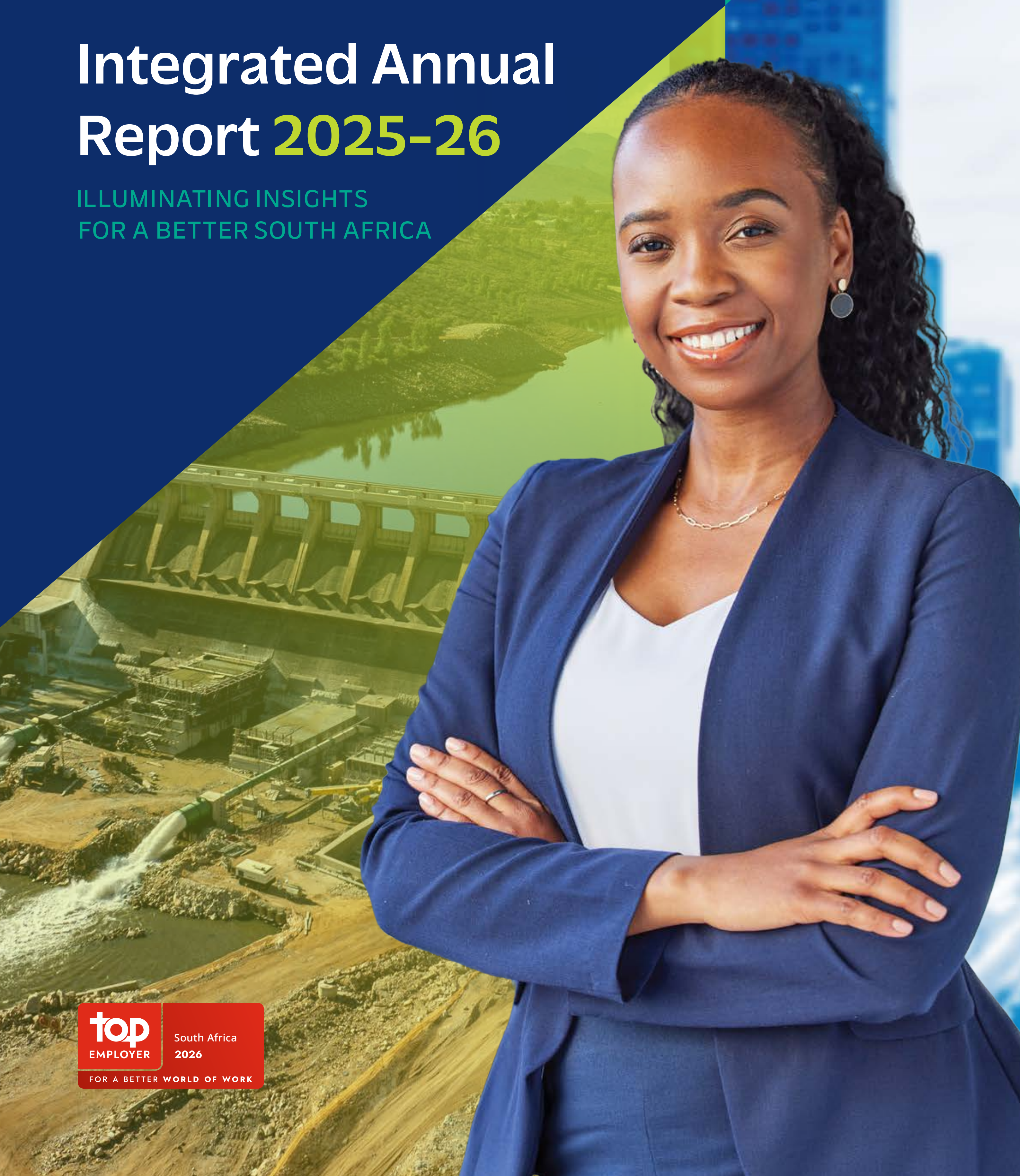
AUDITOR-GENERAL
SOUTH AFRICA

115 YEARS 1911 - 2026

# Integrated Annual Report 2025-26

ILLUMINATING INSIGHTS
FOR A BETTER SOUTH AFRICA



As one of six institutions created to support constitutional democracy, the Auditor-General of South Africa (AGSA) derives its mandate from the Constitution and upholds 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 National Assembly
PO Box 15
Cape Town
8001

10 September 2026

Honourable Speaker

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

It is my honour to submit the integrated annual report of the Auditor-General of South Africa, which incorporates a review of the institution's performance against predetermined objectives together with the audited financial statements for the financial year ended 31 March 2026, in accordance with the requirements of the Public Audit Act 25 of 2004.

I am pleased to report that the audit committee, established in terms of section 40 of the Public Audit Act, has expressed satisfaction with the audited financial statements and the unmodified audit opinion attained for the reporting period.

I respectfully draw your attention to section 41(5) of the Public Audit Act, which requires that the report be submitted within six months of the end of the financial year. In compliance with this statutory requirement, I kindly request that this report be tabled in the National Assembly by 30 September 2026.

Yours sincerely

Maluleke 9/9/2026

**Tsakani Maluleke**
Auditor-General

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**Tsakani Maluleke**
Auditor-General

# Auditor-general's **message**

*As we reflect on the year under review and on 115 years of existence, we remain encouraged by our progress in advancing the country's democratic vision and our strategic aspiration of having a 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.*

## 115 years of impact

The country's supreme audit institution (SAI), the Auditor-General of South Africa (AGSA), was established to strengthen constitutional democracy of South Africa through independent oversight, accountability and transparency in the public sector. While auditing and reporting are our core constitutional responsibilities, our purpose extends beyond assuring financial and performance information.

Our responsibility is also to contribute to stronger public institutions, better governance and improved outcomes for citizens. This commitment is reflected in our #cultureshift2030 strategy and aligns closely with the principles of Intosai (International Organization of Supreme Audit Institutions)-P12, which recognise that supreme audit institutions create value by strengthening accountability, transparency and integrity; demonstrating ongoing relevance to citizens and stakeholders; and leading by example as model public institutions.

For 115 years, the office has been a trusted guardian of accountability, transparency and integrity in the use of public resources. As we mark this milestone, we are proud of how the office and its people, across the decades, have built and upheld an institution that exemplifies consistent performance excellence, that advances audit insights that illuminate public sector performance (both gaps and opportunities for improvements) and that enables oversight and advocates good governance in the service of a better South Africa for all.

The journey towards a more capable, ethical and performance-driven public sector is neither simple nor linear. However, the lessons gained through the implementation of our #cultureshift2030 strategy continue to strengthen our conviction that meaningful improvements in public sector performance can be achieved when oversight is coupled with influence, when insights are translated into action and when accountability mechanisms are supported by committed leadership across the accountability ecosystem.

## Auditing to enable an improved public service

Our #cultureshift2030 strategy recognises that sustainable improvements in audit outcomes and service delivery cannot be achieved through technical competence alone. Rather, lasting public sector reform requires institutional integrity, leadership accountability, effective oversight by the whole public sector accountability ecosystem and a culture of transparency across the public sector.

During the 2025-26 financial year, our strategic aspiration remained clear: to leverage our audit work more intentionally and more effectively to contribute to tangible improvements in the lives of South Africans. This aspiration recognises that the ultimate success of the AGSA cannot be measured solely by the number of audits completed or reports issued. Rather, our success is increasingly reflected in the extent to which our work contributes to improved service delivery, stronger governance practices, enhanced public sector performance and increased public trust in state institutions. This requires deliberate effort to bridge the gap between audit findings and institutional actions.

Throughout the reporting period, we continued to strengthen the foundations required to realise this ambition. A key focus was the enhancement of our audit methodology to ensure that it remains responsive to an evolving environment and increasingly capable of producing high-impact insights. At the same time, we continued investing in the development of our people, recognising that our ability to create value depends on their expertise, judgement and professionalism. Building these capabilities enables our teams not only to identify risks and deficiencies but to generate insights that support meaningful decisionmaking and sustained improvement.

We remain clear that audit outcomes alone do not create change. Real impact occurs when audit recommendations are implemented consistently and when institutions use these insights to strengthen governance, improve financial management, enhance service delivery and build institutional integrity. For this reason, we continue to focus on influencing outcomes rather than merely reporting findings. Our objective is to increase the rate at which audit insights are acted on and translated into measurable improvements across the public sector.

## Audit insights that illuminate and enable improved performance and accountability

An important dimension of this work is generating insights in areas that have a direct bearing on citizens' lived experiences. Metropolitan municipalities and intermediary cities remain central to the delivery of essential public services, while sectors such as health, education, employment, skills development and infrastructure play a crucial role in South Africa's longterm social and economic development. By directing audit attention to these key sectors, we seek to provide decisionmakers, oversight structures and citizens with a clearer understanding of the factors that enable or hinder effective public sector performance.

*We seek to help public institutions move away from persistent patterns of weak performance, poor financial management and service delivery failures towards a culture characterised by accountability, transparency, strong leadership and institutional integrity.*

Our performance, accountability, transparency and institutional integrity (Pati) framework continues to guide this work. The framework enables us to look beyond compliance and consider the broader institutional conditions that support sustainable success. In so doing, we seek to help public institutions move away from persistent patterns of weak performance, poor financial management and service delivery failures towards a culture of accountability, transparency, strong leadership and institutional integrity.

Through the framework, we analyse and elevate audit insights across all three levels of government to help auditees and their oversight structures to identify financial mismanagement, performance gaps and systemic risks. Using high-quality and targeted audit recommendations, we also elevate auditees' opportunities for improvement. During the year, we were encouraged to see the uptake of these recommendations increase significantly. The intention is to use the audit cycles to track the implementation of recommendations.

As part of providing the public sector and citizens with value-adding insights during the year, we released a water report. The report aims to empower the country's entire water value chain to address weaknesses in their respective areas. It enables Parliament, the executives in national and provincial government,  councils and mayors of water service authorities to perform their important oversight role.

The report highlights failures throughout the water value chain, including weak planning and oversight, inadequate management of water and wastewater infrastructure and poor water conservation and demand management practices. It also highlights how the material irregularities identified across the water value chain demonstrate the impact of poor financial and infrastructure management on the public and on public funds.

When releasing the report, we were clear that to solve these challenges, capable, accountable and responsive institutions (delivering on their mandates and legislated responsibilities while cooperating across the various government spheres) will be crucial.

## Influence towards collective accountability for public sector improvement

During 2025-26, we observed encouraging signs that our strategic emphasis on influencing the whole accountability ecosystem of government towards more responsiveness and participation in working to improve auditee performance is gaining traction. Members of the accountability ecosystem are increasingly engaging with our findings and the insights generated through our work.

Influence tactics that improved responsiveness included continued clarification of roles and responsibilities across the accountability ecosystem, using our audit insights as catalysts for behavioural change, securing leadership commitments for corrective actions and escalating non-responsiveness.

The improvements we witnessed in 2025-26 (especially auditee leadership responsive and accountability ecosystem member action) suggest a deeper appreciation of the role that independent audits can play in supporting improved governance and performance. They also reinforced the importance of collaboration. Sustainable improvement cannot be achieved by any single institution acting in isolation. It requires coordinated action by oversight bodies, executive authorities, parliamentary committees, provincial legislatures, audit committees, internal audit functions and other participants in the accountability ecosystem.

Going forward, strengthening partnerships and enhancing our ability to influence positive action will remain priorities. Equally important will be our continued commitment to monitoring and measuring the outcomes of our influence work with stakeholders in the accountability ecosystem, so that we can better understand the extent to which our interventions contribute to meaningful and sustained change in the public service.

## Enforcing for impact

Our material irregularity process remains one of the most important tools available to drive accountability and consequences. Since the introduction of our enhanced powers, we have steadily built institutional capability to implement this tool effectively. The progress achieved to date demonstrates the value of this tool in addressing material harm to public resources and strengthening accountability for corrective action. However, its longterm success depends on effective collaboration across public institutions and law enforcement agencies. Strengthening these relationships remains a key focus as we continue to leverage this powerful instrument to support better governance and public sector performance.

During the year, 155 material irregularities were issued to prompt corrective actions among auditees. The issuance has yielded notable strategic improvements across a number of auditee environments, proving that the continued and consistent application of our enforcement powers contributes meaningfully to enabling public sector performance culture shifts.

Notable improvements enabled by our material irregularity issuance during the year included the prevention and recovery of financial losses, strengthened auditee internal controls to prevent recurrence of issues, identification of transgressing officials and institution of disciplinary action, and institution of fraud and criminal investigations. These reduced the number of repeat disclaimed audit opinions and improved reporting of fraud to law enforcement for further investigation and potential prosecution.

Enhanced measures to mitigate financial losses, strengthen internal control systems, and facilitate the recovery of funds alleviates fiscal pressures. It also creates additional resources that can be redirected towards service delivery initiatives, reducing the need for increased borrowing. However, the true measure of success lies in preventing financial losses rather than recovering them. We therefore continue to advocate for a proactive approach across the accountability ecosystem to identify and address instances that cause financial loss, and to ensure the prompt recovery of any losses that may be incurred.

These examples reflect improved auditee responsiveness to our tool and demonstrate the impact it can have when used appropriately, auditees respond to it and our accountability ecosystem partners use it for oversight and accountability.

## Supporting strengthened SAI impact internationally

Beyond our national responsibilities, the institution continued to play an important role within the global community of SAIs. Our contributions through Intosai, the African Organization of Supreme Audit Institutions (Afrosai) and Afrosai-e (English language institutions) reflected our commitment to advancing public sector auditing, building institutional capability and supporting good governance across Africa and beyond. Through our continued support of the Afrosai-e secretariat and capacity-building initiatives, we contributed to strengthening audit institutions across diverse jurisdictions and contexts.

In October 2025, Intosai awarded Afrosai-e the Kimi Makwetu Award during the XXV Intosai Congress, celebrating Afrosai-e's exceptional contributions to capacity building in public sector auditing. Named after the late Kimi Makwetu, our former auditor-general and chair of Intosai's capacity building committee (2013–2020), the award honours institutions that demonstrate outstanding commitment to strengthening the skills, systems and sustainability of supreme audit institutions worldwide.

As part of our international contributions, we were proud to chair the SAI20 engagement platform and host its summit. This engagement group provided an opportunity for the supreme audit institutions of the G20 countries to enhance their relevance and contribution to developing their countries and delivering 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 response to our SAI20 work and the recommendation communique, the SAI20 engagement group reaffirmed its dedication to promoting accountability and transparency in the various countries that it serves. It pledged to use the insights gained from our audit work to help create foresight for their governments, especially as it relates to the SAI20 themes. Lastly, it also undertook to use the learning from the SAI20 engagements to enhance their deliberations on emerging issues and sharing knowledge of good practices in the SAI20 and broader Intosai community.

The year under review also saw us continue our international audits for organisations such as the United Nations Educational, Scientific and Cultural Organisation, the African Union Commission, International Centre for Genetic Engineering and Biotechnology and the African Organisation of Public Accounts Committees. These international audits reflect improved auditee responsiveness to our tool and demonstrate the impact it can have when used appropriately, auditees respond to it and our accountability ecosystem partners use it for oversight and accountability.

Our international engagements also provide valuable opportunities for institutional learning and capability enhancement. Through our external audit responsibilities and our leadership role within the SAI20 platform, we continue to benchmark our practices against global standards, deepen our expertise and broaden the experiences available to our people. These opportunities not only strengthen our institutional capability but contribute to a compelling employee value proposition in a highly competitive and increasingly global talent market.

## Continuing as an impactful institution

The environment in which we operate continues to be characterised by significant uncertainty and complexity. Geopolitical developments, technological disruption, economic recovery challenges, local government elections and the ongoing social realities of poverty, inequality and unemployment all shape the operating context in which public institutions must deliver. These realities require continued agility, resilience and adaptability from the AGSA and the public sector alike. They also reinforce the importance of strong institutions, effective oversight and accountable leadership.

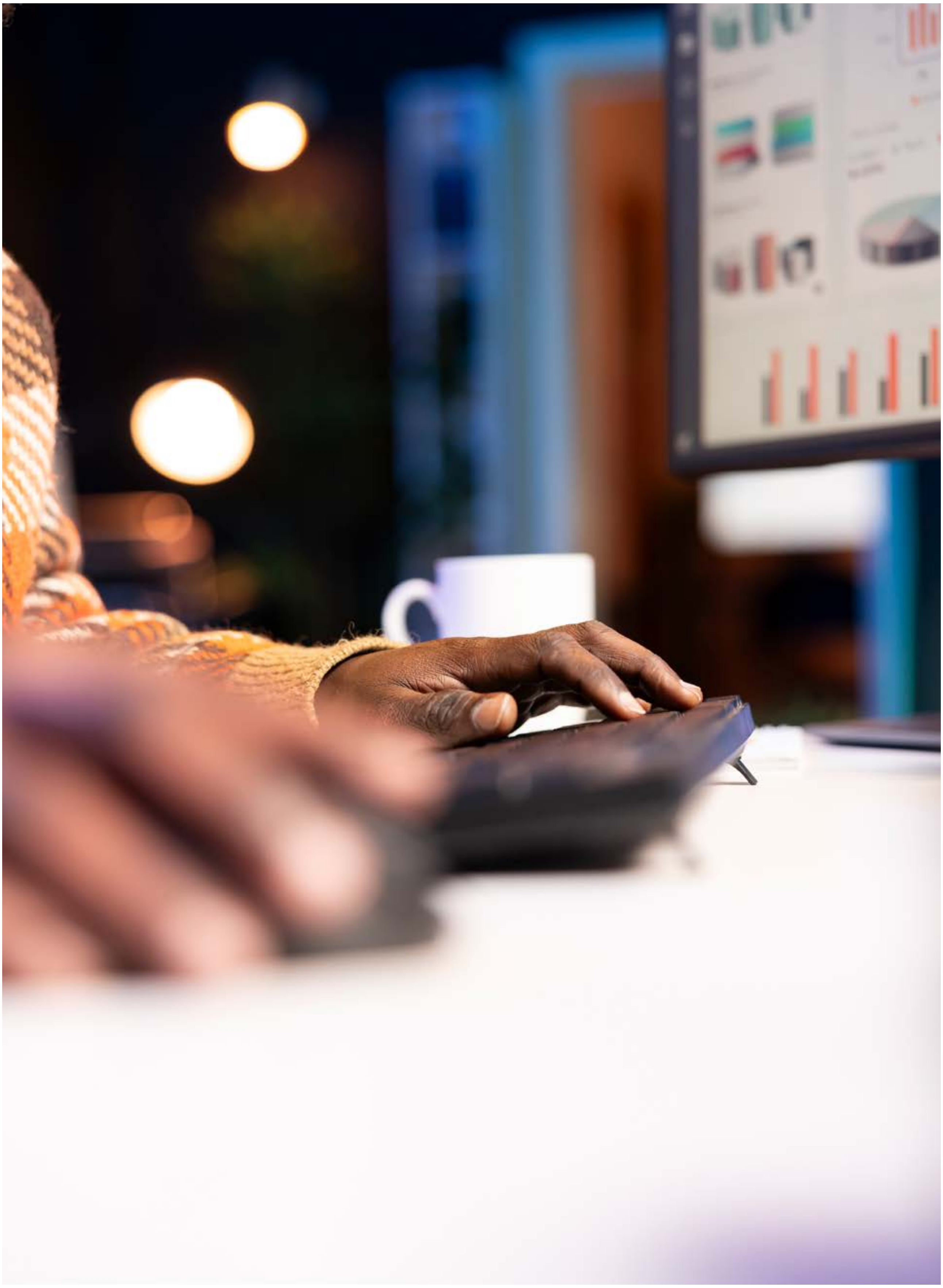
AFRICAN ORGANIZATION OF SUPREME AUDIT INSTITUTIONS

Despite these challenges, we remain optimistic about the role that independent public sector auditing can play in shaping a better future. We firmly believe that public institutions perform better when accountability is strengthened, when transparency is embedded, when integrity is protected and when leaders act decisively on credible evidence and independent insights. These principles continue to guide our work and inform our strategic priorities.

As we look ahead, we remain focused on our constitutional purpose and our strategic aspiration. We will continue to strengthen the relevance, quality and impact of our audit work, deepen our influence within the accountability ecosystem, leverage our enhanced powers responsibly and contribute meaningfully to the advancement of public sector excellence. Ultimately, our purpose is not merely to report on shortcomings. It is to inspire excellence, strengthen constitutional democracy and help build public institutions that consistently deliver value to the citizens they serve. Through the work we do and the example we set, we remain committed to making a lasting difference in South Africa.

9/9/2026

**Tsakani Maluleke**
Auditor-General



Bongi Ngoma
Deputy Auditor-General

# Deputy auditor-general's **reflection**

*Our #cultureshift2030 and its implementation successes continue to be delivered and recognised both internally and externally. This strategy has been enabled by not only the continued strong performance of our people across the institution, but by developing modern delivery capabilities.*

In the year under review, we remained conscious that the role of the administration of the AGSA was to establish, operate and continuously strengthen a system capable of producing excellence consistently. This understanding shaped how we approached our mandate, our people, our operating platform and our strategic priorities.

## Configured for strategic success and impact

The institution benefitted from the lessons of three years of strategy implementation experience, which helped sharpen our understanding of what was required to move from strategic intent to sustained execution. This enabled us to identify the initiatives that mattered most for the 2025 – 28 strategic period and to focus on those actions that would deliver more impactful outcomes.

A central feature of our work was the continued development of an operating platform that enabled the AGSA to have a more direct and consistent impact on improving the lives of citizens. This platform supported our strategic aspiration to help shift public sector culture through insight, influence and enforcement. Recognising that our resources were finite, we narrowed our focus to six priority areas: finance, people, technology, leadership, culture, and risk and ethics. These areas provided the foundation for our strategy implementation and ensured that our attention was directed to the enablers most important to longterm institutional success.

We took a longterm view of institutional performance. The reporting period was about more than the implementation of individual initiatives; it was about embedding the habits, systems and disciplines that would allow excellence to become a consistent feature of who we are as an institution.

## Auditing for impact

In our audit work, we continued to sustain and embed the production of high-impact audit insights and action-oriented influence. We generated audit insights informed by the Pati framework – performance, accountability, transparency and institutional integrity – and strengthened the use of targeted recommendations as part of our audit messages. Internally, we also advanced the integration between regularity audit and specialised audit services teams, supported by the growing use of multidisciplinary teams. This approach enhanced the quality and relevance of our audit insights and improved our ability to influence meaningful improvements in the public sector.

A key area of progress was the institution's continued work on the material irregularity mechanism. Having attained the target of implementing the mechanism across all auditees by the end of the 2024-25 financial year, our attention turned to strengthening internal processes, guided by the end-to-end review action plan. We focused on eradicating backlog irregularities, dealing efficiently with new ones, accelerating the resolution of irregularities and ensuring that our processes and audit quality remained robust, particularly where findings, irregularities or certificates of debt were contested. This work reinforced our commitment to maintaining trust in the integrity and effectiveness of our audit processes.

To ensure continued improvement of the material irregularity process (and its impact), we will focus on the following in the coming year:

- *High-impact material irregularities:* identifying material irregularities linked to irregular expenditure, fraud risk indicators and fiduciary duty breaches remains a top priority.
- *Timely and decisive progression:* ensuring that material irregularities are issued within the audit cycle and matters outstanding for extended periods are progressed decisively.
- *Sustained collaboration with the accountability ecosystem:* continuing structured engagements with accounting officers, executive authorities, oversight structures and public bodies.
- *Recoveries:* building on engagements with the office of the state attorney by strengthening collaboration to address civil recovery bottlenecks.

## Financially safeguarded for longstanding success

Financial sustainability remained a strategic priority. Although the institution's strong financial performance was supported by revenue and cost optimisation decisions, we recognised that sustaining these gains would become more difficult as inflationary pressures, auditee payment challenges and key capital projects placed increasing demands on our financial resources. We therefore deepened our focus on revenue optimisation, strengthened the management of contract work creditors and continued to leverage our resource pooling model. These efforts were aimed at institutionalising the financial management disciplines necessary to sustain the savings achieved in recent years.

We also continued to manage our capital expenditure programmes prudently, particularly as the institution advanced major technology-enabled initiatives such as the audit software project. We recognised that large-scale technology programmes carried inherent cost and implementation risks, and we therefore maintained

*Our work is demanding and the stakes are high, so employee effectiveness cannot be separated from employee wellbeing.*

a disciplined approach to governance, planning and oversight. Debt collection also remained a priority. We pursued more stringent debt collection targets, ringfencing agreements with auditees and, where necessary, litigation against non-paying auditees.

## Digitally transforming for greater efficiency and impact

Digital transformation was another defining feature of the reporting period. Our audit software project was successfully piloted, supported by strong project and cost management risks. We continued to prepare the institution to manage multiple digital transformation rollouts sustainably and to bring new capabilities into the business within the timelines envisaged in our strategy.

Technology transformation extended beyond audit. Within corporate services, we increased the availability of contemporary digital tools, continued to automate key business processes, implemented robotic process automation and expanded the use of business intelligence and analytics. Cybersecurity remained paramount from both technical and behavioural perspectives. We strengthened our technological architecture while deepening a cybersmart culture across the institution, recognising that the actions and awareness of individuals remain central to managing cybersecurity risk effectively.

## People-centred and leader-led

People remained at the centre of our ability to deliver on our mandate. The market for top talent in accounting, specialised audit capabilities, data analytics, performance audit, fraud examination and other strategically important business skills became increasingly competitive. In response, we prioritised sustainable competitiveness by attracting, retaining and developing talent. We worked to strengthen our employee value proposition, improve our talent management practices, and explore different remuneration approaches for specialist roles.

A key part of our people-related priorities is the institution's professionalisation journey.  Since its inception, our chartered accountant [CA(SA)] training programme has produced over 2 500 new chartered accountants. These are the professionals who not only go on to contribute internally but also join both the private and public sectors and can, especially in the public sector, act as positive examples of professional conduct and financial management practices.

We have continued to increase the number of CAs(SA) produced by our training scheme and our non-CA(SA) training programmes. These programmes are within our specialised audit services (including investigations and data analysts).

During the year we emphasised employee effectiveness, wellness and engagement. Our work is demanding and the stakes are high, so employee effectiveness cannot be separated from employee wellbeing. Our focus remained on strengthening the leadership and management practices, tools and social capabilities required to help our people manage themselves, their work and their lives more effectively.

## An institution that leads by example

Ethics, risk and quality are central to the institution's character. To restore our ethics rating to prior levels, we took a more integrated and targeted approach to interventions across ethics, people, culture and leadership. We continued to translate ethical awareness into ethical leadership and reinforced the importance of tone from the top through integrity assurance processes aimed at leaders and roles exposed to heightened integrity risks. As a result of all these efforts, we ended the year with an AAA ethics rating. This is the highest ethics rating that the institution has ever attained and illustrates its continued commitment to leading by example.

Simultaneously, we advanced the institution-wide system of quality management, strengthened audit management practices, introduced new technological audit tools and leveraged technology to expand quality assurance processes. We sought to embed a risk-savvy culture and were proud to end the year with a "managed" risk maturity level.

This was particularly important in an environment where the AGSA needed to remain responsive to changing public sector realities while continuing to uphold the highest standards of institutional integrity.

