

Employee wellness

We view employee wellness as a top priority. Covid-19 has had an impact on our employees’ mental and physical wellness. There was a notable increase of 70 stress-related cases and 217 money management cases reported. Challenges mirror the current conditions in the country, which is displaying unprecedented levels of stress and financial difficulties, all linked to the pandemic.

As we adjust to new ways of working, we will continue to emphasise employee wellbeing, focusing on providing measures that will help employees navigate the ongoing effects of the pandemic.

TRAINEE AUDITOR SCHEME

Our business model and talent pipeline rely on our ability to attract great talent into our trainee auditor scheme. We are constantly looking at how we can use our graduate recruitment efforts and the brand communication strategy to make the AGSA brand more attractive.

South African Graduate Employers Association (Sagea) employer awards

Our efforts continue to yield results, ensuring that brand AGSA becomes more attractive. This led to the AGSA recruiting over 93% of trainees with a Certificate in the Theory of Accounting (CTA). We also attracted talent among forensics and information systems graduate programmes.



Each graduate was asked to name the organisation that they felt had the best graduate literature, and the AGSA was nominated as the best in that category.

AGSA was voted the Sagea top employer in the public sector for 2021.



LEARNERSHIP PROFILE

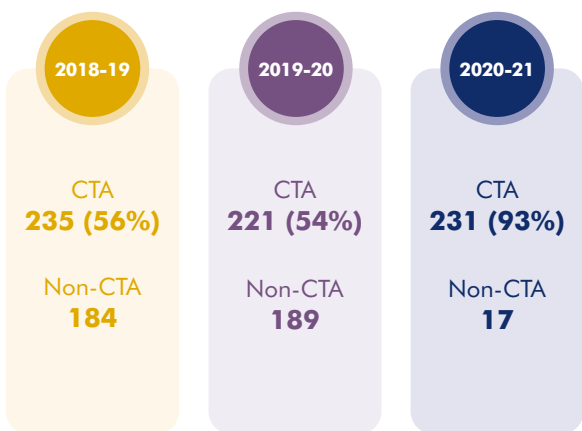
RACE GROUP	SAICA		SAIGA		ISACA		TOTAL	
African	471	627	2	2	5	21	478	650
Coloured	22	32	0	0	2	1	24	33
Indian	20	30	0	0	0	0	20	30
White	6	9	0	0	0	0	6	9
Foreign	0	0	0	0	0	0	0	0
Total	519	698	2	2	7	22	528	722
	1 217		4		29		1250	

Recruiting trainees with a Certificate in the Theory of Accounting

The trainee auditor scheme is an essential component of our business model and crucial to our sustainability. It is part of our strategy to continue professionalising the AGSA and contributing to transform the accounting and auditing profession.

Our graduate recruitment target was reduced to 248 trainees because of the impact of the pandemic, which limited the graduate pool from which we could recruit. We met our recruitment target and exceeded our CTA target of 80%, recruiting 231 (93%) trainees that had already attained their CTA. The other 17 (7%) of trainees will pursue their CTA studies in 2021. Two of our trainees are persons with disabilities. All trainees began their learnerships in February and March 2021.

