of the organisation.

– Tsakani Maluleke

CONCLUSION ON THE PERFORMANCE OF THE VISIBILITY FOR IMPACT STRATEGIC GOAL

The visibility for impact goal continues to make excellent progress. Our visibility programmes continued to influence change and obtain the return on investment in the form of timely and effective corrective actions by some auditees. Engaging stakeholders to enable and encourage them to act are essential elements in achieving our mandate.

Considering the change in our environment, we responded with an agile approach to using virtual platforms to communicate audit matters to our stakeholders. We have executed a combined 1 023 interactions with constitutional stakeholders against a planned target of 524.

We continue to engage and collaborate with a range of stakeholders that we seek to influence.

As the country turned its eyes to the funds allocated to fight the pandemic, we directed the conversation to preventative controls, using guides to assist oversight and accounting officers to proactively prevent public funds being used inappropriately. We are happy to announce that these preventative controls were well received by all our stakeholders.

We worked with identified CSOs and gained insight on hotspots and challenges in communities. We aim to continue our engagement with CSOs to strengthen the value of the work that we do.

We remain focused on implementing our citizen engagement initiatives aimed at increasing the reach and impact of our messages by enhancing community awareness and ensuring an appropriate social media presence to engage citizens. Our social media community has continued to grow, which increases the direct exposure of citizens to our messages on accountability, governance and oversight.

Our interactions continue to spread credible and relevant messaging to the public, especially as we discussed our approach to real-time audits.

We play a key leadership role in the global community as the chair of the CBC by developing guidance materials in support of supreme audit institutions' capacity and professionalism, and by contributing expertise to numerous Intosai working bodies. Our executive leadership participated in many international virtual events highlighting the organisation's position as a thought leader in the international community.

We also continued to support Afrosai-e with its strategic and resource requirements.

We continue to nurture a mutually beneficial relationship with Afrosai-e and assist them with our many subject matter experts to enhance their content and experience.

We are proud to have been rated one of two very highly independent supreme audit institutions by the World Bank. We take our independence very seriously as it is critical to effective public sector financial management and accountability.

Challenges:

We experienced a lot of disruption to our plans for 2020-21. A number of approaches had to be adapted to achieve our objectives for the year, including taking most of our engagements online.

Future outlook:

We look forward to strengthening our partnerships with government bodies to deal with systemic deficiencies that compromise financial management and good governance in the public sector.

We will proactively seek new methods of engaging with our stakeholders on audit outcomes, MIs, preventive controls and the real-time audits' special reports, using all viable platforms.