We excelled and continued to lead by example in our transformation initiatives. For the seventh consecutive year, we achieved a broad-based black economic empowerment level 1.  This success is a combination of the institution's intentional work in enterprise and supplier development, procurement decisions, recruitment and corporate social investments.

*Our focus was on strengthening the leadership and management practices, tools and social capabilities required to help our people manage themselves, their work and their lives more effectively.*

## Conclusion

The reporting period was defined by organised performance activity. Our priorities were directed towards building an institution that can stand as a beacon of performance excellence and institutional integrity for another 115 years. We worked towards an AGSA characterised by high talent density, ethics, financial sustainability and responsible use of advanced technologies that enable teams to focus on value-adding audit insights and crucial business decisions.

Our ambition during the year was to sustain the highest levels of public confidence, relevance and stakeholder value. We continued to audit and report in a manner aimed at improving the country's public service, while systematically adopting habits to secure operational excellence and strategic success.

I thank the members of Team AGSA for their individual and collective contributions to keeping the national audit office a beacon of excellence and for leading by example. We are confident the institution will continue to create an impact for another 115 years.

**Bongi Ngoma**
Deputy Auditor-General

# 01 Who we are

## OUR VISION

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

## OUR VALUES

We care for each other

We build trust

We do the right thing

We excel in all we do

## OUR 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.

# Mandate and legal form

The AGSA is the country's supreme audit institution. Its mandate is derived from chapter 9 of the Constitution of the Republic of South Africa, 1996. The institution is an organ of state, as defined in section 239(b)(i) of the Constitution, with full legal capacity and operating as a juristic person. As one of the six institutions established by chapter 9 to support constitutional democracy, its independence is constitutionally entrenched and it is subject only to the Constitution and the law. The Constitution further requires the institution to act impartially and to exercise its powers and perform its functions without fear, favour or prejudice. These functions are prescribed in section 188 of the Constitution as well as chapters 2 and 3 of the Public Audit Act 25 of 2004 (PAA).

## Accountability and reporting

The AGSA accounts to the National Assembly through the tabling of its annual report, financial statements and the associated audit report. This requirement is governed by subsection 10(2)(b) of the PAA.

## Financial and legal independence

The institution's legal and financial independence is underpinned by its legislative framework and funding model. This legislative independence enables the institution to make decisions free from executive influence. Although consultation takes place with the National Assembly's Standing Committee on the Auditor-General (Scoag) the National Treasury on budgetary matters, the auditor-general ultimately approves the institutional budget and exercises independent discretion in determining the basis for the calculation of audit fees.

## Sources of revenue

Section 36 of the PAA authorises the AGSA to access funding through multiple sources. Although the primary source of revenue is audit fees charged for the audits performed, the institution may access funding via parliamentary appropriations, interest earned on investments or from sources otherwise becoming available to the institution. Application for appropriation is made only in exceptional cases, such as instances where additional funding is required for invoking its amended statutory powers. Below is an indication of our exact revenue sources:

- Audit fees – The primary source of revenue is audit fees, which are discussed with auditees' executive management and approved by the respective audit committees, based on the scope and effort of the audit.
- Audit fees collected directly from the National Revenue Fund for auditees that are financially distressed and are unable to pay (in line with section 23 of the PAA).
- Parliamentary appropriations (allocated funding) — applied in exceptional circumstances, such as instances where the AGSA invokes its amended powers.

## Funding model principles

The funding model of the AGSA is premised on the institution being self-sustaining and financially independent. This type of funding model also secures the legal independence of the institution.

**On the basis of this model, the AGSA is:**

- Self-funding (the institution generates revenue through the fees charged to auditees for services rendered).
- Tariffs linked to staff remuneration (tariffs are primarily determined by the time spent by audit staff on the engagement and the charge-out rates associated with their salaries and overheads).
- Mark-up – generates a surplus for operational requirements (including both working capital requirements and capital investments).
- No tariff cap.

## Functions, beneficiaries and products

In terms of its legislative mandate, the institution audits and reports on the utilisation of public funds by government. This responsibility includes the undertaking of financial audits as well as discretionary audits, including performance audits, special audits and investigations.

The institution conducts mandatory annual financial audits, through which it audits and reports on financial statements, performance reporting, compliance with key legislation and material irregularities across national and provincial government departments, public entities, municipalities, municipal entities and state-owned entities (referred to as auditees).

Audit reports are issued to reflect the outcomes of these audits, with particular emphasis on identified material irregularities. Auditees are required to include these audit reports in their annual reports, which are subsequently tabled before the relevant oversight structures, including the National Assembly, provincial legislatures and municipal councils.

In addition to audit reports, the institution publishes general reports that provide analysis of audit outcomes across national, provincial and municipal spheres, as well as special reports that present findings from real-time or other standalone discretionary audits.

These reports support councils, legislatures and Parliament in exercising effective oversight and in holding the executive accountable for the management of public funds.

## International participation

The AGSA is an active member of Intosai. The institution leads Intosai's capacity building committee, serving as its advocate and custodian for the development of the capacity of supreme audit institutions across diverse global jurisdictions. In addition, the AGSA participates in several Intosai working groups, which facilitate the exchange of ideas, knowledge and experience among members and support the collaborative development of solutions to common challenges.

The AGSA contributes to the development of supreme audit institutions in Africa through strategic cooperation within Afrosai, including participation in its governing board and its two capacity development committees. The institution also continues to host the secretariat of of Afrosai-e, a regional chapter of Intosai. Through the provision of funding, resources and access to technical expertise, the institution supports targeted capacity development initiatives for its 26 member institutions.

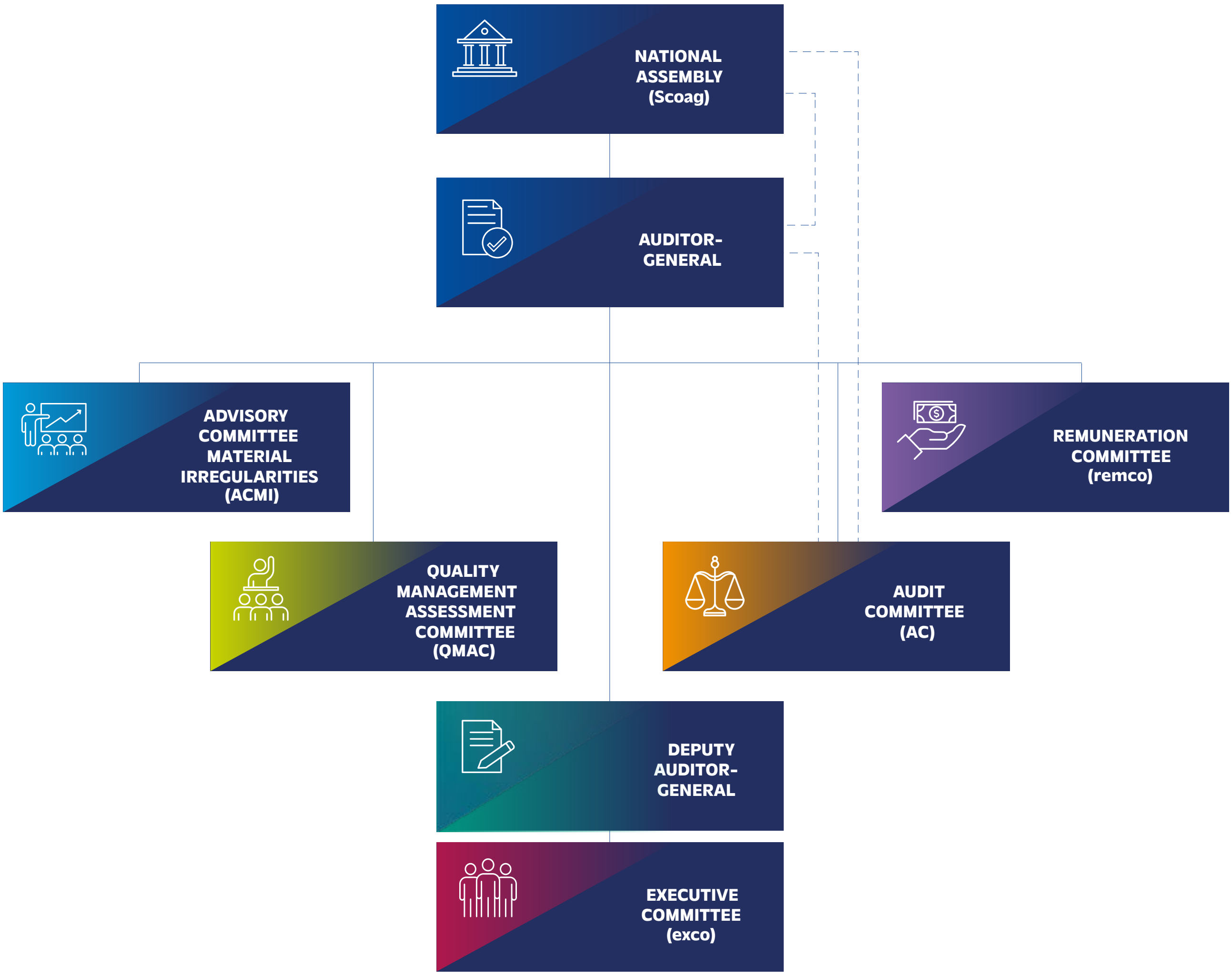
The successful collaboration with Afrosai-e led to it being awarded the October 2025 Kimi Makwetu Award by Intosai. This global award was in recognition of Afrosai-e's exceptional contributions to capacity building in public sector auditing.

The AGSA has further strengthened its international engagement through an expanding portfolio of international audit assignments. These include audits of the United Nations Educational, Scientific and Cultural Organisation (Unesco), the International Centre for Genetic Engineering and Biotechnology, the African Organisation of Public Accounts Committees and the African Union.

# 02 How we are governed

# Corporate governance framework

The institution's governance framework is anchored in the Constitution, the PAA and its associated regulations, and is aligned to recognised good governance practices. The institution adheres to the principles of King IV, reinforcing its commitment to ethical leadership, accountability and effective oversight. In line with best practice, membership within governance structures is periodically rotated and independent assessments are conducted to evaluate their effectiveness. In addition, the governance framework is continuously refined to strengthen leadership decisionmaking processes, enhance oversight and ensure ongoing alignment with the institution's evolving strategic objectives.



# Standing Committee on the Auditor-General (Scoag)

The National Assembly established Scoag as an oversight mechanism in accordance with 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).
- Is consulted on regulations – section 52(2).

## Advice and oversight to the National Assembly

### Performance

*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 the basis for the calculation of audit fees prior to the auditor-general's determination thereof – 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).
- Considers requests for the retention of surplus funds – section 38(4).
- Considers audit committee reports – 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).

From 1 April 2025 to 31 March 2026, the AGSA briefed and obtained Scoag's support on the AGSA's 2026 – 29 strategic plan and budget, the latest audit directive and the 2024-25 integrated annual report. The AGSA also briefed the committee on other key matters, including the progress and impact of its material irregularities process, as well as on the Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA) general reports.

**MEMBERS**

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
EJ Marais
SG Vilakazi

uMkhonto we Sizwe Party
S Mwali
EK Madlala

Action SA
AD Beesley

Inkatha Freedom Party
MA Mncwango

# Internal AGSA committees

## Quality management assessment committee

### Mandate

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 the external members, is an oversight structure appointed in terms of s5(2)(b) by the auditor-general to consider quality management processes within the AGSA.

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

The committee also supports the auditor-general in the evaluation of the system of quality management, per the International Standard on Quality Management (ISQM)1.

**MEMBERS**

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

Tsakani Maluleke, 51
(Chairperson)
Appointed: 2021
Attendance: 90%

Bongi Ngoma, 50
Appointed: 2026 (in her capacity as acting deputy auditor-general and from 1 June 2026, as deputy auditor-general)
Attendance: 100%

Zubair Wadee CA(SA), 48
Appointed: 2023
Attendance: 100%
Retainer: R161 325
Experience: A chartered accountant (SA) with extensive experience in corporate governance and institutional leadership, having spent many years in a large audit firm and academia. He has served on a number of governance, integrated reporting and accounting committees both locally and internationally.

Vonani Chauke, 50
Appointed: 2021
Resigned: February 2026
Attendance: 100%

Grathel Motau CA(SA), 52
Appointed: 2022
Attendance: 100%
Retainer: R161 325
Experience: 29 years of business experience from both the public and private sectors in areas that include credit risk, financial analysis, financial management and reporting, auditing, due diligence, corporate governance, supply chain management.

**Key committee considerations during 2025-26**

- Approve the system of quality management (SoQM) external review programme – 18 November 2025
- Review the policy on monitoring, remediation, evaluation and documentation of the AGSA SoQM – 18 November 2025
- Key audit team members from the AGSA joining auditees – feedback provided to the committee at every meeting. This matter was elevated to the committee because of the reputational risk it presents to the institution if not properly managed. There is always a need to ensure that when AGSA employees join auditees, there are mechanisms in place to ensure the continued integrity of our audit work and our final outcomes, with no conflicts created (whether real or perceived).
- Approve the ISQM methodology end to end 13 June 2025
- Engage on the AGSA's quality management review process and confirm the final quality ratings allocated to the reviewed engagement files

## Advisory committee on material irregularities

### Mandate

The advisory committee on material irregularities was established in terms of section 5(2)(b) of the PAA. Its core mandate is to hear oral representations by accounting officers and members of accounting authorities in respect of the auditor-general's consideration to issue a certificate of debt in cases where a material irregularity has resulted in a financial loss by the state. The committee is further mandated to advise the auditor-general on the issuing of a certificate of debt. The committee is independent and comprises multiskilled and professionally qualified members appointed by the auditor-general. The Material Irregularity unit provides administrative services to the committee.

**MEMBERS**

Nano Matlala (Chairperson)
Appointed: February 2023
Attendance: 100%
Professional fee: R581 000

Ina Botha
Legal
Appointed: October 2022
Attendance: 100%
Professional fee: R456 512

Herman Tlhako
Registered auditor
Appointed: October 2022
Attendance: 83%
Professional fee: R347 215

Grant Dunnington* Financial
Appointed: July 2022
Attendance: 0%
Professional fee: R0

**Key advisory committee on material irregularities considerations during 2025-26**

The committee met five times during the year to consider the following material irregularities

- Ngaka Modiri Molema water tankering material irregularity
- Free State Department of Human Settlements (three material irregularities)

One workshop was held on 22 October 2025 to discuss administrative and material irregularity process matters

**During the year, there was no matter that required the member's expertise. Hence, the member did not attend any meetings for the financial year.*

# Audit committee

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

**Key committee considerations during 2025-26**

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

- Internal controls and the AGSA's risk management framework, key strategic risks and mitigations rollout
- Internal and external audit processes and reports
- The integrated annual report and audited financial statements
- The AGSA's sustainability and performance information
- The internal audit workplan
- The ability of our chief financial officer and finance function to fulfil their responsibilities
- Annual assessment of audit committee members, and internal and external auditors

**MEMBERS**

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

**Grathel Motau, 52**
(Chairperson) CA(SA)
Appointed: 2022
Attendance: 100%
Retainer: R376 126
Experience: 29 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 management.

**Cedrick Mampuru, 51**
CA(SA)
Appointed: 2018
Attendance: 100%
Retainer: R322 649
Experience: More than 20 years in debt and equity structuring, risk and financial management.

**Carol Roskruge, 53**
MSc (UKZN); MBL (Unisa SBL)
Appointed: 2016
Attendance: 100%
Retainer: R322 649
Experience: Generalist trained in commercial and supply chain management.
She has extensive audit, risk and compliance management experience gained from her tenure on committees across the public and private sectors. She is an entrepreneur, an independent non-executive director and a businesswoman.

**Sello Ernest Mmakau, 52**
Master of Business Leadership
Appointed: July 2024
Attendance: 60%
Retainer: R564 635*
Experience: Transformation executive with 24 years of experience in technology, known for his innovative approach to defining groupwide digital strategies and setting institutional visions.

** This figure is higher than usual because of a rollover of the member's fees from 2024-25 (in 2024-25, the member had opted to donate his fees to a charity of his choice but this could not be processed as the charity was not on the institution's approved procurement and payments list. As a result, the fees he had wanted donated were paid to him directly instead during 2025-26)*

## Remuneration committee

### Mandate

Section 5(2)(b) of the PAA mandates the auditor-general to appoint a remuneration committee. This committee makes recommendations to the Independent Commission for the Remuneration of Public Officebearers on the salary, allowances and benefits of the auditor-general. The committee also makes recommendations to the auditor-general on the conditions of employment, remuneration, allowances and benefits of the employees of the AGSA before the auditor-general decides. It also provides advice on industry developments in remuneration frameworks. The committee is reviewed annually for independence.

**Key committee considerations during 2025-26**

- Performance-based salary increase proposal
- Revised remuneration benchmarking of the auditor-general (continued benchmarking and engagement with the Independent Commission for the Remuneration of Public Officebearers on auditor-general remuneration)
- Executive job grading outcome
- Financial performance of the institution for the year
- Performance bonus recommendations (2025-26)
- Latest trends in remuneration committee mandates

**MEMBERS**

The committee comprises the deputy auditor-general and three external members.

**Tantaswa Fubu, 53**
CA(SA), BAdmin (Honours)
Appointed: 2022
Attendance: 100%
Retainer: R188 063
Experience: More than 30 years' experience in audit, human resources and corporate governance, including in listed companies.

**Nazlie Samodien, 55**
Master Reward Specialist
Appointed: 2009
Attendance: 100%
Retainer: R161 325
Experience: 10 years of generalist human resources experience and over 16 years in specialist remuneration.

**Victor Emmanuel Sifiso Cele, 49**
MBA (GIBS), GEDP (GIBS), BSocSc (Hons), BSocSc (UCT), MHRP
Appointed: 2023
Attendance: 100%
Retainer: R161 325
Experience: 26 years' experience in human capital in fast-moving consumer goods and financial services sector specialising in human resources/human capital and 10+ years of experience as a non-executive director and remco member.

**Vonani Chauke, 50**
Appointed: 2021
Resigned: February 2026
Attendance: 100%

# Executive committee (exco)

EXCO MEMBERS

## Mandate

The executive committee (exco) supports the deputy auditor-general in overseeing and managing the institution's business affairs, in accordance with the delegated authority prescribed in the AGSA management approval framework. The committee is also empowered to establish subcommittees to support the execution of its responsibilities. Chaired by the deputy auditor-general, the committee comprises the head of audit, the head of specialised audit services, the chief financial officer, chief risk officer, chief technology officer and a chief people officer. The committee convenes monthly and, where necessary, holds special meetings to address ad hoc governance matters.

**Vonani Chauke***, 50
Deputy Auditor-General
CA(SA), Cisa, CIA
Attendance: 100%
Experience: Audit

**Bongi Ngoma**, 50
**Acting Deputy Auditor General
CA(SA)
Attendance: 100%
Experience: Audit

**Dr Thamsanqa Zikode**, 51
**Acting Head of Audit
CA(SA), MAP, MBA, M Phil and DBA
Attendance: 100%
Experience: Audit and financial management and analysis

**Polani Sokombela**, 41
Chief Financial Officer
CA(SA)
Attendance: 100%
Experience: Audit

**Phila Ndarana**, 58
Chief Technology Officer
BCom, MDP, PG Diploma in data technology
Attendance: 100%
Experience: Information technology, banking and insurance

**Vatiswa Nthoesane**, 52
Chief People Officer
MBL
Attendance: 100%
Experience: Human resources, financial services and public sector

**Solly Segooa**, 52
Chief Risk Officer
CA(SA)
Attendance: 100%
Experience: Audit, banking services and mining

**Thato Mahlamvu**, 46
Head of Specialised Audit Services
BSc information systems, MBA
Attendance: 100%
Experience: Professional services industry

**Lindiwe Miyambu***, 54
Chief People Officer
BEd
Attendance: 100%
Experience: Financial services

**Resigned*
***Both acting positions were due to the former deputy auditor-general's resignation and were put in place to ensure continued stable operations and continuity while the recruitment processes were underway.*

# 03

# How we are **organised**

## How we are organised

The AGSA is a South African constitutional institution that delivers services aimed at benefitting the country's citizens. Its core functions include enabling good governance and accountability within the public sector, advancing best practice in public auditing and operating a supreme audit institution. By implication, the work we do benefits the global community. The institution maintains its head office in Pretoria, supported by regional offices in each of South Africa's nine provinces. This geographic footprint enhances accessibility for auditees and other stakeholders, while simultaneously enabling efficient and effective delivery of services across the country.

At 31 March 2026

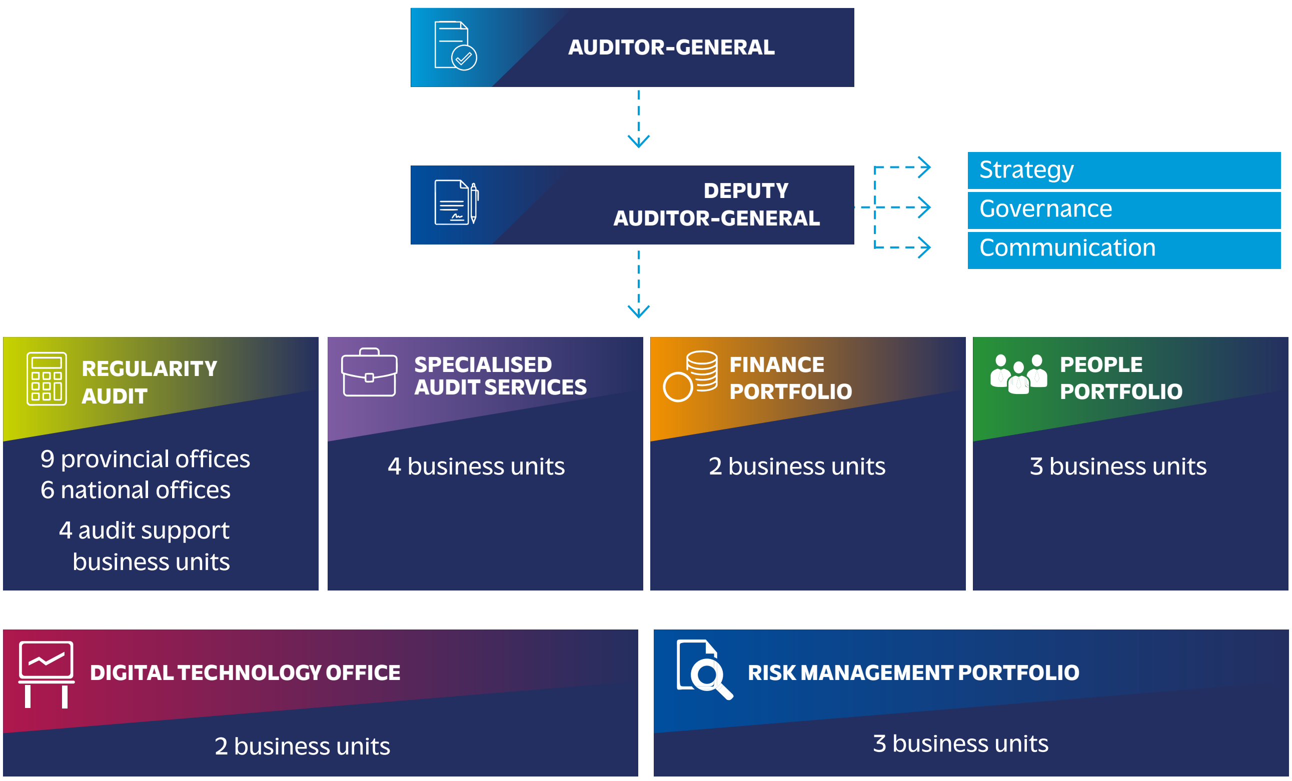
**4 425**
employees including trainee auditors and those on short-term contracts

**R2,93 trillion**
government budget audited

**964**
regulatory audits

**R5,5 billion**
actual revenue

## Structure of the AGSA



## Value-added statement

| | 2024-25 | 2025-26 |
|---|---|---|
| **Revenue** | R5 265 billion | R5 538 billion |
| **Paid to suppliers** | R1 281 billion | R1 399 billion |
| **Total assets** | R3 430 million | R3 536 million |
| **Gross profit** | R2 108 million | R2 248 million |
| **Reinvested in the business** | 11,04% | 8,94% |
| **Capital providers** | 0,87% | 1,45% |
| **Salaries, wages and benefits** | 86,27% | 87,25% |
| **Employee wellness** | 0,24% | 0,30% |
| **Study assistance** | 0,36% | 0,21% |
| **Employees and internal empowerment** | 87,61% | 88,89% |
| **External empowerment (bursaries and CSI activities)** | 0,48% | 0,72% |
| **Total added value statement** | R4 166 million | R4 329 million |

## Audit contracts awarded

As part of its business model, the institution strategically outsources a portion of its audit work to supplement internal capacity. Firms engaged to perform audit work on behalf of the institution are referred to as contract work creditors. The selection of outsourced partners reflects both the institution's capacity-building objectives and its commitment to transformation. All appointments are made through a transparent and robust selection process, with due consideration given to firm size, geographic footprint, technical capability and the quality of audit work delivered. Outsourced services typically include pre-issuance and quality reviews, procurement and supply chain audits, information systems audits and the provision of specialised expertise to support regulatory and performance audit functions.

Partnerships with small- to medium-sized audit firms are prioritised, supporting the development, growth, and advancement of black chartered accountants. Through this approach, these firms are enabled to access opportunities within the mainstream economy, accelerate their growth trajectories and contribute meaningfully to the sustainability of black- and women-owned audit firms, thereby advancing transformation within the auditing profession.

In addition, large audit firms are engaged where required to complement internal capacity. These allocations provide access to specialised skills, technical expertise and experienced audit professionals, ensuring the effective delivery of the institution's mandate.

## Contract work creditors – the numbers

### Totals spend on core audit work by private firms

| | |
|---|---|
| R633 million | Total spend on core audit work by private firms |
| R453 million | Black-owned firms (72% including black women owned firms) |
| R164 million | Black women-owned firms (26%) |

### Total number of firms

| | | |
|---|---|---|
| 239 | AUDIT FIRMS | |
| R163 million | 53 LARGE FIRMS | (TURNOVER OF MORE THAN R50 MILLION) |
| R177 million | 62 MEDIUM FIRMS | (TURNOVER BETWEEN R10 MILLION AND R50 MILLION) |
| R293 million | 124 SMALL FIRMS | (TURNOVER UP TO R10 MILLION) |

## Broad-based black economic empowerment level 1

| | Contract work creditor spend |
|---|---|
| Level 1 | R473 200 514 |
| Level 2 | R77 244 790 |
| Level 4 | R54 922 575 |
| Level 5 | R2 178 430 |
| Level 8 | R19 907 932 |
| Level 9 | R5 432 147 |
| Total | R632 886 388 |

(Firms ineligible for BBBEE preference points)

# Enterprise and supplier development

In 2025-26, the institution continued to advance its enterprise and supplier development (ESD) agenda as a core pillar of its transformation and sustainability priorities. Key initiatives including the expansion of the ESD panel, the provision of structured grant support and the increased allocation of audit work to black- and women-owned firms have strengthened sector capacity while maintaining audit quality and delivery standards. The programme continues to deliver tangible socioeconomic value, including job creation and enhanced supplier sustainability, reinforcing the AGSA's role as a responsible public institution and a leader within the profession.