TRAINEE AUDITOR INTAKE

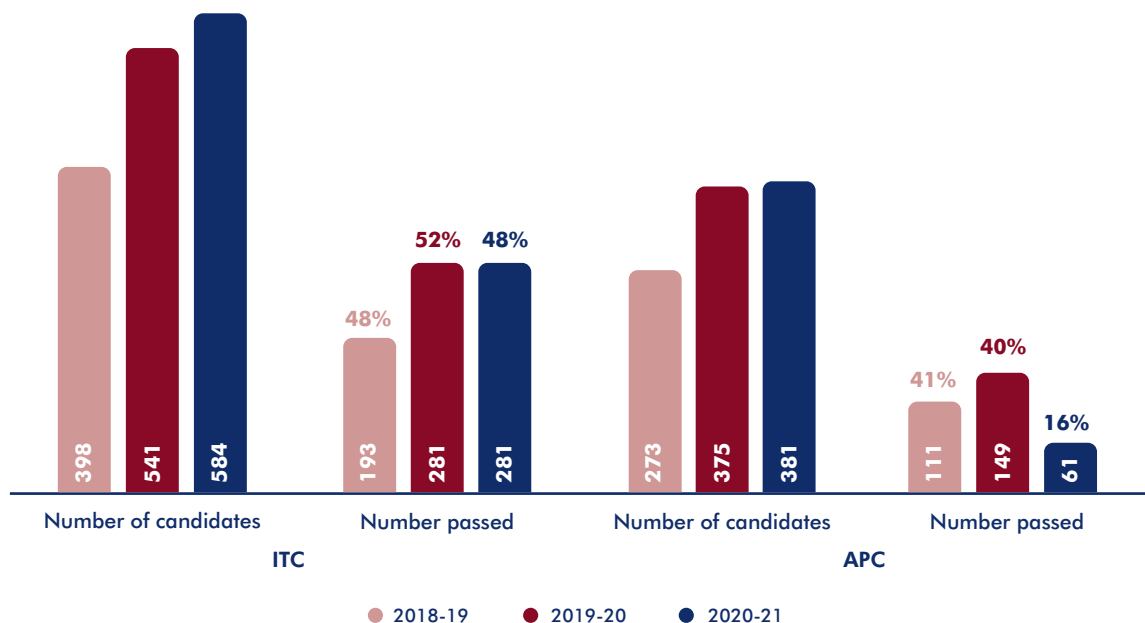


Trainee auditor assessment outcomes

The number of AGSA candidates sitting for the Initial Test of Competence (ITC) and the Assessment of Professional Competence (APC) had increased considerably over the years. Candidates for the ITC increased from 541 in the previous year to 584 in 2020-21 and the APC candidates increased slightly from 375 to 381 over the same period.

Of the AGSA candidates who wrote the ITC exam in 2020-21, 48% passed (281 of 584), compared to a pass rate of 52% (281 of 541) in the previous year. We achieved an overall 16% pass rate (61 of 381 passed) in the Saica APC, which is 24% lower than the previous year's pass rate of 40% (149 of 375). The Saica national pass rate decreased from 57% in 2019 to 43% in 2020. The low pass rate, particularly for black African candidates (24% compared to 43% for the previous year) is of concern to the AGSA and for the profession.

PASS RATES FOR AGSA ITC AND APC CANDIDATES



We recognise that 2020 was an extremely difficult year for the candidates to navigate. We remain focused on identifying the root causes of the current trends and finding the appropriate solutions.

Our trainee auditor tactical plan identified a number of factors as key drivers of the current trends in APC rates:

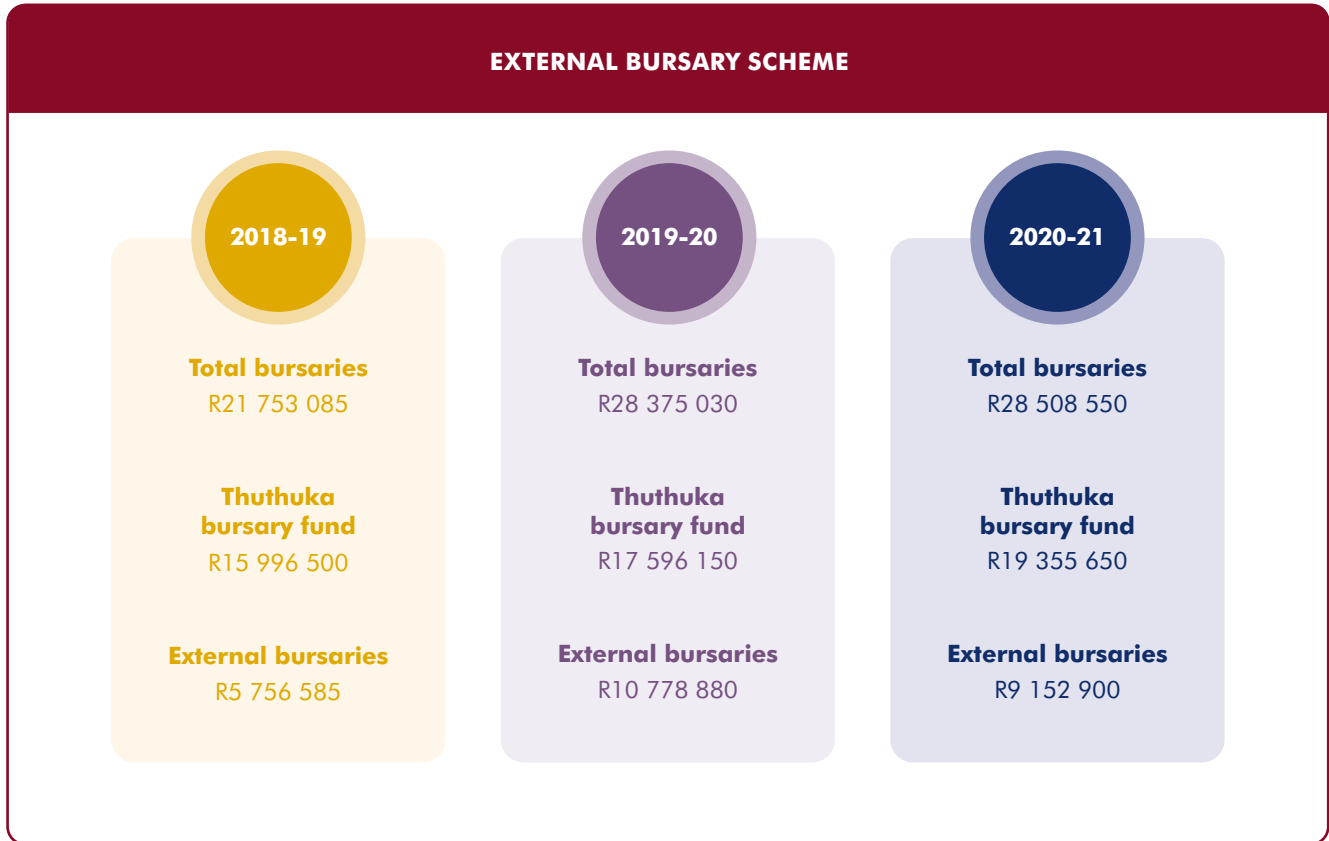
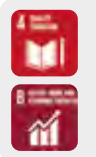
- 1 Individual-specific issues
- 2 Training office matters
- 3 Board course issues
- 4 AGSA training programme deficiencies

While the issues have been grouped into these broad categories, they are all interrelated and the entire system needs to be considered and addressed.

Academic trainees

As part of our strategy, we annually identify a pool of academic trainees who are seconded to universities during their first year of articles. After successfully completing their first year, they are placed in audit business units on the trainee scheme. This model assists us to build a sustainable talent pipeline while contributing to, and supporting, academic institutions.

We seconded 20 academic trainees to various universities in 2020, 90% (18) of whom were black African candidates. This is our contribution to transforming the profile of prospective academics in auditing and accounting. These academic trainees were successfully placed in audit business units in 2021.



External bursary

We continued to support disadvantaged university students studying towards becoming chartered accounts. This recruitment initiative assists to create a pipeline of future employees and leaders – 19 bursary holders were appointed as trainees at the beginning of 2021.

For the financial year, we contributed R9 million towards living allowances, tuition and accommodation costs for 71 students studying at 15 different Saica-accredited institutions.

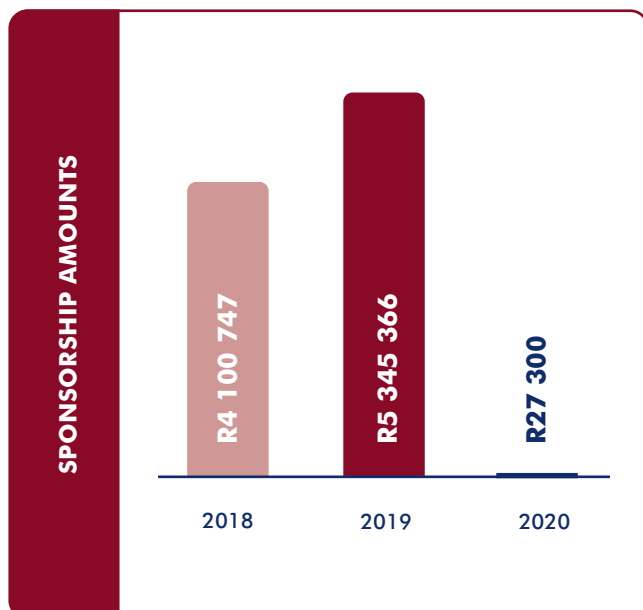
Thuthuka bursary fund

We continued to support the Saica Thuthuka bursary fund for students studying towards becoming chartered accounts.

In 2021, we recruited 43 trainees from Thuthuka, which contributed to the total number of trainees with a CTA that we employ. We continue our discussions with Thuthuka on how to improve the mutual benefits of our arrangements.

Sponsorships

The pandemic limited the number of university graduate recruitment activities or events. However, where possible, we provided support to identified universities, as these sponsorships allow us access to databases of students for our trainee auditor intake pipeline. The sponsorships included the universities of Free State, Johannesburg, KwaZulu-Natal and Pretoria.



Investment in training

As a strategic objective is to remain viable while adding value to the public sector and our country, our initiatives maintain an effective and well-skilled workforce. While 2020-21 was an anomaly, our virtual platforms proved effective in delivering training to our employees. Nevertheless, our planned training hours did decrease from 105 hours in 2019-20 to 39 hours in this period.

We also enhanced our PAA training material and shifted our approach from fundamental theoretical training to practical targeted training based on the implementation experience. A total of 750 staff and 534 staff from contracted audit firms were trained remotely in the 2020-21 reporting period.

We upskilled 1 026 employees in SOE training sessions and practical on-the-job experience. The next phase will incorporate in-house training provided by these trained employees.

Audit principles assessment











As part of our effort to improve audit quality, we conducted an online audit principles assessment for our audit staff. The insight derived from this assessment informed our subsequent training initiatives as well as specific enhancements to our audit methodology.