The ESD programme is designed to accelerate the growth and sustainability of small- to medium-sized, black-owned enterprises within the accounting and auditing sector. Since its inception, the programme has grown significantly, expanding from four beneficiaries in 2014 to 38 beneficiaries across all nine provinces by 2026. These beneficiaries are supported through a comprehensive and integrated model, including financial assistance, prioritised payments and the allocation of quality audit work key enablers of the programme's success. In addition to expanding participation, the programme continues to contribute to job creation, supporting broader national efforts to address unemployment.

As part of its commitment to building a sustainable and transformed auditing profession, the ESD programme also focused on strengthening firm capability by requiring ESD firms to fully implement ISQM requirements, develop South African Institute of Chartered Accountants (Saica) accredited training offices, and the achieve Independent Regulatory Board for Auditors registration to enhance quality management and professional capacity across participating firms.

During the 2025-26 financial year, R129 million in contract work creditor assignments was allocated to ESD firms, enabling revenue generation while providing valuable training and development opportunities. In addition, R2 million was invested in ESD grants (2024-25: R1,9 million) to further strengthen the growth and sustainability of participating enterprises.

**38** NUMBER OF ESD BENEFICIARIES

**211** TOTAL EMPLOYMENT

**102** PERMANENT EMPLOYEES

**109** CONTRACT EMPLOYEES

**R2 000 000** GRANT ALLOCATION

## Outsourced audit work

**Outsourcing baseline (including audit-related ad hoc work)**

2020-21
R139 972 921

2021-22
R246 317 931

2022-23
R240 713 129

2023-24
R166 314 272

2024-25
R145 453 465

2025-26
R129 120 262

**Total amount allocated to outsourced audit-related work**

2020-21
R870 158 481

2021-22
R982 344 307

2022-23
R887 194 402

2023-24
R683 505 685

2024-25
R629 389 814

2025-26
R632 886 388

**Percentage of outsourced audit work allocation to ESD firms**

2020-21
16%

2021-22
25%

2022-23
27%

2023-24
24%

2024-25
23%

2025-26
20%

Achieving a **broad-based black economic empowerment level 1 for seven consecutive years** illustrates the success of our ESD and other transformation initiatives.

# Making an impact through our shared value creation model

In aligning its business model to the creation of stakeholder value, the institution uses its inputs (capitals) and transforms them through its internal business processes to produce products that generate value for both the institution and its stakeholders.

The value-creation model illustrates how the AGSA creates stakeholder value through its strategy, products and the internal systems and processes that support them.

**The model outlines the following:**

- The institution's strategic goals, as defined in the #cultureshift2030 strategy
- Its capitals and how these are leveraged to support each strategic goal
- Its internal configuration, including how the institution is structured from a people, processes and systems perspective to deliver on its key products
- Its key products
- The stakeholders who use these products.

## Our capitals

The six capitals represent the resources used by the institution to fulfil its mandate and are integral to its operational and strategic success. The availability, quality and affordability of these capitals may affect the institution's longterm sustainability and its ability to create value for both the institution and its stakeholders.

### TYPES OF CAPITAL

**Intellectual**

- Our knowledge and experience
- The insights we garner from our audit work
- The 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 institutional 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

# Value creation model

Below is an outline of how our strategy links to our capitals, internal configuration and our business model in a manner that allows us to ultimately meet our operational priorities, deliver on our strategy and create value for both the institution internally and all our external stakeholders.

## Our internal perspective

**(inputs, processes and products that underpin our business model and drive our strategy)**

### Our strategy: #cultureshift2030

1. Shift public sector culture *(capitals 1, 3, 6)*
2. Insight *(capitals 1, 3)*
3. Influence *(capitals 3, 6)*
4. Enforcement *(capitals 1, 2)*
5. Sustainably *(capitals 2, 3, 4, 6)*
6. Efficiently *(capitals 1, 2, 3, 4)*

### Our capital inputs

1. Intellectual
2. Financial
3. Human
4. Manufactured
5. Natural
6. Social and relationship

### Our key processes

1. Auditing public institutions, underpinned by:
   - Audit planning
   - Audit execution
   - Audit reporting
2. Audit and enterprise-wide quality management
3. Training young professionals
4. Stakeholder communications
5. Human resource management
6. Legal and compliance management

### Our products

1. General reports
2. MI reports
3. Sector-specific insight reports
4. Performance audit report
5. Real-time audit reports

## Our external perspective

**(key stakeholders with whom we engage and who derive value from our work)**

### 3. Cultureshift coalition

Professional bodies
Citizens
Academia
Business
Media

### 2. Accountability ecosystem

Parliament
Provincial legislatures
National Treasury
Coordinating ministries
Law enforcement agencies
Civil society organisations

### 1. Auditees

National government level
Provincial government level
Local government level
International auditees

Below is an outline of our capitals and how they link to our key outputs and value-creating outcomes. The mapping depicts the relationship among our capital deployment, the resulting outputs and the overall outcomes and value created through all of these. It also supports our key stakeholders in understanding how our inputs and outputs create stakeholder value and why it's important for us to manage risks, as these threaten our outcomes and value creation.

| INPUTS | KEY ACTIVITIES (2025-26) |
|---|---|
| **Financial capital**<br>• Audit revenue<br>• Cash reserves<br>• Approved funding model (1% - 4% net surplus)<br>• Debtors book | • Financial discipline and cost containment<br>• Debt collection and restructuring initiatives<br>• Targeted investment in digital and people capability |
| **Manufactured capital**<br>• Digital platforms (ASP, automations/bots)<br>• Information and communications technology infrastructure (including our network)<br>• Legacy enterprise resource planning environment | • ASP piloting and rollout preparation<br>• Infrastructure modernisation and disaster recovery capability<br>• Enterprise resource planning risk acceptance and transition planning |
| **Intellectual capital**<br>• Audit methodology and standards (including the MI manual, which is unique to the AGSA as a SAI)<br>• Digital intellectual property and data assets<br>• Risk, quality and governance frameworks | • Enhancement of audit software and analytics<br>• Development of early warning indicator concept<br>• Rollout of risk management operating model and enhanced risk appetite framework<br>• Quality remediation and learning from ASP pilots |
| **Human capital**<br>• Auditors and support staff<br>• Young professionals pipeline<br>• Leadership and technical capability | • Recruitment and retention of scarce skills<br>• ASP-related technical and change training<br>• Leadership DNA and capability programmes<br>• Wellbeing and culture interventions |
| **Social and relationship capital**<br>• Public trust and legitimacy<br>• Stakeholder relationships (Parliament, auditees)<br>• Supplier and ESD partnerships | • Delivery of independent audits<br>• Ethics, complaints and intimidation management<br>• ESD/stakeholder engagement |
| **Natural capital**<br>• Office facilities<br>• Digital infrastructure footprint | • Increased digitisation of audit processes<br>• Reduced reliance on paper-based workflows<br>• Infrastructure efficiencies |

| OUTPUTS | OUTCOMES AND VALUE CREATED |
| --- | --- |
| • Net surplus of 4,5%<br>• Gross margin at 40%<br>• Cash safety margin of 2,76 months<br>• Debt collection of 94% | **Financial capital**<br>• Sustained financial sustainability and independence<br>• Ability to self fund<br>• Improved liquidity strength (financial safety net) |
| • Successful ASP pilots (PFMA and MFMA)<br>• Improved system reliability and resilience<br>• Stable but timebound legacy enterprise resource planning | **Manufactured capital**<br>• Modernised audit delivery capability<br>• Reduced operational disruption risk<br>• Platform for future scalability |
| • Improved audit tools and guidance<br>• Strengthened quality management design<br>• Preserved data assets despite case management system (CMS) exit<br>• Strengthened risk management | **Intellectual capital**<br>• Improved audit insight and decisionmaking<br>• institutional learning embedded into future delivery<br>• Continuous improvement in audit quality |
| • High performer turnover <5%<br>• Strengthened trainee and leadership pipeline<br>• Increased training hours (ASP focus) | **Human capital**<br>• Sustainable audit capacity and succession depth<br>• Improved leadership confidence and capability |
| • AAA ethics maturity rating retained<br>• Improved complaints resolution<br>• Continued ESD outcomes | **Social and relationship capital**<br>• Sustained credibility, independence and public confidence<br>• Strong ethical culture and stakeholder trust |
| • Reduced manual and paper-intensive processes<br>• More digitally enabled operations | **Natural capital**<br>• Incremental reduction in environmental footprint through digitisation |

## Stakeholder value derived from our audit work

### Value of our audit work

**R2,93 trillion**
government budget audited

**R5,5 billion**
audit fee

### International value

As South Africa's supreme audit institution, we subscribe to and apply the principles entrenched in Intosai-P12, *The value and benefits of supreme audit institutions - making a difference to the lives of citizens*. The overall philosophy of the standard centres around the following notion:

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

According to Intosai-P12, the extent to which a SAI can make a difference to the lives of citizens is contingent on three main pillars:

**PILLAR 01**

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

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

**PILLAR 02**

**Demonstrating ongoing relevance to citizens, parliament and other stakeholders**

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

**PILLAR 03**

**Being a model institution through leading by example**

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


Through its audit work, the institution provides value to its stakeholders that extends beyond the provision of assurance on financial information and the reporting of findings on compliance and performance information. As the country's supreme audit institution, the value of its work transcends the audits performed and the reports issued. The true value lies in the practical impact of its work, what it enables, what it prevents and what it demands of the public institutions it audits, as well as of the South Africans who rely on them.

## The audit as a reflection of performance

At its most fundamental level, the institution's audit work provides South Africa with an accurate, independently verified account of how public funds are managed. No other institution has the access, statutory authority or breadth of coverage to perform this role. The AGSA audits about 1 000 auditees annually, including national departments, provincial entities, municipalities and public institutions and reports its findings without fear, favour or prejudice. While the resulting picture is not always positive, it is truthful. In a functioning democracy, transparency in the management of public resources is not optional; it is essential. It forms the foundation upon which oversight, accountability and, ultimately, sustainable improvement are built.

## The audit as a deterrent

One of the least visible, yet most consequential, functions of an independent audit is its preventative effect. The knowledge that public expenditure will be subject to independent scrutiny and that irregularities will be identified, reported and increasingly pursued through mechanisms such as material irregularities drives behavioural change. It introduces a level of caution and accountability that may not otherwise exist. While this deterrent effect cannot be quantified in monetary terms, it is both real and significant. It represents one of the most important contributions that the AGSA, as an active and credible supreme audit institution, makes to the governance of public resources.

In KwaZulu-Natal, audit procedures at Dr Pixley Ka Isaka Seme Memorial Hospital identified

**R48,1 million**

in specialised medical equipment at risk of misuse in non-operational clinical units. To prevent this, the department proactively allowed a nearby hospital to use the unoccupied wards and the equipment. It also transferred excess equipment to hospitals in need.

## The audit as an enforcement mechanism

Since the 2019 amendments to the PAA conferred upon the institution the authority to identify and act on material irregularities, its work has progressed beyond reporting to driving accountability and consequence management. Accounting officers who fail to address material findings are now subject to escalation, either through referral to relevant public bodies for investigation, recovery or prosecution, or through the issuance of a certificate of debt.

In the 2024-25 financial year of the auditees, the institution facilitated the recovery and prevention of

**R4,06 billion**

in financial losses through the material irregularities process (PFMA: R2,37bn and MFMA: R1,69bn). This represents funds that, in the absence of such intervention, would probably have been permanently lost to the public purse. The process also contributed to strengthened internal controls, corrective action in the submission of annual financial statements, a reduction in disclaimer audit opinions and the restoration of malfunctioning wastewater treatment works that had adversely affected communities.

## The audit as a diagnostic tool

Our audit work is one of the diagnostic tools available to South Africa's public sector. Through it's audit insights the institution helps auditees across all three spheres of government understand their challenges and the underlying root causes, and provides them with recommendations for how these can be addressed.

Through its general reports, the institution also provides critical insights into the relationship between sound financial management and service delivery outcomes. For example we have diagnosed that where municipalities achieve clean audits, there is generally stronger infrastructure management, with budgets, timelines and quality standards more consistently met. This demonstrates that sound financial management is not merely an administrative requirement, but a key determinant of whether services are delivered effectively to communities.

At Mpumalanga Economic Growth Agency, a communication of audit finding was issued on

**R2,59 million**

in fruitless and wasteful expenditure for materials kept offsite without supporting evidence submitted for audit. The accounting officer immediately ensured that weekly water distribution through tankers was properly recorded and actual performance appeared in the annual performance report for 2024-25.

## The audit as a pillar of parliamentary oversight

Our relationship with Parliament extends beyond procedural compliance. The institution actively supports the capacity of portfolio committees and public accounts committees to effectively interrogate executive performance. This includes briefing committees, providing detailed analysis and drawing insights across departments and over multiple financial years. When acted upon, these insights contribute to improved financial management and strengthened governance within auditees.

# Additional social value of our audit work and products

Our products and engagements with stakeholders, as outlined in the value-creation model, support the implementation of the #cultureshift2030 strategy and reinforce the institution's value-add focus. This is achieved by ensuring that audit work is conducted in a manner that not only advances strategic priorities but remains responsive to broader socioeconomic needs. One of the ways in which the institution realises shared value creation is through aligning its work articulated in the multiyear audit plan (Myap) with the United Nations Sustainable Development Goals (SDGs).

## Support of the Sustainable Development Goal outcomes

We contribute to the achievement of the SDGs through the independent assurance, insights and enforcement provided in terms of our constitutional mandate. While the institution does not deliver services or implement policy, its audit work plays a key enabling role in strengthening the effectiveness, accountability and sustainability of government programmes that directly affect citizens' lived realities.

Through Myap, the institution aligns its audit focus areas to priority socioeconomic risks facing South Africa. This approach advances the principle of shared value creation, whereby audit outcomes support improved stewardship of public resources, enhanced service delivery and stronger institutions across all spheres of government.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

### SDG 16: Peace, justice and strong institutions

*Targets 16.3, 16.6, 16.7, 16.a*

Strengthening public sector institutions lies at the core of the institution's mandate. During the 2025-26 period, audit work continued to promote effective, accountable and transparent institutions by highlighting governance weaknesses, delays in consequence management and gaps in coordination across the accountability ecosystem.

Audit insights relating to the integrated justice system, safety and security, coordinating institutions and oversight structures informed Parliament, legislatures and executive authorities on systemic constraints affecting justice outcomes, service delivery and public trust. Through its recommendations and follow-up processes, the institution contributed to reinforcing the rule of law and strengthening institutional credibility across national, provincial and local spheres of government.

6 CLEAN WATER AND SANITATION

### SDG 6: Clean water and sanitation

*Targets 6.1 – 6.5*

Our audits of water and sanitation infrastructure and services continue to highlight risks to water security, underperformance of infrastructure and weaknesses in operational controls, particularly at the municipal level. Audit insights have focused on water quality management, water losses, wastewater treatment and the sustainability of infrastructure investment. By linking findings to nationally recognised benchmarks, including performance testing regimes and, where necessary, invoking material irregularity enforcement powers, the institution has strengthened accountability for failures that pose direct risks to health, dignity and environmental sustainability. These audits support improved planning, timely remedial action, and enhanced oversight in addressing water scarcity and service delivery challenges.

Our water report, produced in 2025-26, was presented to a number of key stakeholders in the water and sanitation sector, including the Presidency. As one of our key accountability ecosystem partners, we engaged the Presidency on their coordinating role as the leaders of Operation 12 Vulindlela. In terms of value of the report, the Presidency advised that the contents of the report strongly aligned to the water sector-related Operation Vulindlela reform initiatives, and specifically, to the work to be undertaken by the national water crisis committee in its national water action plan.

## SDGs 11 and 9: Sustainable cities, communities and infrastructure

*Targets 9.1, 11.1, 11.2, 11.3, 11.5, 11.6*

Our infrastructure-focused audits assess whether government has established effective systems to plan and deliver safe, resilient infrastructure, including housing, transport, water and sanitation, and public facilities. Particular emphasis is placed on the coordination, execution and oversight of infrastructure programmes, recognising their crucial role in supporting local economic development and social stability.

Audit insights inform oversight bodies of delays, cost overruns, maintenance and governance weaknesses that undermine infrastructure outcomes. By providing objective evidence and enforcing accountability where noncompliance results in, or poses a risk of, harm, the institution supports more sustainable urban development and strengthened infrastructure stewardship.

## SDGs 1, 2, 4 and 8: Poverty reduction, education, skills and economic participation

*Targets 1.3, 1.4, 2.1, 4.1 – 4.3, 8.3, 8.6*

Through audits of basic and higher education, skills development, nutrition programmes, and local economic enablers, the institution provides insights into the effectiveness of government interventions aimed at reducing poverty, improving education outcomes, and supporting employment.

Audit messages focus on integrated planning, targeted interventions, coordination among institutions and the alignment of programmes with national skills needs. By identifying systemic weaknesses and recommending corrective action, the institution supports more equitable access to education and skills development, particularly for vulnerable groups, thereby indirectly contributing to inclusive economic growth.

## SDGs 12, 13 and 15: Environmental sustainability and climate action

*Targets 12.4, 13.1 – 13.2, 13.b, 15.3*

Our audits of environmental management and climate-related programmes emphasises the impact of environmental degradation and climate risk on communities, particularly at the local government level. A key focus is on compliance with environmental legislation, rehabilitation and the adequacy of governance frameworks addressing climate-related risks.

Where weaknesses are identified, the institution shares audit insights with oversight structures to promote timely remedial action and strengthened consequence management. In instances of noncompliance that resulted in, or poses a substantial risk of, harm, the institution exercises its enforcement powers to reinforce accountability. This work supports resilience, environmental protection and sustainable land-use outcomes.

7 AFFORDABLE AND CLEAN ENERGY

## SDG 7: Affordable and clean energy

*Targets 7.1, 7.3, 7.b*

Our audit work in the energy sector focuses on the adequacy of planning, data integrity, oversight and enforcement across selected state-owned entities and local government functions. Insights on energy infrastructure, maintenance, planning and regulatory compliance informed the national discourse on energy sustainability, affordability and security.

17 PARTNERSHIPS FOR THE GOALS

## SDG 17: Partnerships for the goals

*Target 17.1*

We support domestic resource mobilisation and fiscal sustainability by providing independent assurance over public finances and state-owned entities. Audit insights on fiscal pressures, turnaround strategies, revenue and financial management enable informed oversight and decisionmaking, thereby strengthening the broader accountability ecosystem required to finance sustainable development outcomes.

## Conclusion

South Africa has progressed in a number of its SDG focus areas, notably basic infrastructure, social protection and human development. As part of its basic infrastructure commitments, the country has expanded basic access to electricity, safe drinking water, sanitation and digital connectivity. On social protection, large-scale social assistance programmes continue to support millions of citizens. Within human development, the country has recorded progress in school enrolment, healthcare access, and gender parity.

The institution will continue to refine the alignment between its audit focus areas and national development risks, ensuring that its audit work remains responsive to socioeconomic priorities. Through consistent assurance, insights, influence and enforcement, our contribution to the SDGs will remain indirect yet significantly reinforcing accountability, strengthening institutions and supporting longterm sustainable development.

# 04

# Our strategy

# Our strategy: #cultureshift2030

## The strategic aspiration

Through the #cultureshift2030 strategy, the institution seeks to drive a stronger, more direct and consistent impact on the lived realities of South Africans. This impact is reflected in the advancement of a public sector culture characterised by performance, accountability, transparency and integrity. This extends beyond mere compliance with rules to fostering a deeper understanding and consistent achievement of the outcomes for which those rules exist.

The institution's strategic aspiration is grounded in section 195 of the Constitution of the Republic of South Africa, which establishes the democratic values and principles governing public administration. Accordingly, the public service is expected to embody the following principles:

- A high standard of professional ethics must be promoted and maintained
- Efficient, economic and effective use of resources must be ensured
- 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 through the provision of timely, accessible and accurate information.

In implementing the strategy annually, the institution maintains these aspirations and principles at the forefront of its work. They inform medium-term strategic planning, annual institutional scorecard and associated operational strategies and initiatives.

**STRATEGIC OBJECTIVES**

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

| | |
|---|---|
| **SUSTAINABLY** | Acquire, develop and maintain the quantity, quality and configuration of resources and capabilities necessary to achieve and sustain our desired levels of impact |
| **EFFICIENTLY** | 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** | Move a critical mass of auditees towards institutional cultures characterised by performance, accountability, transparency and integrity |
| **INSIGHT** | Generate audit insights that illuminate understanding, drive action and yield results |
| **INFLUENCE** | 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** | 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

## Our strategy implementation timeline #cultureshift2030 strategy

**2021**

**INCEPTION**

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

**2022**

**INTRODUCTION**

Phased-in implementation
Strategy socialisation

**2023**

**IMPLEMENTATION**

Full-blown implementation of the strategy

**2024**

**INSTITUTIONALISATION**

Ensured that the strategy delivers some key outputs

**2025**

**IMPACT**

Assessment of the impact of the strategy until 2025 and beyond.
Assess the strategy against its strategic aspiration

### STRATEGY IMPLEMENTATION HIGHLIGHTS

- Full implementation of MI process
- Recovery of losses in government through the material irregularity process
- Ongoing successes in rolling out the digital transformation journey
- Successful pilot of the audit software programme across both audit cycles
- Healthy financial position
- ISQM1 and SoQM implementation
- Accountability Framework to advocate for collaborative activity by different roleplayers
- Civil Society Engagement Framework launched to guide collaboration between the AGSA and CSOs
- Cultureshift Continuum and Plotting
- Launch of leadership academy
- Employer of choice award
- Attained AAA ethics rating
- Successful hosting of SAI20 engagement platform as part of the G20
- Release of the water sector report
- Assessed again by the World Bank as one of only two SAIs globally that are fully independent
- Intosai's Kimi Makwetu award for Afrosai-e

# The #cultureshift2030 guide

Below are explanations to orientate our stakeholders on key #cultureshift2030 concepts and terminology:

## The #cultureshift2030 strategy in a nutshell

| What we aspire to: | How we aim to achieve it: | How we will know we have achieved it: |
|---|---|---|
| To have stronger, more direct and consistent impact on improving the lived reality of ordinary South Africans | Sustainably and efficiently shift public sector culture through insight, influence and enforcement | When we have moved a critical mass of our auditees towards institutional cultures characterised by performance, accountability, transparency and institutional integrity |

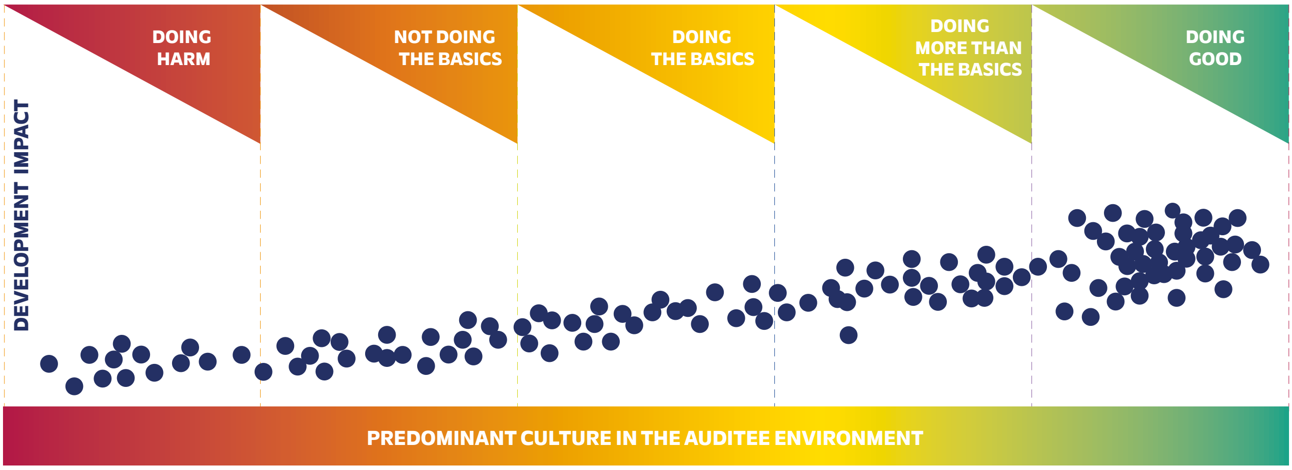
## Cultureshift continuum:

The categories along which the AGSA plots its auditees based on their audit outcomes. These range from the lowest category, *'doing harm'* to the highest, *doing good'*. Descriptions of each category are provided below:

| | |
|---|---|
| **DOING GOOD** | Clean audits, no material findings, strong controls and operating per legislative mandate |
| **DOING MORE THAN THE BASICS** | Strong performance, minor issues |
| **DOING THE BASICS** | Compliance achieved but limited maturity |
| **NOT DOING THE BASICS** | Material weaknesses and repeated findings |
| **DOING HARM** | Disclaimer/adverse, audit outstanding and active harm |

## #cultureshift2030 intent:

To move a critical mass of our auditees towards institutional cultures characterised by performance, accountability, transparency and institutional integrity, depicted in the visual below (using the cultureshift continuum):




*The AGSA's #cultureshift2030 strategic intent (depicted through the cultureshift continuum)*

**#cultureshift2030 programme:** The AGSA's structured plan and tactics for achieving its strategic intent of shifting a critical mass of auditees towards institutional cultures signified by performance, accountability, transparency and institutional integrity by 2030.

The AGSA defines this 'critical mass' as auditees that collectively make up at least 30% of the national fiscus.

**High-impact auditees:** Auditees whose mandate and work have the closest link to the everyday lives of ordinary South Africans. They also individually and collectively receive the largest budget allocations from the national fiscus and include all eight metropolitan cities.

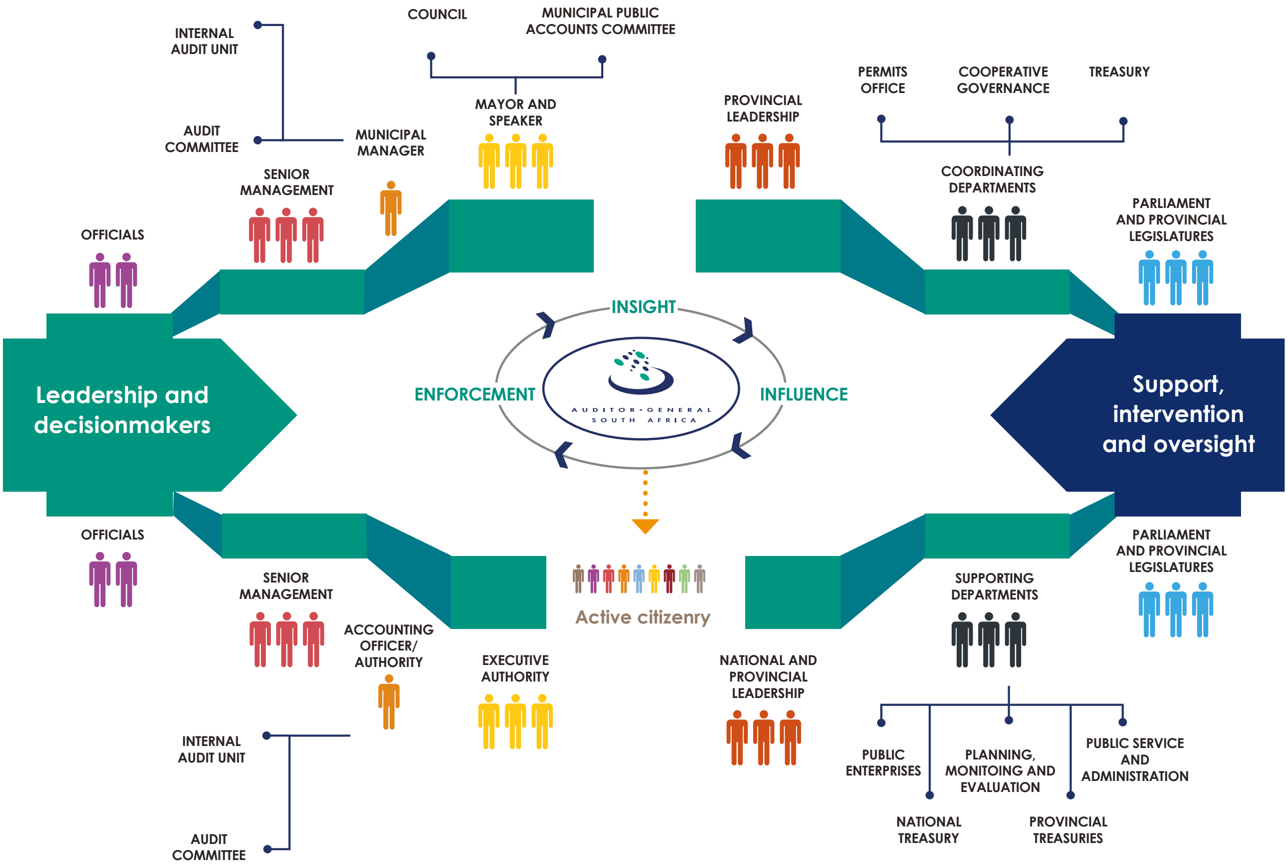
**The auditees termed 'high impact' contribute to delivering:**

- Education
- Skills development and employment
- Energy
- Environmental sustainability
- Financial sustainability
- Health services
- Human settlements
- Infrastructure development
- Roads and transport
- Safety and security
- Water and sanitation

They also include SOEs and other key public entities. Together, these auditees managed approximately R2 trillion (91%) of the expenditure budget of national and provincial government.

## Accountability ecosystem

A broad-based network of stakeholders that drives and deepens public sector accountability. Each stakeholder group drives public sector performance, transparency, accountability and integrity. All accountability ecosystem members also collectively bear responsibility for ensuring that all stakeholders in the national system of governance contribute to resolving weaknesses in public institutions.




## Performance, accountability, transparency and institutional integrity framework

The Pati framework is based on our strategic intent of moving a critical mass of auditees towards institutional cultures premised on performance, accountability, transparency and institutional integrity. The institution uses the framework to analyse and structure audit insights across local, provincial and national government spaces.

### Performance

Demonstrate commitment to improving lived realities of South Africans by delivering on legislated mandate and strategic objectives aligned to people's needs, being financially sustainable and avoiding harm to public and public sector institutions

### Accountability

Be responsive to public, oversight and other stakeholders through reporting and providing answers on mandated responsibilities fulfilled, actions taken and decisions made. Ensure swift consequences for transgressions and poor performance

### CULTURE

### Institutional integrity

Implement and maintain institutionalised controls to ensure leadership and officials behave ethically, comply with legislation and act in best interests of the institution, avoiding conflicts of interest

### Transparency

Provide public, oversight, auditors and other stakeholders with timely, relevant and reliable information on the finances, performance, use of resources and compliance with legislation

## *Yellow-zone* auditees

Auditees with financially unqualified audit outcomes but with significant or material findings on either their audit of performance information or matters of compliance, especially those relating to supply chain management.

They are relevant in the context of #cultureshift2030 because they often relate to the issues most closely linked to auditees' service delivery mandates (and, thus, have an eventual impact on service delivery itself and, consequently, on the lived realities of ordinary South Africans).

# 05

# Performance outcomes **against our strategy**

# 2025-26 performance highlights

## Shift public sector culture

**82%** ▶ **98%**
2020-21 2024-25

Submission of annual financial statements improved from 82% in 2020-21 to 98% in 2024-25 on local government audits

**23%** ▶ **15%**

Auditee regressions (MFMA and PFMA) were limited to 15% overall (a material improvement from the prior year's 23%)

**100%**

100% submission of annual performance reports in the MFMA space – a first ever!

**29** ▶ **8**
2020-21 2024-25

Significant reduction of disclaimed audit opinions in the local government space – from 29 in 2020-21 to 8 in 2024-25

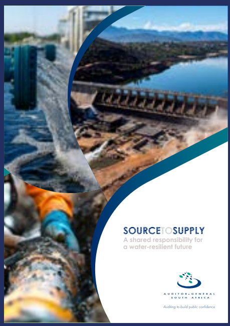
## Risk management successes

AAA ethics maturity rating achieved (above AA target), reflecting a strong ethics culture.

Achieved reasonable assurance on the effectiveness of the system of quality management (SoQM).

87% of strategic risks managed – within the target range of 80% – 90% and resulting in a level 4 risk management maturity level.

## Insight highlights




The Special Water Sector Report, released in December 2025 and themed 'Source to supply: A shared responsibility for a water-resilient future' is a landmark achievement for the institution.

## Influence successes


Successful hosting of the SAI20 engagement platform as part of the G20

The SAI20 summit, hosted by the institution in the year under review, was a pivotal event bringing together heads of supreme audit institutions from G20 countries to align on global priorities and strengthen collaboration in public sector governance.

## Enforcement highlights

The issuing of the first certificate of debt marked a defining moment for our material irregularities process, which is our expanded mandate. This certificate holds a municipal manager accountable for overpayments of R4,6 million for water tankering services.

Our material irregularities mechanism is reducing tolerance for noncompliance in some environments, as reflected in **improved responsiveness to irregularity timelines and earlier corrective action**

Our **partnerships with public bodies are beginning to yield results**, with demonstratable action being taken by the public bodies to which we referred irregularities

## Sustainably highlights

**2 500+**
chartered accountants created through our CA(SA) training programme since inception

**11%**
Successfully reduced our contract work creditors spend to be 11% of our audit income

**95,14%**
retention rate for high performing employees

Top Employer South Africa 2026 FOR A BETTER WORLD OF WORK

## Efficiently highlights

**LAUNCHED 27 bots and applications to drive efficiencies**

**Successful piloting of the audit software programme in both the MFMA and PFMA audit cycles**

# Shifting public sector culture:
## Driving accountability and incrementable improvements

### Performance against 2025-26 targets

| Key performance indicator | 2025-26 target | Year-end actual | Status |
|---|---|---|---|
| Favourable assessment | Favourable assessment | Favourable assessment | ● |
| Implementation of the culture shift programme across each category of our auditee base | Implementation of programmes in identified value chains, metropolitan municipalities and disclaimer auditees<br>1. Metros<br>2. Key public entities<br>3. Disclaimer auditees<br>4. Coordinating institutions<br>5. *Yellow zone* auditees<br>(unqualified with findings on compliance and/or predetermined objectives) | Implemented per the implementation plan initiatives | ● |

| Performance end status | ● Not achieved | ● Partially achieved | ● Achieved | ● Higher achieved | ● Over achieved |
|---|---|---|---|---|---|

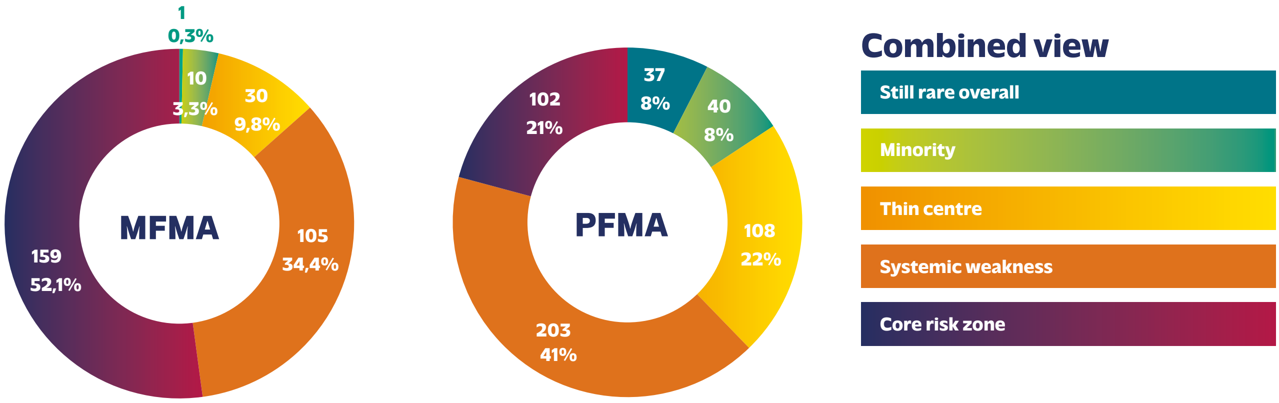
Shifting public sector culture remains a longterm structural reform priority, focused on strengthening accountability, transparency, institutional integrity and audit outcomes, ultimately contributing to improved service delivery and enhanced quality of life for citizens.

During the 2025–26 financial year, the institution implemented its #cultureshift2030 programme across auditee segments including metropolitan municipalities, key public entities, disclaimer auditees, coordinating institutions and auditees with unqualified audit opinions accompanied by findings (*yellow zone*). Implementation progressed in alignment with approved plans.

While progress towards sustained high performance remains below the desired ambition, the year under review demonstrates early signs of traction, characterised by:

- Containment of regressions in audit outcomes
- Emerging areas of improvement within targeted environments
- Strengthened leadership engagement, consequence management and coordinated interventions.

## Status of auditees on the cultureshift continuum





Across both the PFMA and MFMA environments, the proportion of auditees *doing good* remains limited, indicating constrained levels of systemic maturity. A significant share of auditees continues to fall within the *not doing the basics* and *doing harm* categories, reflecting deeply entrenched governance weaknesses. This system-wide profile underscores persistent structural risk and will be a continued focus for the institution as it continues to enable auditees to move in the right direction on the continuum.

### Incremental shifts: reduction in disclaimers

A notable indicator of progress for the shift public sector culture programme is the sustained reduction in disclaimer audit outcomes, particularly in local government. The 29 disclaimers at the start of the administration had dropped to 15 in the previous year and to eight in the review year.

This reflects strengthened financial reporting disciplines, increased in-house preparation of financial statements by auditees and enhanced ownership and accountability in management core outcomes envisaged by the #cultureshift2030 strategy.

These incremental gains further signal early behavioural shifts, with accountability increasingly being internalised rather than outsourced. This is a crucial enabler and foundational step to achieving sustainable governance reform in local government.

### Strengthening accountability through implementation of recommendations

At high-impact auditees, 49% of recommendations have either progressed to implementation or are on track. This has contributed to measurable improvements in governance, reporting credibility and service delivery outcomes. However, systemic challenges persist, including:

- Weak follow-through on corrective actions
- Slippage against planned implementation timelines
- Inconsistent activation of consequence management.

While responsiveness to recommendations is improving, its translation into sustained enhancements in audit outcomes remains limited. This points to a persistent gap between stated commitment and effective execution of commitments.

### Strengthening financial reporting disciplines

Local government submission discipline for annual financial statements improved significantly. This reflects stronger accountability signals, driven partly by enforcement mechanisms such as the material irregularities process. In addition, submission of performance reports reached 100% for the first time in MFMA audits. Improvements in recordkeeping, interim reporting and internal audit practices further contributed to enhanced reporting credibility in selected environments.

### Persistent risk: congestion in the *yellow zone*

Despite encouraging progress, numerous auditees remain in the unqualified with findings category. This category is characterised by basic-level compliance, with underlying governance, performance management and accountability frameworks remaining weak.

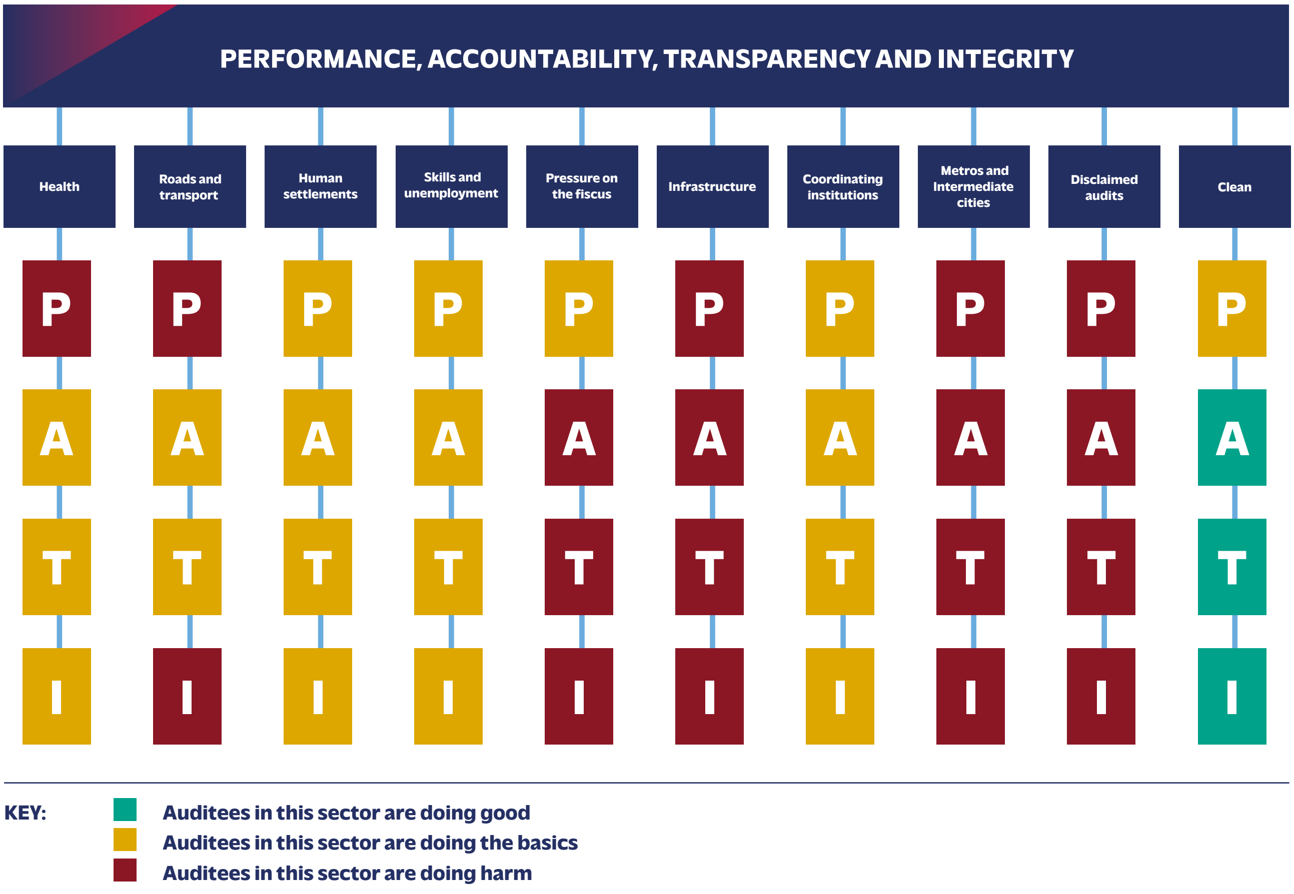
This *yellow zone* reflects systemic stagnation, where institutions demonstrate stability without substantive improvement, thereby posing an inherent risk of regression. Audit evidence consistently identifies four primary drivers underpinning this stagnation:

1. Execution failures, particularly in supply chain management and operational delivery
2. Weak or delayed consequence management
3. Instability in leadership positions
4. Persistent adjustments to annual financial statements and predetermined objectives.

Where these constraints have been directly addressed, auditees have demonstrated measurable upward movement in areas such as submission of financial statements and responsiveness to our recommendations, confirming that leadership discipline and execution capability are important levers for change. Accordingly, the audit office will continue to advocate these disciplines and capabilities through its audit insights and influence initiatives, thereby contributing to the progression of *yellow zone* auditees towards higher levels of performance on the #cultureshift2030 continuum.

## Audit outcomes of high-impact sectors

As evidenced by the Pati analysis of high-impact sectors outlined below, challenges persist within some of the country's most crucial sectors.



## Health

The health sector exhibits more severe and multidimensional failure patterns. Here, the most frequently failed criteria include supply chain management compliance, financial statements credibility and consequence management.

The scale and complexity of procurement for medical supplies, infrastructure maintenance and outsourced services significantly elevate compliance risk, leading to irregular expenditure and recurring material findings.

These weaknesses are often compounded by delays or failures in investigating irregularities and enforcing accountability. The sector contributes disproportionately to *not doing the basics* and *doing harm* classifications, despite being among the most financially significant and service critical sectors in government.

## Human settlements

Particularly provincially, under the PFMA, and through associated housing entities and municipal housing functions under the MFMA, failures are strongly concentrated around supply chain compliance, infrastructure project failures or delays and consequence management.

Human settlements programmes are typically infrastructure intensive and grant funded, creating high exposure to procurement irregularities, cost overruns, incomplete projects and weak contractor oversight. While financial statements are often auditable, pervasive supply chain weaknesses and poor oversight of housing projects prevent the sector from progressing beyond *doing the basics*.

Weak or delayed consequence management allows repeat noncompliance across audit cycles, which means that human settlements frequently move between *not doing the basics* and *doing harm*, particularly when large housing programmes fail to translate spending into delivery.

## Fiscal pressure

Fiscal pressure has emerged as both a symptom and a consequence of persistent underperformance across key public entities and state-owned entities (SOEs), with departments reinforcing this cycle. Many SOEs and major public entities continue to exhibit weak financial sustainability, characterised by recurring losses, liquidity constraints, rising debt and sustained reliance on fiscal transfers, guarantees and bailouts, placing direct pressure on the national fiscus.

Departments contribute to this through weak shareholder oversight and governance. Mandates are often unclear and funding models misaligned with operational realities. Interventions frequently occur only once financial distress is advanced. Rather than enforcing accountability for poor performance, departments tend to extend additional funding, transfers or guarantees without addressing underlying governance, procurement and operational deficiencies.

This approach diminishes incentives for reform, ensures repeat audit findings and ultimately shifts financial risk back onto the state. In turn, rising fiscal pressure constrains departments' ability to strategically rationalise entities, invest in turnaround capacity or reprioritise funding for essential service delivery needs. This creates a reinforcing cycle in which underperforming SOEs absorb an increasing share of constrained public resources, without commensurate improvements in performance or outcomes.

## Infrastructure

Infrastructure intensive audits, including in public works, transport, housing delivery agencies and municipal infrastructure units demonstrate consistent failures in supply chain compliance, project execution and performance reporting. The complexity of large contracts, weak contract management capacity and poor oversight of implementing agents drives irregular expenditure and repeat findings.

Even where financial statements are auditable, chronic underperformance in project delivery and procurement compliance prevents movement into higher categories. Weak enforcement of accountability entrenches these problems, resulting in sustained placement in *not doing the basics*, with escalation into *doing harm* when failures become pervasive.

## Coordinating institutions

Coordinating institutions generally demonstrate strong institutional stability and sound financial reporting, with most achieving unqualified audit opinions. Despite this, their performance is consistently constrained by weaknesses in performance planning and reporting, consequence management and demonstrable system impact.

Audit findings frequently highlight that performance indicators focus on activities rather than outcomes. Limited evidence exists that coordination, oversight and support functions translate into measurable improvements across departments, entities and municipalities. While procurement and supply chain noncompliance is usually limited, repeat findings signal weaknesses in contract management and value for money.

The greatest shortcoming remains ineffective consequence management. Risks, governance failures and audit outcomes are identified but not followed by sustained, decisive intervention or accountability. As a result, coordinating ministries tend towards the *doing the basics* category. They are institutionally compliant and financially sound, but do not drive improvement, which prevents them from shifting persistent MFMA and PFMA underperformance.

## Metropolitan municipalities

Metropolitan municipalities are shaped by scale rather than capacity constraints. While metros generally perform better in audit submission, institutional capabilities are weak.

Metros frequently fail in supply chain compliance, contract management and consequence management. Large budgets, decentralised procurement systems and extensive capital programmes increase exposure to noncompliance and irregular expenditure. This is compounded by fraud and corruption allegations. Slow enforcement of accountability limits progression beyond *not doing the basics* for many metros, even where service delivery outcomes are comparatively stronger, but uneven and not systemically sustained.

## Disclaimers

Eight municipalities remained disclaimer auditees, while seven exited disclaimer status. This demonstrates that focused and sustained interventions can shift audit outcomes when foundational financial disciplines are restored. However, implementation of previous year recommendations remained near-zero across six of the repeat disclaimer municipalities, underscoring persistent weaknesses in accountability and leadership responsiveness. Our messaging deliberately linked these technical failures to the lived experiences of citizens, highlighting the direct impact on service delivery, including breakdowns in water, electricity and waste management services and environmental harm from failing wastewater treatment works and landfill sites.

## Conclusion

The year under review demonstrates that #cultureshift2030 interventions are beginning to stabilise high-risk environments and reduce regression. Targeted improvements are achievable where leadership discipline, effective consequence management and coordinated oversight converge.

However, strong performance within the *doing good* category remains limited and systemic weaknesses persist across high impact and expenditure environments. The continued concentration of auditees in the *yellow zone* and lower-performing categories signals an ongoing risk to longterm value creation. Going forward, focus will be on accelerating auditee execution discipline, strengthening consequence management across the accountability ecosystem and stabilising leadership and institutional capability. Encouraged by progress, the institution will also scale these improvements, converting isolated gains into sustained, system-wide performance outcomes.

# Insights for a better public sector and South Africa

## Performance against 2025-26 targets

| Key performance indicator | 2025-26 target | Year-end actual | Status |
|---|---|---|---|
| % of signed-off commitment schedules with executive authority and/or oversight chairs | Metropolitans: 60%<br>Targeted value chains per the Myap — infrastructure: 60%<br>Disclaimed auditees: 100%<br>Clean audit cluster: 50% | Metropolitans: 75%<br>Targeted value chains per the Myap (infrastructure): 84%<br>Disclaimed auditees: 100%<br>Clean audit cluster: 92% | |
| Multiyear audit plan (Myap) | Produce all planned insights per the Myap and product vision<br>Share insights with relevant stakeholders | 100% of planned MFMA and PFMA insights produced across all eight Myap workstreams. Insights shared with stakeholders including Parliament, portfolio committees, ministers, premiers, the Standing Committee on Public Accounts (Scopa) and coordinating institutions | |
| Percentage of AGSA recommendations implemented | 30%<br>(high-impact auditees per the implementation timeline focus areas) | 176 recommendations fully implemented (22%). A further 207 (26%) on track. Combined uptake of 46% | |

| Performance end status | Not achieved | Partially achieved | Achieved | Higher achieved | Over achieved |
|---|---|---|---|---|---|

## Commitments

Commitments were secured from executive authorities and oversight chairpersons across all targeted categories. Targets were exceeded in most portfolios, particularly infrastructure value chains, metropolitan municipalities and clean audit clusters, indicating strong initial responsiveness to the commitment process. However, City of Johannesburg's commitment remained outstanding at the end of the financial year under review (was signed only in June 2026).

Notwithstanding these challenges, several ministers undertook the commitment process deliberately and rigorously. Before signing the commitment letter, the minister of transport required all entities to submit comprehensive audit response plans aligned to AGSA recommendations, including clear implementation timelines. These plans were subjected to internal departmental processes and formally endorsed by all deputy directors-general and the director-general before ministerial approval. Entity-specific annexures further strengthened accountability and traceability. This approach, carried over from the minister's previous portfolio, underscores the importance of consistently setting the appropriate tone at the top.

The minister of human settlements also requested detailed action plans from all entities. These plans were scrutinised to ensure that key audit findings were adequately addressed before finalising commitments. The minister of environment submitted detailed progress reports on consequence management at both the Department of Forestry, Fisheries and the Environment and SANParks. The impact of embedding and institutionalising sound governance practices is evidenced by the former's sustained clean audit outcome, despite a transition in political leadership.

The AGSA focus is now translating commitments into tangible outcomes. Our work demonstrates that signing commitments does not guarantee execution. Despite extensive insights relating to infrastructure risks, supply chain management deviations and weaknesses in reporting systems, behavioural change remains slow across several sectors, including metropolitan municipalities. While the AGSA's insights are acknowledged, they are not consistently institutionalised or acted upon in a way that sustains improvement.

The next phase will activate oversight structures and coordinating institutions among non-responsive or tardy auditees. This includes targeted engagement with Scopa, the Portfolio Committee on Cooperative Governance and Traditional Affairs, National Treasury, premiers and provincial corporate governance and traditional affairs departments, supported by tailored insight summaries. These interventions will be deployed to enable corrective action, strengthen consequence management and reinforce accountability across the system.

## Recommendations

The number of recommendations increased from 561 in 2024-25 to 815 in the review year, reflecting the expanded scope and coverage of our work. Against a target of 30% implementation at high-impact auditees, 176 recommendations were fully implemented by year end, with 207 on track for implementation. This is a 49% uptake, exceeding the targeted threshold.

Despite this, barriers continue to constrain wider implementation. These include leadership instability, prolonged investigations that delay consequence management, slow or weak responses stemming from limited buy-in and lack of consequences for non-implementation. Addressing these systemic constraints is crucial to accelerate uptake and translate recommendations into sustained improvements in audit outcomes.

| Where recommendations were implemented, the results were tangible and measurable |
|---|
| The Department of Transport developed actionable plans responding directly to previous AGSA findings on performance information, resulting in a clean audit |
| The Passenger Rail Agency of South Africa implemented our recommendations, achieving a credible performance report and unqualified financial statements in 2024-25. It also restored key railway networks and made available rail services to the public |
| The Housing Development Agency attained a clean audit following four years of AGSA engagement with senior management, the audit committee and internal audit |
| The gender-based violence command centre of the Department of Social Development, opened after AGSA intervention. The department dismissed the underperforming service provider and appointed a new one |
| Ngwathe Local Municipality in Free State prioritised a longstanding potable water project benefitting 3 639 KwaKwasi households following audit recommendations on service delivery outcomes |
| Ratlou Local Municipality (North West) prepared its annual financial statements internally for the first time, without consultants, culminating in a disclaimer to a qualified audit opinion |
| The leadership of Mnquma Local Municipality in Eastern Cape observed good governance by strengthening the internal audit unit towards the achievement of its mandate |
| The Unemployment Insurance Fund submitted its annual financial statements on time in 2024-25, closing a multiyear reporting backlog |
| Denel convened its first annual general meeting in five years on 27 November 2025, tabling annual reports for five consecutive financial years — a significant step in restoring corporate governance among SOEs. Further, in February 2026, the minister of defence appointed a permanent Denel board, having heeded our recommendations to resolve three years of instability |
| The Construction Industry Development Board blacklisted 52 non-performing contractors/companies on our recommendation; a major step compared to two blacklisted over the past 22 years |
| After several years of not preparing its annual performance report, which resulted in material limitation misstatements in the audit report, South African Airways submitted its 2024-25 report |
| Following our recommendations since 2023 that the executive authority finalise, publish and implement the integrated resource plan — a key policy guiding the country's energy sustainability — the plan was officially gazetted on 24 October 2025 |

## Myap

Myap, now in its second year, addresses the country's key macro risks. Over the year under review, it continued to strategically prioritise high-impact areas, including infrastructure, metropolitan municipalities, disclaimer auditees, human settlements, coordinating institutions, fiscal pressure, water and sanitation and skills and capacity. The following are among the key insights raised and influenced across focus areas:

## Education

Education departments frequently achieve unqualified audit opinions. However, these are often accompanied by material findings on supply chain management, weak contract administration and noncompliance with procurement prescripts. In addition, shortcomings in the quality of performance information persist, including poorly defined indicators, weak alignment between plans and intended outcomes and insufficient supporting audit evidence.