Growing the number of qualified professionals

Professionalising our organisation remains an ongoing imperative. Our recruitment and talent management strategies allowed us to grow our qualified audit staff by 3,2% to 1 369 professionals (2019-20: 1 327).

Our staff complement also consists of 796 non-audit employees with tertiary education (21%)

OUR AUDIT PROFESSIONALS PER AUDIT QUALIFICATION

ETHNIC GROUP	CA(SA)		RGA		ACCA		CISA		TOTAL	
										
African	239	269	142	179	13	10	27	49	421	507
Coloured	36	25	16	9	1	1	1	2	54	37
Indian	37	28	21	11	2	4	5	1	65	44
White	49	56	66	30	2	6	11	5	128	97
Foreign	4	3		1	4	3	1		9	7
Sub-Total	365	381	245	230	22	24	45	57	677	692
Grand Total	746		475		46		102		1 369	

Viability objective 2: Attract, develop and retain great talent

PERFORMANCE MEASURE

Saica risk rating for our training offices

2020-21 TARGETS

Low-risk: 8 – 10, Medium-risk: 5 – 7,
High or very high-risk: 0

2020-21 ACTUAL



Saica risk ratings for our training offices

The AGSA has 15 decentralised Saica-accredited training offices. This accreditation is our licence to accomplish our mandate and strategy to professionalise the organisation and transform the accounting and auditing profession.

Our additional initiatives and internal training office reviews assist in amplifying the quality of the assessment process and preparing for official Saica accreditation reviews.

This highlights areas that we need to improve before the official Saica accreditation review. These initiatives yielded a positive outcome as four training offices reviewed by Saica received an official Saica low-risk rating.

In 2021-22, Saica will visit the training office that received a high-risk rating for 2020-21. We will continue to assist these training offices prepare for the Saica review using their review action plans, and are confident of improved ratings and feedback.

Talent management

During 2020-21, our leadership development journey continued with a number of programmes tailored specifically to enhance our leadership's capability to respond to ever-changing business challenges. These were in conjunction with strategic processes that take a long-term view of our talent needs. We continue to align our programmes to create a stable and effective AGSA leadership pipeline.

Our multi-stage development framework to categorise the projected knowledge, skills, and capabilities needed across the organisation focused on the technical competency framework and behavioural competencies. We also reviewed audit role profiles to redefine and align them with the significant changes in our environment and the skill sets needed.

Performance management

Performance management is a critical business process that aligns individual efforts to support organisational priorities. The unprecedented events of the past year saw the landscape of performance management change. We took an approach that replaced the normal performance reviews with a more dynamic and engaging process of ongoing feedback and coaching. This was a first step towards performance management based on flexibility, simplicity, on-going feedback and empowering conversations.

We saw a positive response from business to refined qualitative performance processes aimed at providing employees with a comprehensive outlook on their contributions to the business unit and organisational scorecard.

Talent and reward

Reward and recognition form part of our integrated talent management tools that enhance our employee value proposition. When we transitioned to the cost-of-living adjustment (Cola) reward philosophy, the salary increase date remained unchanged even though salary adjustments were no longer dependent on individual performance.

However, with the philosophy fully embedded, the organisation has aligned the salary increase date to the start of the financial year from 2021-22.

The challenges posed by covid-19 tested the balance between our financial sustainability and reducing employee anxiety. Our sustainability and preservation of jobs was key in considering salary increases in August 2020. As a result, no salary increases and no performance bonuses were paid in August 2020. The salary progression for trainee auditors continued where conditions and criteria were met.



Despite all of our efforts, no one knows when the pandemic will be brought under control, and we have had to make some tough decisions to secure our sustainability. The executive leadership and I understand and appreciate that our employees continue to work hard to execute on our mandate. However, the need to balance current and anticipated covid-19 factors means that we must sadly confirm that no salary increases or performance bonuses will be awarded or paid to any of our employees for the 2019-20 financial year.

– Tsakani Maluleke

Recognising that our future survival depends on our ability to attract and retain talent, our employee value proposition will focus on:

- flexibility in our benefits to our diverse employees
- re-modelling the short-term incentive scheme to acknowledge and reward high performers
- recognising exceptional behaviour and competencies
- reviewing our remuneration approach in light of other offerings that will drive employee value proposition.

ORGANISATIONAL DEVELOPMENT

Viability objective 3: Create an enabling culture & leadership to drive strategy execution

PERFORMANCE MEASURE

% implementation of staff engagement planned actions

2020-21 TARGETS

80% – 90% implementation of culture plan actions for the 2020-21 financial year

2020-21 ACTUAL

86% implementation of culture plan deliverables for the financial year

86%