While the sector demonstrates relative financial reporting stability, ongoing procurement weaknesses and ineffective consequence management perpetuate repeat findings across audit cycles. As a result, many education institutions remain *doing the basics* or *not doing the basics*, limiting progression to sustained good performance.

## Developments that reflect emerging systemic use of AGSA insights in education, skills and unemployment

The president-led government effort voiced in the 2026 State of the Nation Address to reposition the focus of technical and vocational education and training colleges and sector education and training authorities is encouraging. It includes driving impactful skills development programmes that are responsive to labour market demands, improving governance, strengthening industry participation and enhancing training quality. These priorities are consistent with the AGSA's longstanding insights, which have highlighted the misalignment between these entities' programmes and labour market needs.

The Department of Higher Education and Training has initiated the phase-out of irrelevant legacy technical college programmes in favour of industry-aligned occupational qualifications and practical skills development. This reform recognises that continued investment in misaligned programmes presents fiscal risks and undermines efforts to address youth unemployment. While still early, this move demonstrates how audit insights and sustained stakeholder engagement bring meaningful reform to support national economic priorities.

The findings of the most recent audit of the National Student Financial Aid Scheme were conveyed to the minister of higher education during engagements in the fourth quarter. These insights directly informed the ministerial interventions recently announced to restore the scheme to its previous standing. Notably, the minister incorporated the audit findings verbatim in announcing these interventions, reflecting strong leadership responsiveness to the AGSA's insights.

## State-owned public entities and key public entities

These PFMA auditees demonstrate some of the most acute and high-impact criteria failures. These entities frequently fail on financial sustainability, supply chain compliance and consequence management. Weak governance, unstable boards and executive leadership, complex procurement arrangements and reliance on fiscal support contribute to material misstatements, irregular expenditure and, in some cases, disclaimers or adverse opinions.

Failure to decisively address irregular expenditure and enforce accountability allows problems to compound. As a result, SOEs and major public entities disproportionately populate the *doing harm* category, with their failures carrying heightened fiscal, service delivery and reputational risk for the government.

Losses and high debt persist at entities such as the South African Broadcasting Corporation, the South African Post Office and Transnet, undermining both financial sustainability and service delivery. At the Road Accident Fund, the continued application of International Public Sector Accounting Standards 42 instead of Generally Recognising Accounting Practice 19 resulted in a repeat adverse audit opinion. This was compounded by failure to meet key claims-processing targets and the loss of R35,6 million through payment interceptions, exposing significant control and governance weaknesses.

The minister of transport dissolved the fund's board and cancelled the chief executive officer's contract. The minister directed the interim board to withdraw litigation against the AGSA and to revert to Accounting Standards Board standards. Subsequently, the fund submitted Generally Recognised Accounting Practice-compliant interim financial statements and requested an early audit. Scopa initiated an oversight enquiry and the Legal Practice Council was summoned to account for the conduct of legal practitioners involved, reinforcing consequence management and accountability.

## Water and sanitation

In December 2025, the institution released its first Special Water Sector Report, themed *Source to supply: A shared responsibility for a water-resilient future*. A comprehensive analysis of the water value chain, highlighting severe shortcomings. It assesses the roles and responsibilities of key institutions, identifies gaps in execution and outlines priorities to reverse trends and prevent further decline.

Infrastructure delivery across this value chain remains plagued by persistent and prolonged delays, with several projects extending years beyond their original completion timelines. Added to that is the 22% of available funding unspent, due primarily to implementation delays at water trading entities. Furthermore, 65% of assets under construction are associated with significantly delayed projects – a carrying value of R7,1 billion. Under schedule 6B infrastructure grants, numerous nationally funded projects particularly in bulk and municipal water infrastructure programmes are late. This situation places strain on water supply, causing prolonged water shortages and heightened service delivery risks.

Similarly, the bucket eradication programme has not met its targets since 2019-20, with no projects completed and only 23% of its MTEF budget spent. The installation of sanitation facilities without the bulk infrastructure has resulted in repeated deadline extensions, with average project completion having reached only 82,9% by March 2025. In several provinces, no progress has been recorded against sanitation targets, denying communities their constitutional right to dignity and increasing both health and service delivery risks.

Response to the report was immediate and significant. The Portfolio Committee on Water and Sanitation found it alarming and unacceptable, with criminal liability being considered for municipalities polluting water resources. The report went to the Presidency, where its alignment with Operation Vulindlela's reform was discussed. The Presidency acknowledged strong alignment between the report's findings and ongoing water sector reforms, particularly those being advanced through the national water crisis committee and its national water action plan.

## ICT and cybersecurity

Across all eight metropolitan municipalities, the ICT control environment remains concerning. Systemic weaknesses persist in revenue management systems and customer service platforms, particularly user access management, incomplete or missing system logs and increasing reliance on manual workarounds. These deficiencies weaken the integrity and reliability of financial and service delivery information. ICT projects continue to be delayed or incomplete, due largely to weak project governance and project management capacity shortfalls.

Oversight is inadequate. Information technology steering committees are ineffective. Internal audit coverage of ICT controls and projects is insufficient. These gaps are exacerbated by capacity constraints, with most metropolitan municipalities reporting key vacancies in cybersecurity and project management. This increases exposure to cyber risks and limits and hinders stabilisation of core ICT initiatives.

During the 2024-25 PFMA audit cycle, cybersecurity weaknesses were identified at 45 auditees (64%), including 23 high-impact auditees. Of these, eight auditees (11%), four of which were high impact, had vulnerabilities that could be exploited if not urgently addressed.

## Examples of our successes

### Fraud risk indicators

During 2025-26, our multidisciplinary audit team assessed fraud data among 156 auditees across all provinces. This identified numerous high risks, including duplicate payments, supplier-employee bank account linkages, irregular invoicing, abnormal expenditure patterns and misalignment between payments and evidence of delivery. Provincially, notable risk concentrations were uncovered.

In Gauteng, the health department incurred security expenditure exceeding R1 billion, significantly higher than in comparable sectors. This insight enabled the AGSA to prioritise audit focus on security-related contracts, strengthening preventive and detective audit responses. These analytics, when combined with Financial Intelligence Centre intelligence on suspicious payment patterns, strengthened proactive and risk led audit responses.

During the 2024-25 MFMA cycle, the institution prioritised high risk audits, including, for the first time, a full scope supply chain management audit at one of the country's largest metropolitan municipalities. This identified high impact material irregularities and an increase in referrals. Early mobilisation of data analytics capabilities and unit teams enabled escalation of key matters such as panels and deviations. This information was escalated for consequence management.

Our fraud-data analytics further highlighted serious financial and governance risks. At eThekwini Metropolitan Municipality, material discrepancies were identified in water-tanker invoicing, including claims that vehicles, among them a small hatchback vehicle, had delivered 10 000 litres of water. This matter was progressed as a material irregularity. In Ekurhuleni, 9 004 water meters and 4 487 electricity meters were reliant on estimated readings for 12 consecutive months, placing R991 million in billed consumption at risk. In addition, Financial Intelligence Centre requests identified flows of funds between companies and municipal officials, which were referred to the Directorate for Priority Crime Investigation.

## Conclusion

The year under review reinforces the AGSA's role as a catalyst for improved public sector accountability, governance and audit outcomes. The recommendations made and commitments secured provide a foundation for sustained leadership focus, particularly as municipalities prepare for post-election transitions. Looking ahead, emphasis will remain on follow-through, sharpening execution discipline, deepening governance oversight, enhancing audit responsiveness to emerging risks and sustaining the impact of AGSA insights through engagement, interventions and consequence management.

The recommendations and commitments obtained will guide leadership focus across auditees, particularly municipally, where incoming leadership, following expected post-election changes, will leverage these for strategic prioritisation and improved governance. The AGSA continues its pivotal role in generating insights for a more integrated and coordinated governmental response to recommendation implementation to address underlying weaknesses, build accountability and improve service delivery.

# **Influencing** for impact

## Performance against 2025-26 targets

| Key performance indicator | 2025-26 target | Year-end actual | Status |
|---|---|---|---|
| The auditor-general's assessment of the audit portfolio's work to make accountability ecosystem members for targeted auditee segments more active and effective | Favourable assessment | Favourable assessment | ● |
| AGSA public sentiment rating | 90% – 100% implementation of improvement plans for 2025-26 | 94% | ● |
| Percentage of achievement of outcomes targeted in stakeholder programme | 75% – 80% | 86%<br>All the agreed-on key stakeholders were engaged and the key engagement outcomes attained (for instance, closer collaboration with the Institute of Internal Auditors SA) | ● |
| Implementation of the cultureshift coalition programme | 80% – 100% implementation of approved 2025-26 actions | The pilot programme has been implemented, with rollout planned for 2026-27 | ● |
| Execution of SAI20 hosting and 2026 SAI performance management framework assessment planning | Successful hosting of SAI20, per the auditor-general-approved event project plan | Successful hosting of SAI20, per the auditor-general-approved event project plan | ● |
| | 90% – 100% implementation of outlined in the deputy-auditor-general- and auditor-general-approved 2026 SAI PFMA assessment plan | 100% implementation against the assessment plan | ● |

Performance end status ● Not achieved ● Partially achieved ● Achieved ● Higher achieved ● Over achieved

## Influence in action

In the year under review, stakeholder engagement was strengthened through structured programmes with clear objectives, milestones and tracking mechanisms. The focus was on high-impact auditees and priority themes. These included metros, disclaimed and yellow zone auditees, key public entities and crucial value chains.

Measurable gains include increased stakeholder demand for AGSA audit insights, more proactive engagement from auditees, greater understanding of the causes of poor audit outcomes and stronger alignment between influence and enforcement interventions.

Nevertheless, auditee sustainability is subject to ongoing leadership instability and weak consequence management, which continue to undermine the durability and longterm impact of reforms. Addressing these systemic constraints is essential to sustain compliance and enhance service delivery.

## Examples of our influence successes

- Through the AGSA's influence, an R898 million driving licence printing tender at the Road Traffic Management Corporation was set aside, following procurement irregularities identified through multidisciplinary audit work.
- Corrective actions at entities including South African Airways and Denel stabilised governance and ensured more timely submission of annual financial statements, enabling the finalisation of long-outstanding audits during 2024-25.

These outcomes show that the AGSA influence is most effective where boards and executive authorities engage actively with the institution, own the corrective actions and translate audit insights into decisive governance and management interventions.

*Metropolitan municipalities*

In the year under review, the institution's audit teams utilised a continuous, strategic and diagnostic engagement model to enable earlier identification of risks, deeper cause analysis and more assertive enforcement messaging. Using this model, the institution engaged in regular, structured engagements with mayors, speakers, municipal public accounts committees, audit committees and city managers, strengthening accountability across political and administrative leadership. Status of records reviews and interim audit insights escalated risks ahead of year end. Recurring governance and consequence management failures were repositioned to sustain engagement and pressure.

In addition, a chief information officer forum on 12 August 2025 brought together officers from all eight metropolitan municipalities to strengthen ICT governance and address persistent audit challenges. Complementary engagements with the Government Information Technology Officer Council and Information Systems Audit and Control Association platforms created awareness of key ICT risks and aligned the AGSA with the national digital roadmap, reinforcing its role in shaping ICT governance.

Despite these strategic investments, implementation remains inconsistent, particularly in supply chain management, infrastructure delivery, ICT governance and performance reporting. These constrain the depth and sustainability of impact, indicating the need for more differentiated interventions to drive lasting behavioural change.

*Disclaimed auditees*

Disclaimed auditees were supported through intensified interventions that shifted the focus from generic corrective actions to cause-driven solutions. These interventions were reinforced through early engagement, clear consequence management messaging and coordinated support from institutions such as the Department of Cooperative Governance and Traditional Affairs and National Treasury. Initiatives including North West's 'eradication of disclaimers' can shift outcomes, reducing the number of disclaimer opinions, with several auditees improving to qualified or unqualified audits.

Structured follow up on priority projects and governance failures translated audit findings into tangible corrective actions. These included remedial construction, recovery, greater audit committee oversight, improved financial reporting and greater senior management stability. By applying leadership structure alignment and accountability mechanisms these interventions sustained progress.

*Yellow-zone auditees*

*Yellow zone* auditees are at risk of complacency, with apparent audit stability often misinterpreted as progress. This can obscure underlying stagnation or regression in compliance, financial discipline and service delivery performance.

Through escalated and targeted messaging to members of the executives, heads of department, Cabinet, legislatures and oversight committees, the AGSA shifted engagements from defensive compliance to institutional ownership of risks. Emphasis was on addressing structural weaknesses through focused, auditee driven audit action plans, with clearer accountability for internal audit functions and audit committees. While this approach has improved leadership awareness and visibility of risk, progress remains uneven. In several portfolios, increased awareness has not consistently led to correction, as shown by repeat noncompliance and sluggish improvement in supply chain management and performance reporting.

*Key public entities and SOEs*

Strong governance arrangements and effective internal control environments have enabled entities such as the Development Bank of Southern Africa and the South African Revenue Service consistently to sustain clean audit outcomes. This demonstrates that accountability and transparent reporting are achievable even in complex and high risk environments.

The former progressed from *doing the basics* to *doing more than the basics* by aligning data driven, tactical actions with its core operations and prioritising sustainable revenue generation. Underpinning this was structured engagement across management, internal audit and audit committee, reinforcing disciplined execution and continuous improvement.

Other key public entities – including South African Airways, Transnet, the Property Management Trading Entity and Denel – face persistent challenges of going concern sustainability, infrastructure delivery and operational resilience, highlighting uneven governance maturity.

During the year, the Road Accident Fund resolved and de-escalated longstanding accounting and litigation disputes. Minister of transport and Scopa collaboration culminated in the dissolution of the fund's board and substantive changes to senior management, creating conditions for corrective action and institutional reform.

### *Coordinating institutions*

Coordinating institutions are increasingly engaged and aligned, although effectiveness remains uneven across provinces and sectors. Through contact during both the MFMA and PFMA cycles and by elevating audit messages to platforms such as Troika (comprising executive mayor, council speaker and chief whip), MinMECs (comprising Cabinet ministers and members of the executive council) and executive committees, the AGSA ensured continuity of oversight momentum post elections and positioned audit insights actively to shape executive priorities and sector interventions.

This enabled earlier risk identification, stronger coordinated oversight and more targeted corrective action – extending the impact of audit work beyond individual auditees and contributing to measurable improvements in accountability and governance. During the MFMA cycle, recurring supply chain management and infrastructure delivery weaknesses in municipalities were escalated from individual councils to platforms involving the Department of Cooperative Governance and Traditional Affairs, provincial treasuries and premiers' offices.

In this way, audit findings were repositioned as sector wide governance and capability risks, prompting coordinated responses such as intensified monitoring of high risk municipalities, support initiatives and strengthened provincial oversight. Action to counter regressions was taken earlier and accountability expectations were clarified for accounting officers and municipal councils.

During the PFMA audit cycle, the AGSA referred control weakness, repeat noncompliance and governance failure insights to senior executive forums, including MinMECs, troika and portfolio committees. This ensured that audit risks informed executive priority setting rather than remaining confined to audit close outs. Executive ownership of audit outcomes was strengthened, credibility of corrective action commitments improved and fragmented, project by project remediation became more systemic, coordinating institution led responses, particularly in infrastructure delivery.

While these efforts bolstered oversight through regular follow up, resolution tracking and Cabinet attention, inconsistent consequence management continues to hinder impact, which demands decisive accountability and firmer enforcement.

### *Assurance providers and oversight*

Influencing oversight structures, particularly internal audit and audit committees, has emerged a game changer for sustainable improvement, strengthening follow through on audit recommendations and management commitments. The impact is most pronounced where internal audit functions are centralised at treasuries, enabling greater consistency, enhanced capability and more effective oversight across institutions.

These functions are key change agents in *yellow zone* auditees, where persistent noncompliance, especially in supply chain management and the quality of financial and performance reporting, continues to pose a risk. Through deeper engagement informed by assessments of their authority and capability, the AGSA strengthened these structures' oversight effectiveness. This reinforced combined assurance arrangements, clarified accountability and supported more consistent implementation of corrective actions.

Oversight level advocacy, grounded in AGSA audit evidence, translated increasingly into tangible corrective action, particularly through Scopa oversight visits and MFMA hearings. These triggered remedial measures, including interventions on stalled infrastructure projects. In provinces such as Eastern Cape, escalation of material irregularities through Scopa preceded national funding support, illustrating the role of evidence based oversight in unlocking responses.

These interventions improved the quality of audit action plans, strengthened recommendation tracking and broadened ownership beyond management. However, oversight effectiveness remains uneven, with some structures still lacking depth and sustained focus on consequence management, constraining full and lasting impact of interventions. In certain instances, sound recommendations from internal assurance structures are not implemented by administration, further limiting progress.

### *Media and civil society organisations*

During 2025-26, the institution converted its reports into activation tools, leveraging media liaison to shape public discourse on accountability and governance. This influence strategy included structured media training and capacitation, notably with the South African National Editors' Forum, to strengthen awareness of the AGSA mandate and role.

As a result, journalists better understood the AGSA's enhanced powers and complex audit instruments (including issuance of the first certificates of debt), leading to more accurate, contextualised reporting. Media coverage extended to special reports on education and the water sector, which generated significant public interest. This reduced misreporting and generated more substantive coverage, moving beyond headline narratives to clearly explained consequences, implications and oversight outcomes. Hosting the SAI20 generated media coverage valued at about R5 million, further positioning the audit office's international status.

Executives, including senior managers, were capacitated through media training and deployed across platforms in multiple languages, increasing the AGSA's share of voice. Independent media analysis indicates that the AGSA secured substantial earned mainstream and community media coverage worth some R2,6 billion (compared to R886 million in the previous year) and credibility through its audit insights. During the year, the AGSA was referenced more than 20 000 times across media platforms.

Passive reporting has evolved into active amplification of transparency, accountability and oversight. Sustained engagement with media stakeholders has enabled more proactive interaction, resulting in increased reference to AGSA reports in coverage on government accountability and reinforcing the institution's role in public sector governance. Key themes reflected in media coverage included the AGSA's enhanced powers, material irregularities and certificates of debt, general report findings, particularly municipal, persistent challenges in accountability and service delivery (including water, infrastructure and mining), audit outcomes within Budgetary Review and Recommendations Report processes, the role of the accountability ecosystem and the SAI20.

Relationships with civil society organisations continued displaying results through shared information and influence, particularly in professionalisation and grant management risks. These engagements complemented formal oversight mechanisms and further drove systemic impact.

# Stakeholder effectiveness assessment

| STAKEHOLDER GROUP | EFFECTIVENESS | OUR ASSESSMENT |
|---|---|---|
| Legislatures/Scopa/National Council of Provinces | High and improving | Strong accountability pressure |
| Coordination ministries | Mixed | Strongest in oversight, alignment and agenda-setting, but weaker in consistently driving auditee behaviour change and consequence management |
| Provincial excos/members of the executive | Uneven, but improving | Progress where leadership is stable |
| Accounting officers | Mixed | Improvement where oversight is firm |
| Audit committees and internal audit | Mixed | Key leverage point |
| Law enforcement (Special Investigating Unit, Directorate for Priority Crime Investigation) | Slow, but real and tangible progress | Deterrence emerging |
| CSOs and media | Selective impact | Strong on public reports |

## Conclusion

In 2025-26, the AGSA's influence work became more deliberate, structured and strategic, delivering stronger impact where engagement was reinforced by effective enforcement and supported by coordinating institutions. The institution will sharpen its focus on high-risk stakeholders, intervene earlier, bolster governance capability, coordinate system-wide responses and deepen the integration between influence and enforcement to sustain impact and enhance accountability.

# Enforcement for impact

## Performance against 2025-26 targets

| Key performance indicator | 2025-26 target | Year-end actual | Status |
|---|---|---|---|
| % of high-impact material irregularities<br>*(defined in the material irregularities manual)* | 80% | 100% | |
| % material irregularities to whose timelines the AGSA has adhered<br>*(newly raised material irregularities)* | 60% | 69% | |
| % of backlog material irregularities eradicated | 60% | 72,5% | |
| Auditor-general's assessment of material irregularity system effectiveness | Favourable assessment | Favourable assessment | |

Performance end status: Not achieved; Partially achieved; Achieved; Higher achieved; Over achieved

### High-impact material irregularities

In the year under review, 155 high-impact material irregularities were raised across the three spheres of government, highlighting systemic governance failures affecting communities, institutional integrity and service delivery.

More than half the irregularities were in local government, consistent with audit insights that point to significant governance and service delivery weaknesses, worsened by slow responsiveness to audit messages.

These 155 irregularities are part of a growing enforcement record spanning six years. Each reflects tangible consequences, including public funds lost, services not delivered, infrastructure projects abandoned and institutions unable to produce credible financial records or account for the public resources entrusted to them.

The irregularities are across high-impact auditees, key public entities and sectors. These include disclaimer auditees, metropolitan municipalities and critical sectors such as health, education, transport, safety and security, infrastructure, energy and human settlements. This underscores the accountability challenges confronting the public sector.

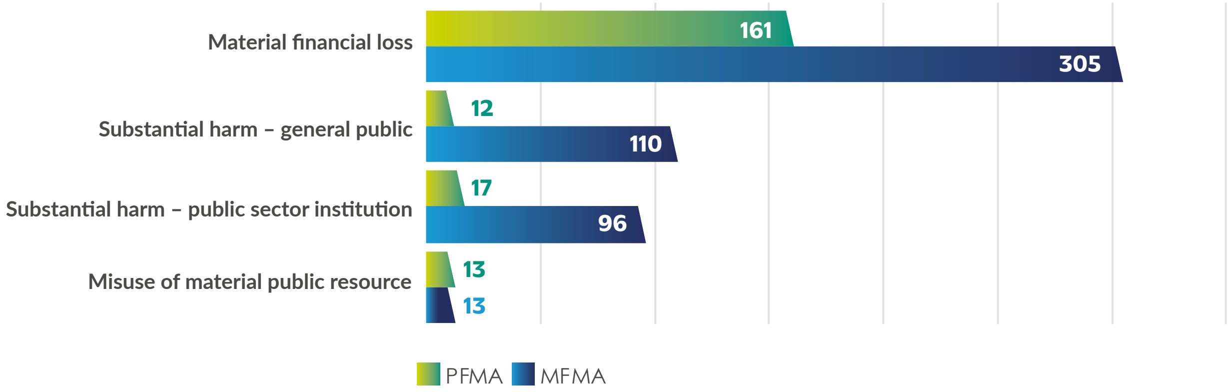
More broadly, 203 irregularities were reported in the 2024-25 PFMA and 516 in the 2024-25 MFMA general reports.

### AGSA timeline adherence

The institution was 69% compliant with timelines for newly raised irregularities (108 of 156), driven by earlier identification of cases during the audit cycle, enhanced monitoring of milestones and more effective engagement with accounting officers. Procedural compliance made way for addressing causes and driving governance reform.

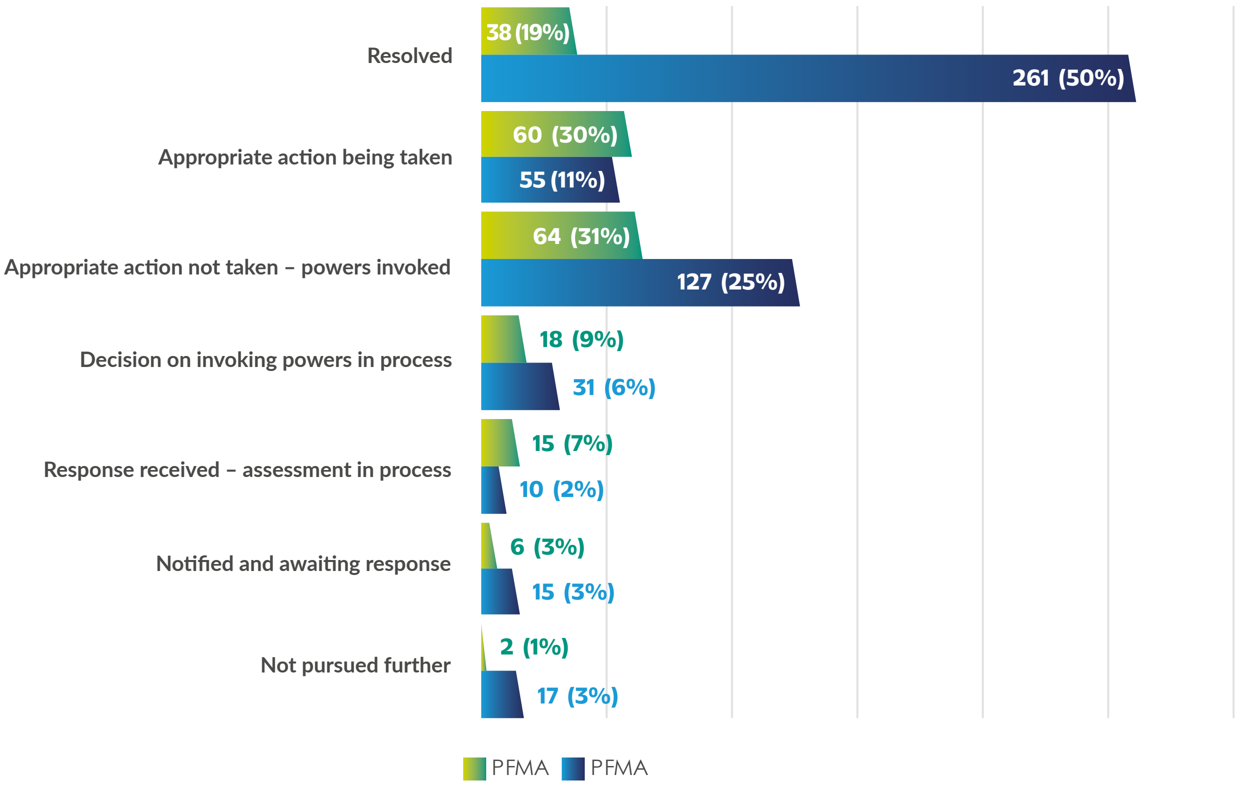
However, challenges remain. The complexity of high-impact matters, delays in accounting officer responses and capacity pressures during peak audit periods continue to hamper consistent adherence to timelines. In response, the institution has refined its material irregularities policy and manual, transitioning from standardised timelines to a more flexible, risk-based approach that determines timeframes by the nature and complexity of each matter, supported by strengthened leadership oversight to ensure both responsiveness and impact.

### Nature of active material irregularities – PFMA: 203 at 31 August 2025 | MFMA: 516 at 31 January 2026




*Sources: PFMA 2024-25 general report (cut-off 31 July/31 August 2025) | Draft MFMA 2024-25 general report (cut-off 31 December 2025/31 January 2026)*

### Status of active material irregularities




*Sources: PFMA 2024-25 general report (cut-off 31 July/31 August 2025) | Draft MFMA 2024-25 general report (cut-off 31 December 2025/31 January 2026)*

## Eradication of backlog irregularities

By year-end, 69% of audit business units' irregularities (77 of 111) and 76% of the backlog (62 of 82) had been cleared.

However, challenges persist, particularly in complex auditee environments such as prolonged investigations, delayed or incomplete recovery actions, systemic control weaknesses and leadership instability. Where responses from accounting officers have been inadequate, the institution has exercised its enforcement powers. This has included escalating matters through recommendations in audit reports and applying auditor-general referral and remedial action.

## Our enforcement powers

In a defining moment for its expanded mandate, the institution issued its first certificate of debt – holding a municipal manager personally liable for a R4,6 million loss from overpayments for water tankering services. It sent a clear and unequivocal signal that failure to act carries real and direct consequences.

Recovery, however, does not follow automatically. It requires structured and proactive engagement with executive authorities responsible for driving recovery. The institution remains committed to supporting and closely monitoring the process to conclusion.

Beyond the initial certificate, a further 27 material irregularities that resulted in a financial loss to the state are currently being tracked along a defined critical path. The deterrent effect is already evident. In several instances, the progression towards a certificate of debt has prompted accounting officers to initiate recovery actions voluntarily, with additional time granted to allow these to conclude. This reflects the intended outcome of the process – accountability and corrective action.

## Referrals to public bodies

Collaboration with the accountability ecosystem remains central to the institution's enforcement strategy. Since inception, 116 material irregularities (2025-26: 53) have been referred to external public bodies for further investigation. These span the environment, financial losses, procurement irregularities, criminal conduct and maladministration.

### Status of referrals

| Public body | Number of irregularities referred | Finalised | Ongoing | *Not started | Pending handover | Submission due to auditor-general |
|---|---|---|---|---|---|---|
| Special Investigating Unit | 28* | 8 | 8 | 14 | - | 2 |
| Public Protector South Africa | 5* | - | 5 | - | - | - |
| Directorate for Priority Crime Investigation | 19 | - | 16 | 1 | 2 | - |
| National Treasury | 1 | 1 | - | - | - | - |
| Department of Water and Sanitation | 43 | - | 38 | 5 | - | - |
| Department of Forestry, Fisheries and the Environment | 16 | - | 13 | 3 | - | - |
| **TOTAL** | **116** | **9** | **80** | **23** | **2** | **2** |

The referrals are yielding tangible results. Outcomes include the initiation of recovery proceedings, expanded investigations incorporating criminal referrals and supplier sanctions, legal action to set aside irregular contracts and measurable improvements in internal control environments. In the environmental sector, which accounts for just over half of all referrals, regulatory directives have been issued, criminal cases opened against noncompliant accounting officers and demonstrable improvements recorded at wastewater treatment works and landfills. Several matters have progressed to prosecution, with dockets finalised and cases re-enrolled for trial.

These outcomes reflect the institution's commitment to safeguarding public resources not only through its enforcement, but through the effective activation of the accountability ecosystem.

## Impact of the material irregularity process

Six years since the amendment of the PAA expanded the institution's mandate, the material irregularity process has evolved from development into fully operational enforcement, with increasingly visible and tangible outcomes.

Across a growing number of auditees, accounting officers are strengthening internal controls, submitting overdue financial statements and performance reports, reducing disclaimed audit opinions, remediating environmental harm and applying governance responsibilities often before enforcement is introduced.

The Directorate for Priority Crime Investigation and the Special Investigating Unit collectively manage a substantial and complex portfolio of referrals, characterised by multiyear investigations with significant financial, legal and governance implications. Three matters with the Directorate for Priority Crime Investigation have moved past investigation – one is at court and two are at prosecution or docket decision stage. The remaining 14 cases are at various stages, supported by interagency collaboration to strengthen evidence. Recoveries remain limited, as emphasis is on taking matters through the criminal justice process.

Referrals to the Special Investigating Unit have generated significant outcomes, including eight completed investigations resulting in 28 criminal referrals, two civil litigations in the Special Tribunal, 16 administrative actions (blacklisting and regulatory body referrals), 23 systemic recommendations and 11 disciplinary referrals. While potential recoveries of about R1,13 billion have been identified, actual recoveries remain constrained due to early-stage enforcement processes and lengthy litigation timelines. Both entities continue to face systemic and external constraints – including legal process requirements, capacity limitations, documentation delays and reliance on multiple stakeholders – which slow investigation progression and finalisation. Despite steady progress, the pace of outcomes and recoveries remains inadequate, underscoring the need for targeted interventions to address bottlenecks and accelerate results.

Referrals of environmental irregularities to the Department of Water and Sanitation and the Department of Forestry, Fisheries and the Environment have produced tangible outcomes. Wastewater treatment works referrals have strengthened accountability and consequence management, with 25 cases progressing to criminal investigations, resulting in 17 prosecutorial actions and 14 court-sanctioned enforcements. These interventions have also driven urgency and responsiveness, contributing to measurable compliance improvements at several facilities, with some now fully operational. However, progress remains uneven due to ongoing structural and funding constraints.

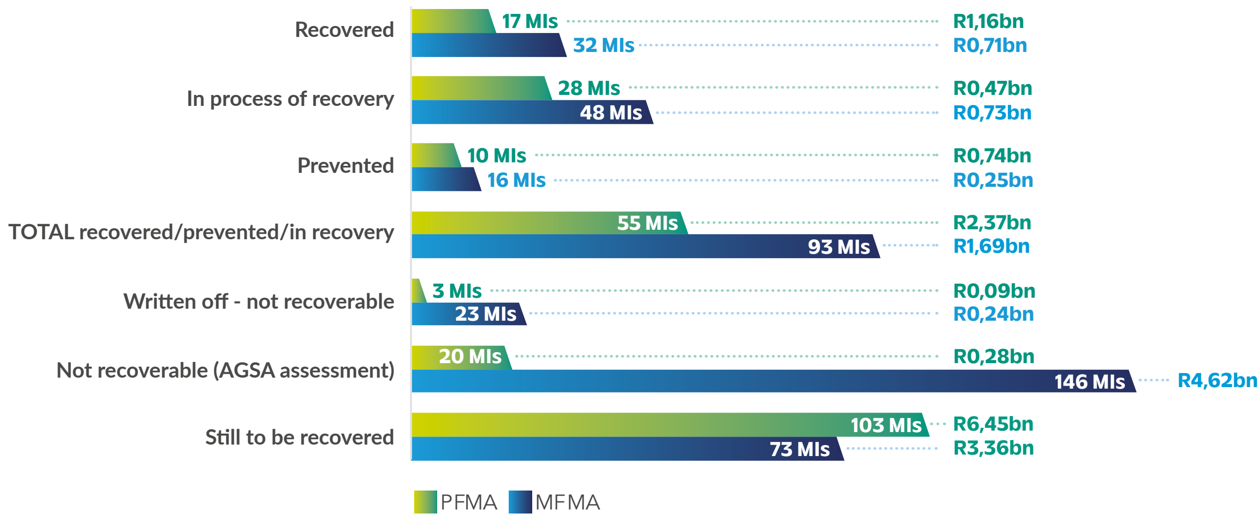
Ten criminal investigations have been initiated for landfills, nine resulting in prosecutorial or court-sanctioned enforcements. This has increased the urgency with which municipalities address environmental noncompliance.

Progress is being made in recovering financial losses, but it is misaligned with the scale of the challenge. Recovery is inherently complex by the time losses are confirmed, traced and pursued. Constraints include prescription of debts, staff turnover and requirements to ensure fairness of the legal process. Investigations that precede recovery or consequence management are often complex, multi-institutional and contested, with resolution extending over several years.

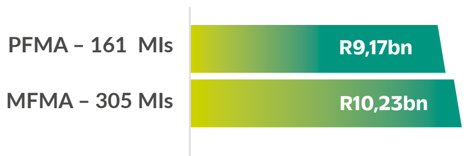
These dynamics do not reflect limitations of the irregularity process, but of the structural environment in which it operates. In response, the institution is engaging earlier, with clearer protocols and stronger coordination across the ecosystem. Prevention remains preferable to cure. The most significant indicator of a maturing system is not the number of certificates of debt issued, but the increasing number of accounting officers who take corrective action before escalation becomes necessary and strengthen control environments to prevent recurrence.

The graphic below further illustrates the financial and broader impact of the material irregularity process to date across both PFMA and MFMA environments.

### Prevention and recovery of financial loss



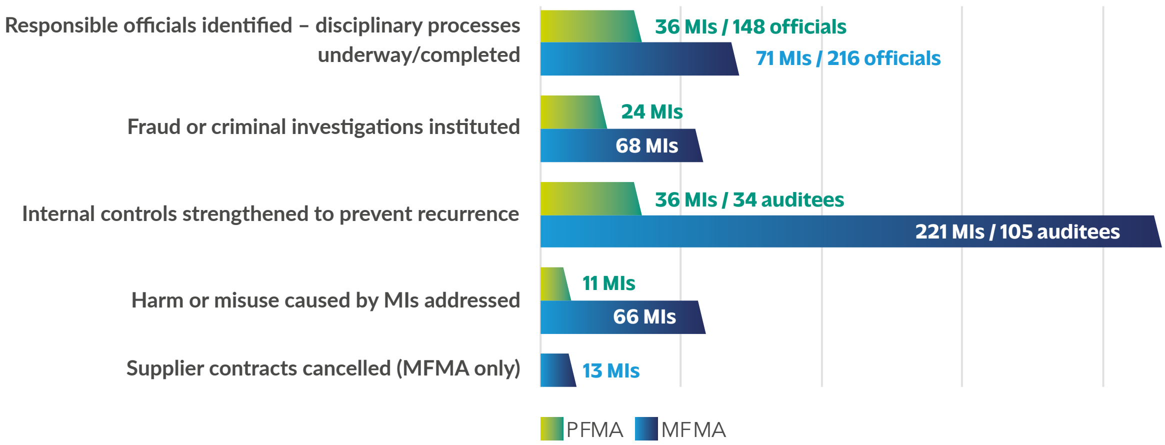

### Total estimated financial loss



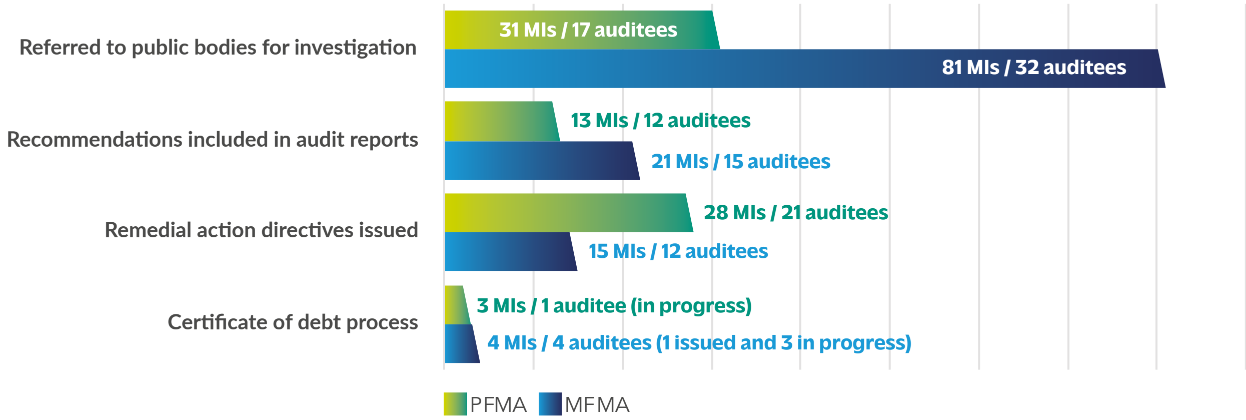

### Recovered/prevented/in recovery


*Sources: PFMA 2024-25 general report | Draft MFMA 2024-25 general report | Figures as at cut-off dates stated in respective documents*

### Additional impact of the material irregularity process



## Further actions taken to address material irregularities




## Identifying high-impact irregularities

### *Transversal*

Focus on transversal matters across audit cycles and auditees has bolstered process consistency, reach and credibility. By identifying recurring failures that cut across institutions and spheres of government, isolated issue identification gave way to a more structured, systemic response, raising irregularities linked to common causes with increased speed, coherence and evidentiary consistency.

Transversal themes identified during the year included arrears in pension fund and medical aid contributions across multiple municipalities. Inadequate bank reconciliations and recordkeeping controls, and the non-submission or lack of credibility of annual financial statements and annual performance reports were also noted. Revenue losses arising from unbilled or uncollected charges for rates, electricity or water were identified across auditees as manifestations of control weaknesses.

This transversal lens also enhanced oversight of systems, assets and infrastructure. Information and communication technology irregularities were raised where crucial digital platforms were procured or operated without adequate controls, with a common pattern being significant public investment yielding limited or unverifiable public value. Infrastructure-related irregularities addressed projects characterised by poor workmanship, site abandonment or inadequate oversight, resulting in deteriorated or incomplete public assets. Misuse or underuse of resources including equipment, vehicles, systems and facilities was identified consistently across auditees.

Service delivery and public interest risks were a further area of transversal focus. A decline in the quality of drinking water and insufficient testing, excessive distribution losses in water and electricity networks and cyber incidents affecting the integrity of public institutions were identified across multiple auditees and pursued as systemic risks needing coordinated, multistakeholder intervention.

### *Link to irregular expenditure*

Irregular expenditure that is not investigated is more than a compliance failure – it is a breakdown in consequence management. During the review year, we examined why qualifying irregular expenditure did not consistently translate into material irregularities and adjusted our approach.

Four material irregularities linked directly to irregular expenditure had not been investigated nor addressed. These matters reinforced our longstanding belief that irregular expenditure disclosed but not acted on perpetuates the very culture we strive to shift.

### *Fraud*

Fraud remains inherently difficult to substantiate through audit evidence alone, particularly within procurement, where documentation is complex and not always accessible. During the year, one suspected fraud irregularity was raised, namely payments for water tankering services where evidence of actual delivery could not be substantiated, resulting in a likely financial loss of R1,6 million.

A further 23 cases indicating potential fraud were raised under noncompliance provisions. These included duplicate and intercepted payments, irregular invoicing and payments made for goods and services not received. We will continue to identify, investigate and pursue such matters.

## Driving action

Engagement across all spheres of government with accounting officers, executive authorities, oversight structures and coordinating institutions reflects investment made to ensure that the material irregularity process is not only understood but acted on. Where engagement has been structured and sustained throughout the audit cycle, there are stronger accounting officer responses, more active monitoring by audit committees and increased executive authority involvement in supporting institutions to meet their obligations.

The process is also gaining traction beyond auditees directly affected. In the Eastern Cape, following an irregularity issued to Buffalo City Metropolitan Municipality on its water world fun park project, Scopa intensified its oversight of infrastructure programmes. Departments must now submit regular progress reports. Similarly, the Eastern Cape Portfolio Committee on Cooperative Governance and Traditional Affairs called on selected municipalities to account for their audit outcomes, infrastructure performance and service delivery impact.

Four transversal Sector Education and Training Authority related irregularities were escalated to the relevant portfolio committee and executive authority. All four accounting officers responded, marking a notable improvement from the past, when securing credible corrective action was a persistent challenge.

We clarified the irregularity process with the South African Local Government Association, National Municipal Legal Practitioners Forum, including the implications of certificates of debt and the role of legal practitioners in supporting accounting officers once an irregularity is issued.

The Public Investment Corporation has integrated the irregularity process into internal audit action plans monitored by the audit committee. Department of Cooperative Governance internal audit functions supported the process through investigations and control assessments. In North West, internal audit units and audit committees have participated in progress reviews to assess the adequacy of management responses to irregularities.

Still, response across the ecosystem remains uneven. Sustained engagement does not consistently translate into effective implementation and, in several environments, oversight structures have not maintained consistent monitoring of irregularity progress. While responsiveness is increasing, sustained behavioural change has yet to be fully realised.

## Conclusion

Six years ago, the expansion of the institution's mandate moved from reporting on behaviour to shifting it. This is now starting to take hold. Accounting officers are responding earlier, oversight structures are routinely referencing irregularities in hearings and institutions that previously treated audit findings as administrative requirements are increasingly recognising them as governance obligations. While this shift is neither uniform nor complete, it is tangible and gathering momentum.

Areas that need strengthening are being acknowledged. Recovery of financial losses remains time consuming. Areas receiving attention are consistent conversion of fraud indicators and irregular expenditure into material irregularities and identification of breaches of fiduciary duty and uneven adherence to timelines.

In the year ahead, we will continue to focus on expediting high-impact irregularity cases and deepening collaboration across the ecosystem.

# Audit operations

A significant achievement is the successful conclusion of the majority of PFMA and MFMA audits within the prescribed legislative timelines, with the 90% target being met.

## Performance against 2025-26 targets

| Key performance indicator | 2025-26 target | Year-end actual | Status |
|---|---|---|---|
| % of audits completed within legislated timelines *(excluding late submission of AFS)* | 90% – 100% | 94,5%<br>(PFMA – 94%; MFMA – 95%) | Achieved |
| % QC rating achieved | 80% – 90%<br>(C1, C1#, C2 and C3 rating) | 92% | Achieved |

Performance end status: Not achieved | Partially achieved | Achieved | Higher achieved | Over achieved

## Audits completed within legislated timelines

Our audit teams' adherence to legislated timelines is a key part of how we, as the country's supreme audit institution, ensure that we set the right example and operate by the high performance, accountability and institutional integrity that we espouse to auditees and other stakeholders. In 2025-26, we achieved a completion rate of 94,5%.

The levels of submission are no accident, but result from tactical strategies we deploy to shift the culture, using our influence and enforcement tools.

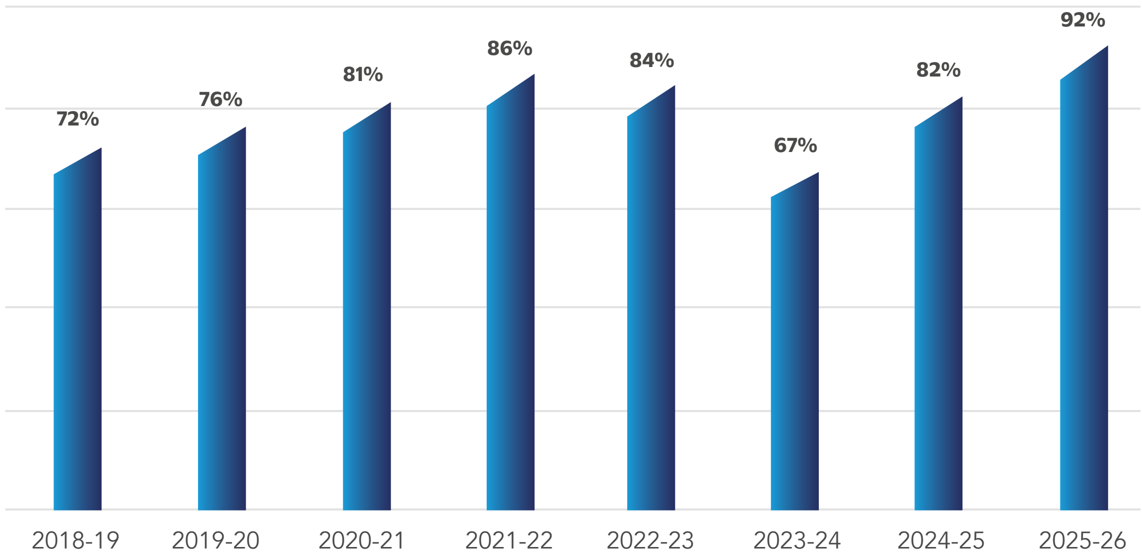
Deploying proactive measures to conclude a significant number of audits across MFMA and PFMA cycles is crucial. Such tactics include early planning and scoping, resulting in the timely conclusion of cycle approaches and working papers, disciplined and regular stakeholder engagement, coordinated resource management and tracking in-cycle milestones.

Over the past year the AGSA concluded several backlog audits that existed due the non-submission of financials by various auditees.

- SAA – Financial statements were received on 30 September 2025 and the audit was finalised on 21 November 2025.
- SAA Technical – Financial statements were received on 22 July 2025 and the audit was finalised on 21 November 2025.
- Air Chefs – Financial statements were received on 30 July 2025 and the audit was finalised on 18 November 2025.
- Denel Vehicle Systems – Financial statements for the year 2022-23.
- Central Energy Fund – Financial statements were received on 18 August 2025 and the audit was finalised on 30 September 2025.
- Komatiland Forest – Financial statements were received on 30 September 2025 and the audit was finalised on 30 January 2026.

## Audit quality

The quality of our audit work remains paramount, as it underpins the credibility of our opinions and strengthens our reputation. We are pleased to have achieved a 92% quality rating, a significant improvement from 82% in 2024-25.




This is a testament to our intentional, sustained and consistent effort to implement key initiatives that enhanced audit quality and yielded consistent, compliant results.

# Strong **financial performance** for a sustainable AGSA

## Performance against 2025-26 targets

| Key performance indicator | 2025-26 target | Year-end actual | Status |
|---|---|---|---|
| Net surplus % | 1% – 4%<br>(after fully provided for bonus) | 4,4% | Achieved |
| Cash safety margin | 2 – 3 months<br>average across whole year | 2,76 months | Achieved |
| Overhead to income ratio | 36% | 38,5% | Partially achieved |
| Contracted work capacity as % of total revenue | 16% | 11,7% | Achieved |
| Gross margin | 40% | 40,6% | Achieved |
| Average collection of debt | 85% – 90% | 94% | Achieved |
| Clean audit | Clean audit opinion | Clean audit outcome | Achieved |
| Complainant satisfaction with responsiveness and resolution of threats and intimidation | 85% – 90% satisfaction | 87% | Achieved |

Performance end status: Not achieved · Partially achieved · Achieved · Higher achieved · Over achieved

**11.7%**

Successfully reduced our contract work creditors spend to be 11.7% of our audit income

To reduce dependence on contract work contracts and curb outsourcing costs, the institution set up the Ahluma centre a few years ago. By retaining trainees after their articles through Ahluma, the institution can now employ these qualified professionals internally. This change has reduced reliance on outside firms and helps retain value within the institution instead of outsourcing it to private audit companies.

## Financial performance and sustainability

The 2025-26 financial year unfolded against a backdrop of modest economic growth, sustained fiscal pressure, elevated geopolitical uncertainty and persistent structural constraints across the public sector. While inflation eased over the period, volatility in global energy markets and constrained government revenues continued to influence audit fee affordability, payment behaviour and audit risk profiles. Within this environment, the institution maintained a clear focus on financial resilience and disciplined financial management while delivering value adding services.

- The net surplus was maintained within the approved 1 – 4% range, supporting internal funding requirements and longterm sustainability.
- Gross margins were preserved at target levels, driven by an optimised staff mix, strong own-hours recovery and disciplined utilisation of contracted work creditors.
- Cash buffers were maintained within target thresholds, ensuring the institution's ability to meet its obligations and absorb revenue fluctuation inherent in the audit cycle.

## Audit income

Audit income increased by 5%, from R5 265 million to R5 538 million, primarily own-hours revenue of R4 623 million (83% of total audit income). This represents a 6% year-on-year improvement, marginally exceeding the forecast. Continued leveraging of the Ahluma centre and structured resource pooling enabled more flexible deployment of internal capacity, improved workload balancing and enhanced productivity across portfolios.

Contract work creditors income remained stable at R650 million, accounting for 11,7% of audit income below the budgeted 16% and forecast of 15%. This outcome reflects deliberate optimisation of own-hours recovery, with positive implications for margin preservation. Gross profit amounted to R2 249 million, representing 41% of audit income, in line with target, forecast and prior-year performance.

## Net surplus and cash safety margin

The year-end cash and cash equivalents increased to R1 379 million with a net surplus of R243 million. While lower than the previous year, the net surplus remained fully aligned with the institution's funding model principles and the approved range. This has enabled the institution to maintain a cash safety margin of 2,76 months of operating expenditure, reinforcing financial resilience amid fluctuating revenue flows and auditee payments. The resulting working capital ratio of 3,09 remained well above industry norms, reflecting strong liquidity.

## Debt collection

The gross debtors' book closed at R1 464 million, demonstrating strengthened debt collection. Debt collection performance strengthened further, with year-to-date collections reaching 94%, exceeding the 85% target. Targeted debt restructuring initiatives, particularly within financially distressed municipalities, supported both cash flow management and auditee sustainability.

In the Northern Cape, the AGSA partnered with the provincial treasury to identify 13 municipalities with significant outstanding debts. These municipalities have been allowed to pay off current debts over four years – factoring in future audit fees. Provided the agreements are held, the AGSA will write off the interest at the end of the four years and will withdraw litigation. The AGSA's effort was fully supported by the Premier of the Northern Cape, who raises the matter at all Intergovernmental forum meetings and instructed members of executive committees to pay audit fees due.

To date, all affected auditees have adhered to the arrangement. Other municipalities across the provinces have entered into similar arrangements but over a shorter term (six months).

The National Treasury's withholding of the equitable share payments from auditees with significant debt due to the AGSA has assisted debt collection efforts. The National Treasury also approved an enablement for the 1% auditees that are financially distressed and are unable to pay the AGSA (in line with section 23 of the PAA).

## Overheads, cost discipline and assurance

Total overhead costs increased to 38,5% of audit income, marginally above the target of 36% but aligned with the forecast. This ratio excludes overhead costs capitalised for qualifying digital transformation assets. The increase was driven primarily by higher expenditure on technology and software, increased bad debt provisions, investments in training and personnel costs to expand digital and ICT capability.

The institution continues to strengthen its disciplined cost management posture, focusing particularly on enhancing oversight of technology spend, managing debt exposure and ensuring that digital investments translate into measurable productivity gains and, over time, a sustained reduction in the overhead ratio.

Cost containments during the year included deferring or pausing non-crucial discretionary expenditure and strengthening monitoring of benefits realisation across major investments. Accelerated cost containment (including improved overheads management), stronger benefits realisation and productivity gains from digital enablement are expected to progressively restore overhead ratios to target levels.

## Supplier performance management

The AGSA has further strengthened procurement as a strategic enabler of value, execution discipline and risk mitigation. The supplier performance management framework has been embedded across strategic suppliers, supporting the digital transformation programme, contract governance, delivery assurance and innovation partnerships. These measures are improving value for money and positioning procurement as a key contributor to financial sustainability, disciplined execution and achievement of digital transformation objectives. The AGSA seeks to return to a 36% overhead-to-income ratio by the end of 2026-27.

## Capital expenditure, sequencing and funding

The total approved capital expenditure envelope has been sequenced across 2026-27 to 2029-30 to align with available free cash flow capacity. The AGSA's capital investment posture remains firmly anchored in cash preservation, with focus on reducing balance sheet risk, protecting liquidity and safeguarding longterm sustainability in the current operating environment. This disciplined approach has informed clear sequencing decisions and trade-offs: platforms that are mandate crucial and enterprise enabling have been prioritised, large-scale transformations have been phased over extended periods and selected discretionary initiatives have been deferred. As a result, the projected cash flow profile remains fully affordable and aligned to institutional delivery capacity.

| Financial view | Capex |
|---|---|
| Actual spend 2025-26 | R155,8 |
| Forecast 2026-27 | R185,0m |
| Forecast 2027-28 | R196,0m |
| Forecast 2028-29 | R136,0m |
| Forecast 2029-30 | R68,0m |

The capital portfolio aligns with the planned digital transformation to ensure architectural coherence, pacing and delivery readiness. Strong governance underpins this approach, with the business change and value office providing business case discipline and benefits realisation tracking. Oversight is provided by structures including the project portfolio investment committee, ASP steering committee. This framework will ensure that the capital programme through to 2029-30 is credible, controlled and aligned with the AGSA's strategic priorities and financial sustainability objectives.

During the year, leadership shifted from accelerated capital deployment to capital discipline. In future, sequencing will be prioritised over pipeline expansion, cash preservation over speed and execution readiness over aspirational growth.

The emphasis on ASP ahead of other sizeable initiatives, including enterprise resource planning, is expected to materially reduce funding pressure in the later years of the plan. Importantly, this approach has significantly narrowed previously projected funding exposure and positions the AGSA to continue funding capital investments predominantly through internally generated resources rather than external borrowing. This will protect institutional independence, strengthen financial resilience and secure longterm sustainability.

## Conclusion

The institution closed 2025-26 with strong financial performance, improved execution discipline and a clearer trajectory for longterm institutional sustainability. In the year ahead, leadership will focus on finalising capital budget sequencing to protect future cash flow resilience, implementing the future staff mix optimisation project and completing the business continuity management initiative to create a more resilient and sustainable operating model.

# Leading by example through integrated **risk and ethics** management

## Performance against 2025-26 targets

| Key performance indicator | 2025-26 target | Year-end actual | Status |
|---|---|---|---|
| % of strategic risks managed<br>*(per ISO 31000 standard)* | 80% – 90% | 87% | ● |
| Risk management maturity level | Managed | Maintained level 4 (managed) | ● |
| Evaluation of an effective AGSA system of quality management by the auditor-general | Reasonable assurance obtained | Reasonable assurance obtained | ● |
| Ethics maturity level | Attain AA rating | Attained AAA rating | ● |

Performance end status ● Not achieved ● Partially achieved ● Achieved ● Higher achieved ● Over achieved

## Strategic risks and risk assurance model

The institution has made significant progress through the disciplined and deliberate implementation of its strategic risk programme. Risk management enables institutional objectives and underpins strategy. The strategic risk programme is a core element.

During the year under review, the audit committee monitored and mitigated key risks. Exco ensured that mitigations were rigorously implemented and tracked, with 87% of planned activities completed by year end. As a result, we maintained a level 4 (managed) risk maturity rating, afforded institutions in which practices are embedded, consistently applied and increasingly enable proactive decisionmaking. These results are a key component of the institution's combined assurance framework, reinforcing confidence in the effectiveness of its risk management practices and governance processes.

| RISK | RISK OWNER | 2024-25 | 2025-26 | ANNUAL MOVEMENT | KEY MITIGATION |
|---|---|---|---|---|---|
| Failure to provide high impact products, insights, messages and proaction to remain relevant to our stakeholders | HoA | | | | Continuous rollout of stakeholder management plans |
| Inability to achieve strategic and institutional objectives as a result of inadequate strategies to attract and retain human resources, leadership succession planning and employee experiences | CPO | | | | Rollout of people's portfolio strategy |
| Negative impact on the credibility of the AGSA | CRO | | | | Implementation of ethics strategic programme |
| Negative financial viability, affecting the ability to achieve the institution's strategic and other objectives | CFO | | | | • Revenue and cost optimisation initiatives (resource pooling, human pricing models etc)<br>• Optimal working capital management (enhanced debt collection efforts, cash flow management etc)<br>• Execution of the longterm funding plan for the AGSA |
| Slow response to information technology needs, affecting efficiencies and achievement of institutional objectives | CTO | | | | Rollout of Digital Technology Office strategy |
| Nonadherence to quality standards | CRO/HoA | | | | • Rollout of remediation action plans<br>• Rollout of quality awareness session |
| Inability to protect institutional resources (information, data etc) against cyber threats | CTO | | | | Rollout of information technology security plan and monitoring |
| Inability to effectively and ethically integrate artificial intelligence technologies across the institution | CTO | NA | | NEW | Development and approval of an artificial intelligence strategy |

Critical High Medium Low

## Risk management maturity level

Effective risk management safeguarded institutional resilience, audit quality and institutional credibility throughout the year. Strategic, project and operational risks were monitored through the strategic risk profile, the SoQM and ASP risk profiles, with oversight from established governance structures. Of the 56 planned actions, 49 were closed off by 31 March 2026. Mitigation of benefits realisation rollout was, however, not applied consistently across all processes.

Although risk exposure remained within approved tolerances, reported incidents such as harassment and project management highlighted the need for sustained management focus and consistent application of corrective actions, particularly in governance discipline, benefits realisation and workplace conduct.

### Level 4 maturity was supported by:

- Cascading risk management practices through risk champions across the institution
- Continuous monitoring of business unit risk registers
- Strengthening governance through revision of the risk management policy
- Rolling out risk management training across the institution
- Enhancing the risk champion model
- Improving continuous risk identification and the proactive escalation of emerging risks
- Operationalising the enhanced risk appetite and tolerance statement process

## System of quality management

AGSA's SoQM remained central to maintaining audit quality, reinforcing audit opinion credibility and safeguarding reputation. The system monitors performance across all components, identifies and addresses deficiencies timeously and assesses whether corrective actions are benefitting the design and operating effectiveness of the control environment.

### *Remediation*

Implementation of International ISQM1 is in its fourth year and continued its measurable progress, with remedial actions having reduced from an initial 106 to 32 by November 2025.

As more straightforward issues were resolved, management attention shifted to those more complex, which need coordinated implementation across the institution. These concentrate on meeting audit milestones, advancing planning and elevating timeliness and quality of reviews by managers.

Following quality management and audit committee approval in November 2025, the remaining 32 actions were rolled out on 5 December 2025. Monitoring is ongoing, with the leadership committee reinforcing accountability through dashboards and sign-off by process owners.

## Early warning indicator system

The early warning indicator identifies and responds to emerging risks that may negatively affect the SoQM. Its objectives are:

- Earlier identification and communication of risks to prevent potential quality failures
- More timely implementation of remedial actions
- Consistent achievement of targeted quality outcomes
- Greater alignment and continuous engagement on quality matters

During the year, the SoQM team advanced the system, including identifying potential indicators. Consultation with internal stakeholders assessed availability of both structured and unstructured data to inform system design. This engagement will continue.

## Quality engagement reviews

Post-cycle audit engagement reviews continued through the year, with 48 PFMA and 18 MFMA files selected. The former were fully reviewed and the second discussion sessions completed. MFMA reviews are underway, as file selection happened from 1 March 2026 following file closure at the end of February 2026. Overall, the post-cycle review process remains on track for completion by June 2026.

## Ethics maturity level

We retained our AAA ethics maturity rating, reflecting a well-established ethical culture. The ethics maturity assessment survey attracted a 94% employee response rate, a 4% increase from the previous year and above the industry benchmark of 65%.

Ethics governance, disclosure discipline and leadership accountability continued to underpin audit independence and safeguard institutional credibility. High awareness and compliance made for proactive management of ethics risks.

Training remained a key enabler, with ethics training, awareness initiatives and business unit engagements reinforcing expected behaviours.

## Complaints management

Complaints management was enhanced during the year to protect institutional reputation and maintain public confidence. The complaints centre received 140 complaints, 120 of which were deemed outside complaints policy scope. Of these, 48 were audit tipoffs and referred to the business units. At the reporting date, five in-scope complaints were progressing, including two under investigation and three at reporting stage.

Turnaround times improved and 42 of 47 cases were closed (89%) within the AGSA timelines. Insights from complaints were presented as learning inputs to promote prevention and awareness. Complaints-related risks remained within approved tolerances, with no material impact on audit credibility or institutional reputation.

## Auditors joining auditees

Being a learning institution that develops talent for the public sector, the AGSA monitors the movement of auditors into auditees as a key independence and ethics risk. During 2025-26, 92 auditors transitioned into public sector institutions audited by the AGSA. Four were key audit members and measures were implemented to protect audit quality and independence. These included an automated declarations module and the enhancement of engagement letters to formalise cooperation with auditees. These interventions improved transparency and reduced the risk of non-disclosure.

Declaration processes further reinforced accountability for policy breaches. Non-declaration matters revealed during disciplinary and complaints processes highlighted the need for continued vigilance and were a deterrent against noncompliance.

## Audit disputes

Since the introduction of the audit dispute resolution mechanism on 1 November 2022, 59 matters, comprising audit disputes and category 2 complaints (during the PFMA and MFMA audit cycles) have been escalated by auditees and, in some instances, by members of the public. Amid an otherwise gradual increase, there was a notable peak in 2025-26 of 27 cases.

The primary drivers of audit disputes include increased pushback from auditees seeking to avoid regressions and the need for procedural fairness. Category 2 complaints focused largely on audit team conduct, adherence to auditing standards and audit opinions. The most escalations were received during the MFMA 2024-25 audit cycle. Encouragingly, most disputes were resolved at the first level (tier 1), indicating mechanism effectiveness, albeit with internal efficiencies needing attention.

This avoided legal avenues to challenge audit outcomes.

## Litigation

We achieved a 100% success rate across all matters concluded during the financial year, with all court deadlines met and no adverse cost orders incurred. This outcome demonstrates disciplined legal risk management, minimised financial exposure and effective execution of our litigation approach. The Chris Hani District Municipality matter, which will test the AGSA's material irregularity findings, will be heard in October 2026.

The Road Accident Fund case was concluded. This case was important as it was holding public institutions to accounting standards set by the Accounting Standards Board. It also sent a clear message to other public bodies on the AGSA commitment to auditing without fear or favour and where the authority lies in determining accounting standards.

## Conclusion

The year under review cemented the foundation for improved quality, accountability and operational maturity. In 2026-27, remediation will ensure timely implementation of agreed actions, embedding quality management messages to influence audit behaviour and stabilise outcomes. It will also enhance oversight through complaints management governance, risk and compliance systems. Litigation methodology and the corporate legal service operating model will be finalised.

# Our people and culture

## Performance against 2025-26 targets

| Key performance indicator | 2025-26 target | Year-end actual | Status |
|---|---|---|---|
| 360-degree leadership rating/ leadership confidence indicator | Maintain baseline leadership rating | Average performance of 3,79 (baseline: 3,46) | ● |
| % of people tracking above benchmark against target leadership profile | 30% | 249 leaders of 401 scoring 3,7 and above = 62% | ● |
| AGSA culture index | 2,5% increase on 2024-25 rating | A 0,83% decline in the culture score to 3,59 | ● |
| Turnover of high-performing employees | <5% | 4,86% | ● |
| Achievement of assessment of professional competence pass rate | 45% to 60% (*based on first-time assessment of professional competence writers) | 51% | ● |
| Broad-based black economic empowerment level achieved | Level 1 | Level 1 | ● |

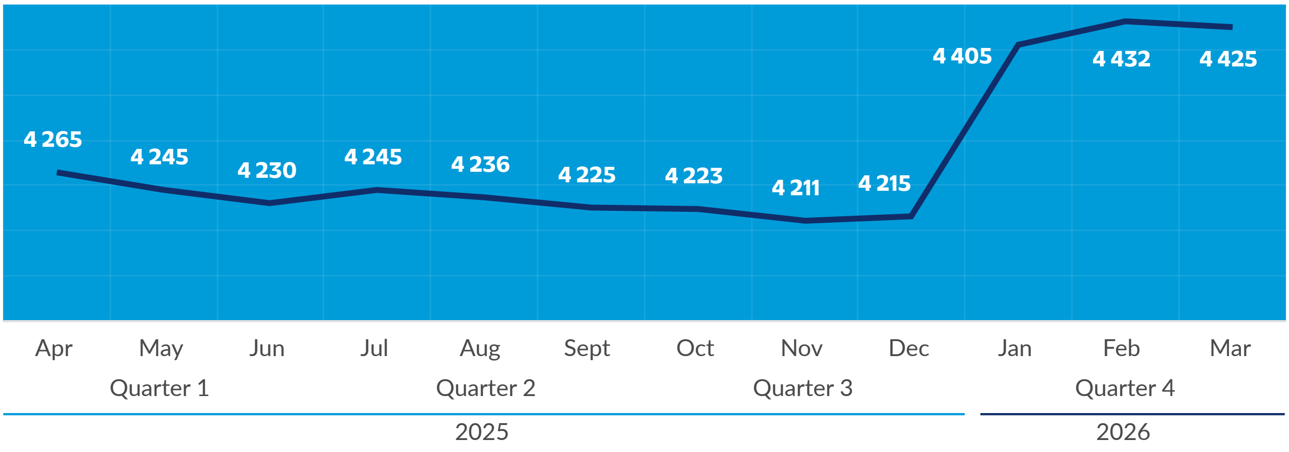
Performance end status ● Not achieved ● Partially achieved ● Achieved ● Higher achieved ● Over achieved

The AGSA successfully maintained its broad-based black economic empowerment level 1 status for the seventh consecutive year, demonstrating a strong commitment to inclusive economic participation.

The institution has been certified a top employer for two consecutive years (2025 and 2026), testament to its commitment to creating a workplace where people thrive, grow and feel valued.

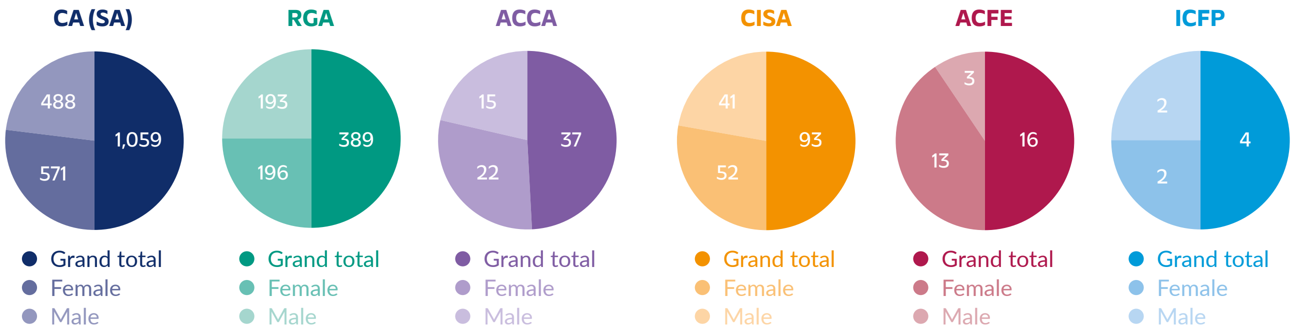

## AGSA workforce profile

### Institutional headcount




The institution ended the year with a headcount of 4 425 employees, compared with 4 240 at the end of 2024-25. Leadership made sure that the institution was capacitated to deliver on commitments, while controlling overhead costs.

### Number of audit professionals




| | CA (SA) | RGA | ACCA | CISA | ACFE | ICFP |
|---|---|---|---|---|---|---|
| African | 1 170 | 285 | 16 | 70 | 15 | 4 |
| Coloured | 69 | 16 | 2 | 6 | 1 | 0 |
| Foreign | 5 | 2 | 5 | 0 | 0 | 0 |
| Indian | 72 | 28 | 8 | 5 | 0 | 0 |
| White | 76 | 58 | 6 | 12 | 0 | 0 |
| Grand total | 1 392 | 389 | 37 | 93 | 16 | 4 |

### Total number of audit professionals

| | CA (SA) | RGA | ACCA | CISA | ACFE | ICFP | Grand total |
|---|---|---|---|---|---|---|---|
| Mar 2026 total | 1392 | 389 | 37 | 93 | 16 | 4 | 1931 |
| Mar 2025 total | 1270 | 456 | 40 | 99 | 13 | 4 | 1882 |

## AGSA racial composition

| | 2024-25 | 2025-26 | Change |
|---|---|---|---|
| African | 3 622 (85,42%) | 3 832 (86,60%) | 1,17% |
| Coloured | 194 (4,58%) | 186 (4,20%) | -0,37% |
| Indian | 175 (4,13%) | 170 (3,84%) | -0,29% |
| White | 235 (5,54%) | 224 (5,06%) | -0,48% |
| Foreign nationals | 14 (0,33%) | 13 (0,29%) | -0,04% |

Employment equity representation among senior management rose, with designated groups and women again exceeding sector targets. However, representation of persons with disabilities stands at 1,3%, below the 3% target, while designated-group males are underrepresented across junior management. Interventions to close the gaps include cultural change initiatives, gender advocacy programmes and continued implementation of gender seal agreement commitments.

New sectoral targets are set to enhance representation among non-African designated groups, particularly at management levels where current representation already exceeds certain regulations. Regular reporting by the institution's people team to line managers emphasises accountability for identified gaps and sustaining compliance. Monitoring underlined by a talent acquisition push and dashboard reporting will enable the institution to track progress against targets, identify emerging risks early and prevent regression.

## Age generation composition

| | 2024-25 | 2025-26 | Change |
|---|---|---|---|
| Baby boomer (61 – 79) | 148 (3,49%) | 43 (0,97%) | -2,52% |
| Generation X (45 – 60) | 823 (19,41%) | 523 (11,82%) | -7,59% |
| Generation Y (29 – 44) | 2 812 (66,32%) | 2 633 (59,50%) | -6,82% |
| Generation Z (18 – 28) | 457 (10,78%) | 1 226 (27,71%) | 16,93% |

The AGSA's workforce has become younger through the years, mirroring national demographic trends and protecting the talent pipeline. Nevertheless, male representation is below the national economically active population figure, which calls for balanced, targeted workforce planning.

## Gender composition

| | 2024-25 | 2025-26 | Percentage point change |
|---|---|---|---|
| Female | 2 450 (57,78%) | 2 596 (58,67%) | 0,88% |
| Male | 1 790 (42,22%) | 1 829 (41,33%) | -0,88% |

# The AGSA as a responsible corporate citizen: our transformation contributions

## Young professionals programme

The AGSA young professionals programmes seek to develop future-ready professionals for the institution and the auditing and accounting profession. The number of young professionals increased from 914 in 2024-25 to 1 095 in 2025-26 (181 individuals or 19,8%). This can be attributed to continued investment.

## Number of young professionals

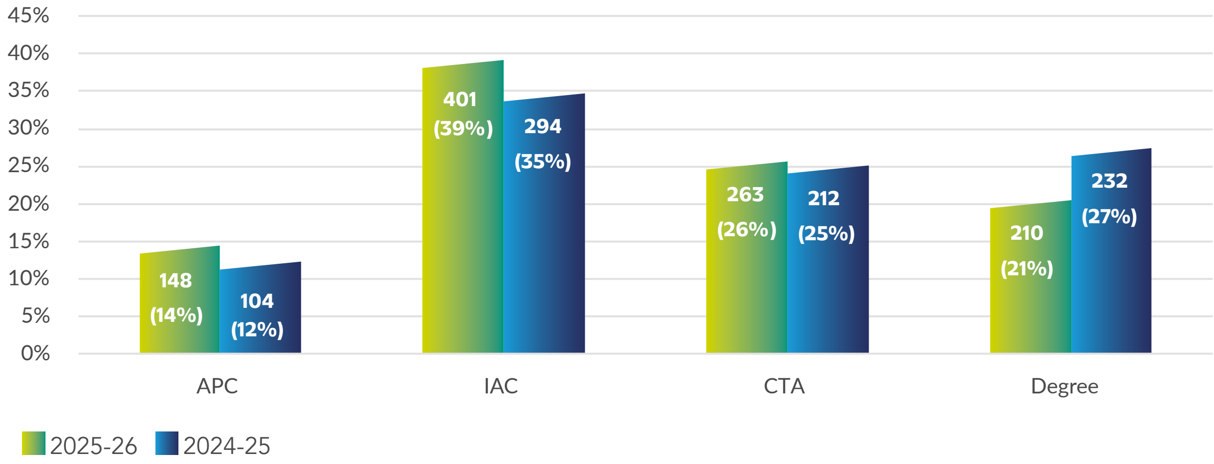
**Gender**

| | Female | Male | Σ |
|---|---|---|---|
| Human resource interns | 3 | 2 | 5 |
| Digital transformation interns | 10 | 2 | 12 |
| ICT | 0 | 0 | 0 |
| Data analysts interns | 10 | 12 | 22 |
| IT auditors | 16 | 18 | 34 |
| Forensic interns | 0 | 0 | 0 |
| Saica trainee auditors | 627 | 395 | 1 022 |
| Total 2025-26 | 666 | 429 | 1 095 |

**Race**

| | African | Coloured | Indian | White | Grand total | Total 2024-25 |
|---|---|---|---|---|---|---|
| Human resource interns | 3 | 1 | 1 | 0 | 5 | 0 |
| Digital transformation interns | 11 | 0 | 1 | 0 | 12 | 12 |
| ICT | 0 | 0 | 0 | 0 | 0 | 4 |
| Data analysts interns | 21 | 0 | 1 | 0 | 22 | 21 |
| IT auditors | 34 | 0 | 0 | 0 | 34 | 26 |
| Forensic interns | 0 | 0 | 0 | 0 | 0 | 9 |
| Saica trainee auditors | 967 | 33 | 9 | 13 | 1 022 | 842 |
| Total 2025-26 | 1 036 | 34 | 12 | 13 | 1 095 | 914 |

## Saica trainees qualification analysis




*The young professional profile is shifting from degree-only entrants to candidates with postgraduate diplomas in accountancy.*

### *Postgraduate support*

During 2025-26, the AGSA implemented a postgraduate diploma in accountancy programme for 50 candidates with University of Johannesburg and the Finance and Accounting Sector Education and Training Authority. Thirty candidates successfully completed the programme – a 60% pass rate.

### *Initial assessment of competence*

A total of 176 AGSA candidates passed – a rate of 51%, consistent with the January 2025 outcome (51%). This performance was sustained despite a decline in national results, with the South African Institute of Chartered Accountants' pass rate decreasing by 5% and the African candidate pass rate declining by 7% over the same period. AGSA candidates, therefore, demonstrated stable year-on-year performance, highlighting the effectiveness and resilience of the institution's academic interventions. Notably, newly recruited candidates achieved a rate of 65%. Among the 176 individuals are 26 from the postgraduate diploma programme.

### *Assessment of professional competence*

From May to December 2025, the AGSA implemented an integrated, multilayered programme to boost technical competence, research capability and the strategic thinking required to succeed in a competency-based assessment environment. This was accompanied by targeted wellness activities for holistic support.

Of AGSA candidates who sat for the December 2025 assessment of professional competence, 191 qualified as chartered accountants [CA(SA)]. First-time candidates achieved a 51% pass rate. This increased the AGSA cumulative contribution to the professionalisation of auditing and accounting to 2 497 CA(SA)s. In addition, 103 young professionals have completed the competence assessment and are awaiting articles sign-off, which will push the AGSA's contribution to around 2 600 CA(SA)s.

### *Graduate recruitment, bursaries and professional pipeline development*

The AGSA graduate recruitment and bursary programmes remain strategic enablers of #cultureshift2030. During the reporting period, we advanced our role as a talent incubator, attracting significant graduate interest in an increasingly competitive talent market. We secured a sizeable share of CTA graduates, of benefit to our sustainability and the profession's effective public sector governance.

We will expand early-stage interventions, deepen partnerships with academic institutions and further integrate professional development initiatives. These efforts will demonstrate the AGSA's leadership in developing ethical, capable and future-ready accounting professionals.

### *Secondment of AGSA trainees and international exposure*

In 2025, through its strong international partnerships, the AGSA signed a memorandum of understanding and formal agreement with the United Kingdom National Audit Office to facilitate two rounds of assistant manager secondments. The secondment programme will run from 2026 to December 2027.

This initiative aims to strengthen international collaboration, enhance the professional skills and exposure of our young professionals and promote the exchange of knowledge and best practices between the two institutions. The programme provides participants with valuable opportunities for cross-learning, while fostering stronger professional networks and supporting continuous institutional improvement in both countries.

### *Broad-based black economic empowerment contribution*

The institution maintained its broad-based black economic empowerment level 1 status for the seventh consecutive year, progressing beyond regulatory compliance to longlasting sector transformation. This achievement was underpinned by a R2 million investment in socioeconomic development, optimum use of the skills development levy and a preferential procurement strategy that prioritises black-owned and small enterprises for stronger supply chain resilience and broader sector participation. Our commitment to transformation translates into tangible impacts in our communities through corporate social investment activities.

## AGSA culture index

In 2025-26, 100% of leader-led feedback on the culture dipstick was completed across both audit (including audit support) and non-audit portfolios. Feedback from all business units was submitted on time, marking a milestone in the culture journey. This ensured that unit wellness and culture action plans were well informed and could be launched timeously.

Unfortunately, the institution missed its targeted culture index score. Having targeted a 2,5% increase on its 3,62 score of 2024-25, it instead saw a 0, 83% decline, from 3,62 to 3,59. To ensure that this is corrected going forward, a thorough analysis will be conducted in the coming year. The AGSA realises that its people are the key to delivering on its mandate. Therefore, recruitment of highly skilled people must be balanced by retention that includes a healthy and conducive work environment and culture. Consequently, this shortcoming will receive the utmost attention.

## AGSA leadership DNA

In line with #cultureshift2030, leadership development was repositioned from standalone training interventions to an integrated leadership capability platform promoting ethical conduct, accountability and performance across leadership.

Leadership capability is anchored in the AGSA leadership DNA, which provides a shared behavioural framework and common leadership language. Learning delivery was sequenced around audit and legislative cycles, which shows increased institutional maturity, effective prioritisation and prudent resource use, while broadening leadership capability to ensure audit quality and longterm sustainability. This focus will continue into 2026-27, with a review of personal development plans to identify priority interventions aligned to dimensions needing further development, as cited in the leadership DNA survey. These include leading with heart, creating safe spaces and disrupting for sustainability.

All leadership DNA learning pathways were developed and rolled out to 100% of executives and senior managers. Learning pathways were further refined in September 2025 to accommodate culture shift interventions. Survey results for 2025 indicate an upward trend compared to 2024, demonstrating positive traction and adoption of leadership initiatives. Through the AGSA academy, eight of the 11 planned behavioural learning and leadership programmes (73%) were launched.

## Women leading in the public sector programme

The AGSA's women leading in the public sector programme is a flagship leadership development initiative aimed at empowering 500 women leaders across the South African public sector by the end of 2027. The programme seeks to strengthen the pipeline of senior women leaders by equipping participants with the advanced leadership capabilities, professional networks, coaching support and governance skills required to drive ethical and sustainable public sector leadership.

The programme focuses on five strategic development areas:

- Strengthening the pipeline of women leaders within the public sector
- Supporting targeted career development and advancement through coaching and mentorship
- Promoting retention by developing an inclusive leadership culture
- Creating collaborative leadership networks that support professional growth and knowledge sharing
- Aligning leadership development with the auditor-general's strategic priorities, particularly ethical leadership, accountability and sustainable governance

By 31 March 2026, we achieved significant progress in establishing the programme and onboarding participants. Strategic partnerships were formalised with the Financial and Accounting Sector Education and Training Authority, Duke and the African Women Chartered Accountants.

The AGSA had 45 participants enrolled in the programme.

## Retention of high-performing employees

We retained 95,14% of high-performing employees during 2025-26 through retention and talent management strategies. During the year, 19% of high-potential employees (48 of 247) progressed into new or expanded roles in the institution. In this way, the institution converted retention into meaningful career growth and leadership development.

## Employee wellbeing and safety: Threats and intimidation

The personal safety of employees remains paramount. AGSA auditors are, at times, exposed to threats and intimidation, particularly in environments where audit outcomes, including identification of material irregularities or fraud, may trigger resistance or backlash.

The institution maintains a firm stance against any form of intimidation of its employees. Proactive risk assessments, training and criteria to identify high-risk environments have been introduced to mitigate risk and ensure employee safety. Close collaboration between security services and the People function, particularly through the employee wellness programme, has proven valuable in managing incidents and supporting affected employees.

Ongoing work with the Risk and Security function has strengthened field safety protocols and includes security training and clearer reporting mechanisms to ensure that employees can respond to potential threats. Continuous engagement with law enforcement and safety agencies has facilitated timely and effective responses.

The institution's threats and intimidation handling score increased from 80% in the previous year below the target of 85% to 87% in 2025-26.

## Change management

The change leadership programme was launched across multiple audit business units, equipping leaders to guide teams through new ways of working. The programme covers change leadership behaviours and mindsets against a backdrop of reflection and action planning. All survey respondents rated the sessions excellent or good. Beyond building individual capability, valuable insights emerged into the institution's readiness for change, informing ongoing change management and adoption strategies.

## Conclusion

The institution made meaningful progress in building capacity, advancing transformation, developing future-ready talent and promoting employee wellbeing. While gaps remain in representation, continued investment will create a more inclusive, capable and sustainable workforce.

# Digital transformation journey

## Performance against 2025-26 targets

| Key performance indicator | 2025-26 target | Year-end actual | Status |
|---|---|---|---|
| Project portfolios return on investment | Achieve 60% – 75% in-year benefits<br>*(as outlined in the exco-approved benefits realisation plan, focused on portfolio of strategic initiatives)* | 87%<br>Datasnipper: 100%<br>Request for investigation app: 87,5%<br>Robots and applications: 100%<br>Project Linkedin Learn: 60% | ● |
| Implementation of overall exco-approved digital transformation journey:<br>- ASP (AGSA Kopano pilot and rollout, audit process management pilot and rollout – PFMA, audit portfolio management pilot and rollout)<br>- Project iMpilo<br>- Case management system (staggered rollout)<br>- Intelligent automation solutions<br>- Artificial intelligence (strategy, guidelines and rollout) | 60% – 80% implementation<br>1. ASP:<br>• AGSA Kopano pilot and rollout<br>• Audit process management pilot and rollout PFMA<br>• Audit portfolio management pilot and rollout<br>2. Intelligent automation solutions<br>3. Artificial intelligence (strategy, guidelines and rollout)<br>4. iMpilo<br>5. CMS (staggered rollout) | Weightings:<br>ASP: 70% of overall implementation<br>Intelligent automation: 15% of overall implementation<br>Artificial intelligence: 5% of overall implementation<br>iMpilo: 5% of overall implementation<br>CMS: 5% of overall implementation<br>1. ASP = 100%<br>• AGSA Kopano pilot and rollout =100%<br>• Audit process management pilot and PFMA rollout = 100%<br>• Audit portfolio management pilot and rollout = 100%<br>2. Intelligent automation solutions = 90% (27/30) automations delivered<br>3. Artificial intelligence = 100% strategy, guidelines and rollout<br>4. iMpilo = 45%<br>5. CMS = 40% based on remediation-phase. However, system is not future-fit for the AGSA due to its limited functionality and extensive changes arising from revised material irregularity policy and manual | ● |
| Data/system recovery time on crucial systems | Compliance with service level agreement and disaster recovery plan focusing on:<br>• 80% service level agreement target<br>• 100% recovery of systems in line with disaster recovery plan | Overall averaged achievement was 96%:<br>• 92% compliance with service level agreement<br>• 100% recovery of systems in line with disaster recovery plan = 100% | ● |

Performance end status ● Not achieved ● Partially achieved ● Achieved ● Higher achieved ● Over achieved

The AGSA's digital transformation journey is focused on digitising and advancing both audit processes and broader business operations by modernising core systems. Our key priorities included automating manual processes and strengthening technology governance to improve longterm efficiency and support our constitutional mandate. We intend to create sustained value for auditees, employees and citizens.

# ASP | Unlock latent capacity

QUALITY | INFLUENCE | INSIGHT | ENFORCEMENT

## Digital transformation successes

- Successful piloting of the ASP in both the MFMA and PFMA cycles.
- The intelligent automation solutions not only reduced over-reliance on manual processes but yielded measurable efficiency gains, demonstrating improved adoption of digital tools across the institution.

## Audit software programme

The ASP consolidates crucial audit data onto a secure, integrated digital platform, replacing fragmented and largely manual legacy systems. This is a milestone in our capability to generate insight, collaborate and make data driven decisions with stakeholders. ASP is expected to deliver audit efficiencies, improved reporting accuracy, enhanced audit quality and greater staff morale. These benefits, once fully rolled out, will be tracked over three years from 2027-28.

**Our strategic digital transformation roadmap is premised on six strategic digital capabilities:**

- Audit software programme
- ERP and backend modernisation
- Infrastructure modernisation
- Technology governance and cybersecurity
- Intelligent automation
- AI, data and business intelligence

ASP comprises three projects: audit process management, audit portfolio management and AGSA Kopano, each including milestones.

### 01 Audit process management (TeamMate replacement)

This entails the methodology and the execution of audits from planning to reporting.

### 02 Audit portfolio management

This covers a new auditee database, a consolidated view of audits, the overall status of audits and dashboard view of audit and non-audit activities on the audits, audit budgeting, and resourcing information.

### 03 AGSA Kopano

AGSA Kopano is a fast, efficient and secure information sharing platform at every stage of the audit process. It streamlines, standardises and automates communication between the AGSA and auditees.

During 2025-26, audit process management, audit portfolio management and AGSA Kopano adhered 100% to project plans across phase one (PFMA) and phase two (MFMA) pilots. All identified pilot audits were successfully completed and important platform components were advanced. Performance monitoring and system enhancements are ongoing, particularly through Draftworx. In addition, proactive network assessments were conducted ahead of the PFMA audit rollout, enabling early identification of high-risk connectivity areas and engagement with network service providers.

The audit process and audit portfolio management pilots took place simultaneously, demonstrating their full integration. Any remaining requirements will be addressed later through the enterprise integration programme. Following the successful completion of both the PFMA and MFMA pilot cycles in 2025-26 and the value they demonstrated, leaders approved the institutional rollout and governance of the ASP.

The ASP steering committee now convenes biweekly to oversee delivery. Nerve centre focuses include system performance and network connectivity, user training, release of working papers, audit progress and milestones, system adoption, rollout support, financial considerations, change management and communication, project governance and risk management. This enhanced governance structure enables exco to identify, escalate and resolve challenges timeously, ensuring a controlled, stable and value driven rollout.

### *Audit process management*

The audit process management project, which replaces the legacy TeamMate system, encompasses the full audit methodology and end to end execution of audits, from planning to reporting. During 2025-26, the project achieved all milestones through disciplined execution and alignment with the AGSA's strategic objectives. Both the PFMA and MFMA pilots were completed.

As part of the pilot, we identified and completed 12 PFMA audits, with all audit files signed off. In addition, we identified 79 MFMA audits, 76 of which were approved for inclusion in the pilot and completed. Three-quarters of the audited files were signed off within prescribed timelines, with a further 24% finalised in December 2025 and the remaining 1% in January 2026.

### *Audit portfolio management*

The audit portfolio management initiative introduced a new auditee database that provides a single, consolidated view of all audits. This enhances portfolio oversight, project management of audit engagements, budget management and milestone tracking through integrated dashboards. The project was 100% completed against the project plan across both PFMA and MFMA pilot phases.

Core components are fully implemented and in production, including auditee database, audit project management functionality, resource planning for Ahluma, contracted work capacity and pooled resources. Budget tracking is fully integrated with PeopleSoft. While these developments advance operational efficiency, portfolio oversight and decisionmaking, system adoption has been slower than anticipated due to a steep learning curve and initial dependence on centralised support. To address this a structured self service support model, advanced and role based training, enhanced troubleshooting support and change management interventions are being rolled out.

Change management is centred on new ways of working through empowering support teams and PowerUsers, delivering advanced Microsoft project training and developing dashboard and reporting content. User guides are being provided, show-and-tell sessions being held and frequently asked questions carried across channels.

### *AGSA Kopano*

AGSA Kopano is an internally developed, secure collaboration platform that streamlines, standardises and automates communication between the institution and auditees. During 2025-26, both PFMA and MFMA pilot phases were completed in line with the project plan. All planned training, including PFMA train the trainer, were completed, ensuring stakeholder readiness and knowledge transfer.

The MFMA AGSA Kopano pilot identified 41 audits, 36 of which were approved and completed. An average completion rate of 100% was recorded across both pilots, affirming the planning, governance and delivery approach and confirming readiness for full implementation.

**ASP FUTURE POTENTIAL BENEFITS REALISATION OVER 3 YEARS AFTER FULL ROLLOUT:**

| Audit efficiencies | Enhanced reporting accuracy | Overall audit quality | Improved staff morale |
|---|---|---|---|

## Infrastructure modernisation

Our digital transformation strategy relies on modernising our ageing infrastructure. This will deliver solutions such as ASP, enterprise resource planning, automation tools, business intelligence solutions and artificial intelligence enabled services. This addresses legacy risks sustainably, responds to audit findings, strengthens cyber-resilience, improves institutional agility and, crucially, protects sensitive information and brand reputation.

## The AGSA infrastructure modernisation approach and its benefits

The new infrastructure helps with:

01 Addressing audit findings

02 Improving cyber resilience and agility into the future

03 Introducing new technologies and applications

04 Protecting the AGSA's sensitive data and brand reputation

Highlights of this approach include:

- The migration to a private cloud, ensuring resilience, backup and disaster recovery.
- All major applications are now running in the new private cloud (including ASP, TeamMate, PeopleSoft).
- Monitoring tools have been successfully implemented.

During the reporting period, modernisation was largely completed, with core elements migrated and operational. Integrated monitoring capabilities are in place and disaster recovery arrangements have built resilience.

The institution has begun the move from on-premise data hosting to a secure private cloud environment to reduce downtime, ensure stable platform performance, bolster security controls and lower the operational risk and costs associated with ageing and unsupported infrastructure.

Key milestones achieved during the period include:

- successful completion of disaster recovery simulation activities, materially enhancing the institution's ability to restore crucial systems within reduced recovery timeframes
- migration of all production and selected non-production systems to an Infrastructure as a Service (IaaS) environment
- full migration and operational readiness of TeamMate servers.

## Service level agreement and system availability

During the reporting period, system performance improved significantly, with a closure rate of 92,86%, up from 87% at the end of the 2024-25 financial year. This outcome exceeded the target of 80%, reflecting sustained commitment, enhanced operational efficiency and strengthened effectiveness in the delivery of high-quality ICT services.

## IT security plan implementation

During the 2025-26 financial year, the institution approved the information and cybersecurity plan, comprising 20 initiatives for 2025-26. Of these, 15 (83%) were implemented as planned, while three (17%) remain active. Two initiatives – the firewall software licence renewal and the data-masking solution implementation – were deferred to the next financial year.

Key achievements during the period included completing a comprehensive security assessment of AGSA Kopano. The Security Operations Centre became functional and provides 24/7 monitoring, enabling proactive detection, analysis and response to cybersecurity threats and vulnerabilities.

In addition, continuous anti-malware scanning has been implemented across all AGSA devices to strengthen early detection of potential security risks. This is complemented by ongoing email monitoring to identify and block malicious content, as well as sustained user awareness initiatives aimed at reducing human error and reinforcing the institution's overall cybersecurity.

## Cybersecurity

The AGSA's cybersecurity approach is anchored in the ISO 27001 international standard for information security management and is underpinned by a defence-in-depth, multilayered security model. Should any control layer be compromised, additional safeguards remain to mitigate the impact and protect the integrity of our IT infrastructure and data. Continuous user awareness and security monitoring and proactive risk management remain central to strengthening the institution's cybersecurity.

The KnowBe4 cybersecurity awareness platform was launched during the year, allowing us to deliver security training, conduct realistic phishing simulations and report comprehensively. These interventions have strengthened awareness, reduced human error and risk and improved management insight into cyber risk exposure. In October 2025, we observed Cybersecurity Awareness Month under the theme 'Secure our world – a shared responsibility'. The campaign comprised awareness initiatives reinforcing cybersecurity consciousness across the institution. This annual campaign is more than a compliance exercise – it reflects our ongoing commitment to building a strong security culture, empowering every employee to play an active role in safeguarding the institution's digital environment.

## Intelligent automation: efficiency gains, value realisation and change enablement

Automation delivered measurable efficiency gains through time saved by bots and applications. These efficiencies are being redirected to higher-value audit activities, improved service delivery and optimisation of staff capacity and workforce planning. In parallel, the business unit strengthened change management and benefits realisation practices, drove adoption of digital solutions, enhanced tracking of realised versus planned benefits and more strongly aligned outcomes and business value.

We set out to implement 30 automations during the year and delivered 37. As the number of bots operating across the business increases, we anticipate a bigger focus on change management and the rollout of high-impact automation solutions to deliver audit and operational efficiencies. While automation releases staff capacity, the resulting man hours offer value redeployment plus cost savings. Solutions delivered by automation and business intelligence centres contributed improved operational efficiency, reduced the number of manual processes and enhanced audit and financial reporting capabilities.

## Business value of key automations delivered in 2025-26

The following automation solutions are among the 27 initiatives implemented to drive operational efficiency, strengthen controls, reduce manual effort and enhance assurance outcomes across the institution:

**01 Audit delegations application**
enhances audit readiness and compliance by providing accurate and complete delegation records, reducing rework during quality reviews and enabling a more efficient and consistent audit sign-off process.

**02 Employment equity form bot**
ensures timely and accurate submission of employment equity returns, strengthening regulatory compliance while reducing manual effort.

**03 Active directory inactive user bot**
automates the identification of inactive users and expired contractor accounts, replacing manual processes and reducing security and access-related risks.

**04 Vacancy cleanup bot**
supports people operations by identifying and cleaning vacant positions in PeopleSoft, ensuring accurate workforce data and improved workforce planning.

**05 Timesheet reminders bot**
improves timesheet compliance through automated reminders, reducing manual follow-up and enhancing the accuracy of payroll and project cost tracking.

**06 Information technology change management bot**
strengthens assurance over information technology change management by automating previously manual controls, eliminating reliance on sampling and reducing audit effort.

**07 Information technology and governance committee information technology security bot**
enhances the efficiency, reliability and coverage of information technology security audits by automating manual procedures, reducing human error, accelerating audit cycles and strengthening assurance over security controls.

**08 Bot for carried over leave**
automates allocation and verification of carried leave, reducing administrative effort and improving leave management processes.

**09 Information technology continuity bot**
improves data accuracy, reduces manual testing effort and strengthens confidence in IT continuity and disaster recovery controls.

**10 Transversal user access management bot**
enhances the efficiency, accuracy and auditability of user access management controls, enabling teams to focus on higher-value activities.

**11 Contract confirmation bot**
strengthens workforce planning and compliance by maintaining accurate contract records, mitigating employment-related risks and supporting responsive workforce management.

**12 Bank verification bot (phase 2)**
supports finance by automating preparation of files for bank validation, reducing processing time and minimising the risk of errors in employee banking detail verification.

## Artificial intelligence strategic programme

The artificial intelligence strategic programme and associated governance guidelines were approved by exco, establishing a structured framework for responsible, ethical and value-driven artificial intelligence. It articulates our artificial intelligence vision, governance principles, priority business-led use cases and implementation guardrails in the interests of consistency, compliance, risk mitigation and value realisation.

Approving the programme positions us to move into a more structured and governed phase of artificial intelligence adoption, with scalable implementation in the next financial year. It also reflects a deliberate and measured approach to balancing innovation with strong governance to ensure that artificial intelligence capabilities enhance productivity, strengthen audit quality and support longterm institutional resilience.

## Business intelligence

Business intelligence transforms data into timely, accurate and actionable insights that support decisionmaking, promote performance and advance accountability. Trusted dashboards and reports provide a single, integrated view of institutional performance across audit, finance, people and operations portfolios. During 2025-26, 36 dashboards were delivered, exceeding the annual target of 30. This reflects the institution's growing business intelligence capability and reinforces its commitment to data-driven governance and performance management.

## Digital challenges

### *CMS*

The Case Management System (CMS) was designed to modernise and digitise the end-to-end management of material irregularities and related case processes. However, after two false starts, the system was suspended. A decision was taken by the CMS steering committee not to renew the current service provider contract, which expires on 31 May 2026, but to seek an alternative solution.

Notwithstanding this decision, we have realised tangible value, which includes establishing a comprehensive material irregularities database with supporting documentation and confirmation that the AGSA retains full ownership of all data within the CMS. This data asset will be used for reporting and to support the implementation of an alternative solution.

### *Project iMpilo*

iMpilo is a centralised assurance and insights platform designed to streamline and automate core audit processes by enabling real-time access to clean, standardised and refreshable data directly from auditee systems. The platform was aimed at enabling data-led audit work, including reducing duplications and improving responsiveness to emerging audit risks. During the 2025-26 financial year, the tool was piloted but experienced challenges that necessitated the eventual decommissioning of its underlying Fraxis technology.

After an assessment into the iMpilo challenges, exco realised that the iMpilo challenges were due to a combination of factors including project scaling, tool adoption and usage by audit teams internally and change management dynamics. We need more time and upskilling in our change management capabilities and to improve our mechanisms for tracking and managing the benefits of not only this project but all our other large-scale digital projects.

### *Lessons learnt*

The CMS and iMpilo projects provided several lessons that will stand subsequent digital transformation projects in good stead. Lessons learnt include:

- **Digital project governance:** Not only must governance structures be in place, but these must be made up of members that represent all key functional areas that either impact – or will be affected by – the digital solution under development.
- **Continuous project risk management:** More timely project risk identification, mitigations development and rollout are key components of keeping such a large-scale digital project on track and giving it the best chance of success.
- **Collaboration across business areas:** While the digital teams develop and deliver a solution, this must be co-created with the business that will use the solution and there must be constant partnership with the finance team as the financial enablement function.
- **Change management:** One of the biggest learnings from the CMS challenges was how important early and ongoing change management efforts are to ensuring business adoption of the tools that the institution develops. On digital projects that have been launched after we began the CMS project, such as the ASP, this has been a particular focus for the institution.

## Conclusion

Infrastructure modernisation remains a crucial enabler of the AGSA's digital transformation strategy, providing the technological foundation required to support efficient, secure and high-quality audit services within an increasingly digital public sector environment.

Modern infrastructure enhances system reliability, scalability and performance, enabling audit teams to process large volumes of data, leverage advanced analytics and use digital audit tools more effectively. This gives audit professionals more time to focus on using their professional judgement, analysing risk assessments and generating insight.

Digitalisation is a significant boost to institutional efficiency and value creation. This is particularly important given that audit cycles are largely dictated by statutory reporting deadlines under the PFMA and MFMA, resulting in concentrated audit workloads during defined periods. Investments in digital technologies, automation and data-enabled methodologies are therefore essential to using our resources optimally and ensuring that audit effort is focused on areas of highest risk and impact within constrained timelines.

Globally, cybersecurity risks are escalating in frequency, sophistication and complexity, requiring continuous monitoring, user awareness and proactive management. Emerging threats include cloud-based security risks, artificial intelligence enabled attacks, supply chain compromises, advanced ransomware models and multivector attack strategies. Cybersecurity remains paramount and calls for ongoing refinement of controls, deployment of preventive measures and a security conscious culture.

In our highly competitive environment, we compete for skilled ICT professionals with financial institutions, insurers, retailers and public and private sector entities. Rapid acceleration of artificial intelligence further amplifies the need for robust artificial intelligence governance, risk management and continuous monitoring of both internal and external environments.

The AGSA must remain an attractive and credible employer of technology talent, capable of sustaining critical skills and capability. Talent retention, governance maturity and risk informed digital execution are essential to guarantee resilience and a winning digital transformation journey.

# 06

# Governance and **accountability reports**

# Auditor-general's report on the evaluation of the auditor-general of South Africa's system of quality management as of 18 November 2025

## Introduction

1. In line with paragraph 13 of the International Standard on Quality Management 1 (ISQM 1) (the standard),[1] the annual evaluation of the AGSA's System of Quality Management (SoQM) was performed on **18 November 2025**.

2. This report supports the communication requirements of paragraph 33(d)(ii) of the standard.[2]

3. I am pleased to report on the conclusion reached from my evaluation of the AGSA's SoQM.

## The design and operation of the SoQM

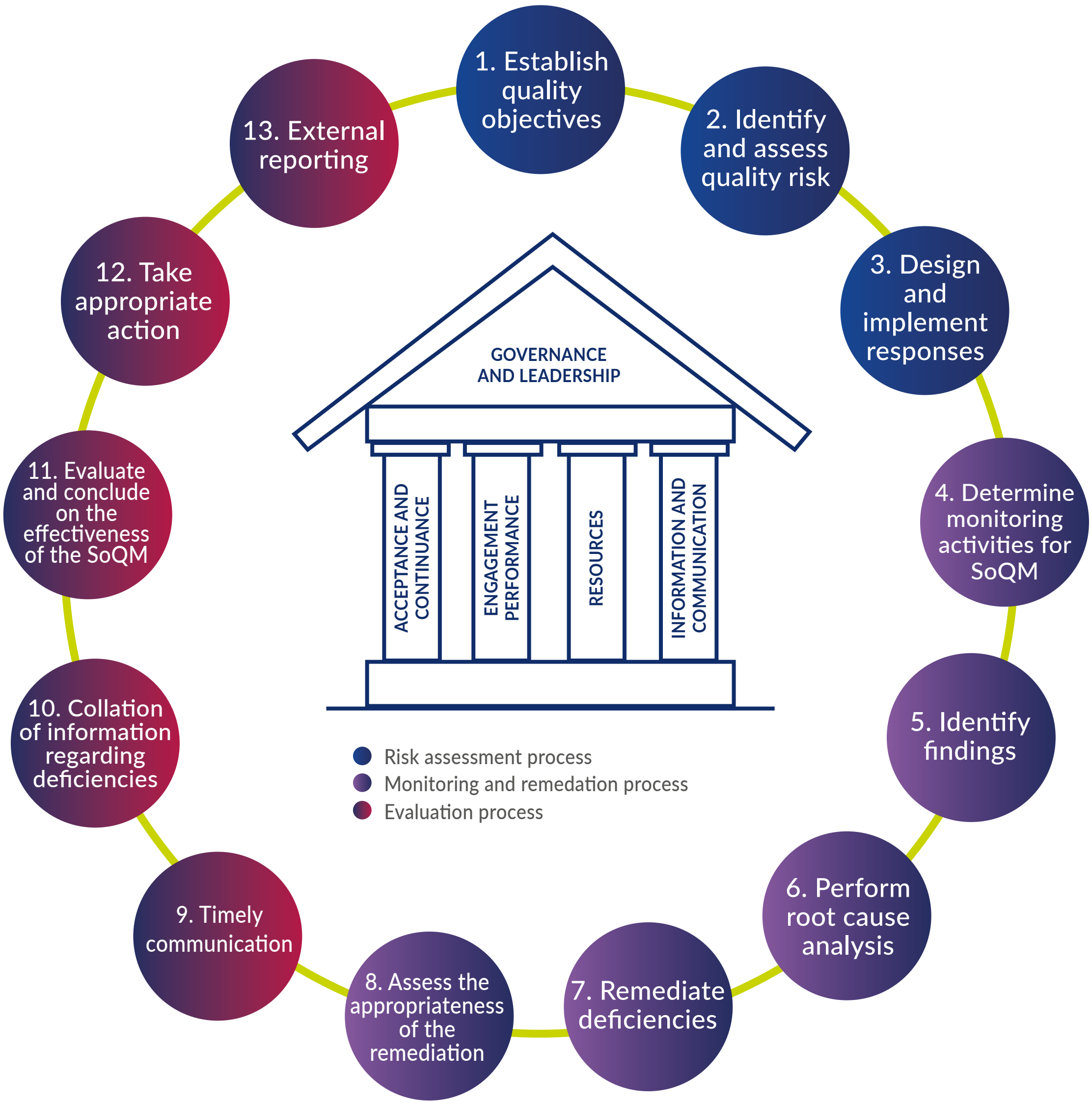
4. The SoQM has been designed to address all the following eight components of the standard, taking into account the nature and circumstances of the firm as well as the nature and circumstances of the engagements performed by the firm:

a) the firm's risk assessment process
b) governance and leadership
c) relevant ethical requirements
d) acceptance and continuance of client relationships and specific engagements
e) engagement performance
f) resources
g) information and communication
h) the monitoring and remediation process.

5. The standard requires the firm to apply a risk-based approach to designing, implementing and operating the components of the SoQM in an interconnected and coordinated manner such that the firm proactively manages the quality of engagements performed by the firm.

[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."

6. The AGSA's SoQM has therefore been designed and operates as follows:




## Responsibilities of the auditor-general and deputy auditor-general for the AGSA's SoQM

7. 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).

8. 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 the AGSA's SoQM

9. 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."*

10. In line with the guidance provided in the standard,[3] I evaluated the AGSA's SoQM, supported by the quality management assessment committee (QMAC), on 18 November 2025.

11. In evaluating the SoQM, we considered the outcomes from the monitoring and remediation process. In using the results, the following were 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.
    - Whether we have appropriately corrected the effect of the identified deficiencies on the SoQM.

## The conclusion reached on the evaluation of the SoQM

12. 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.
    - engagement reports issued by the AGSA, engagement managers or any other delegated signatories are appropriate in the circumstances.

## Context for the conclusion

13. 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 18 November 2025
    - I applied my professional judgement on the supporting evidence submitted from the AGSA's quality management processes.

I believe that the SoQM evidence I have received is sufficient and appropriate to provide a basis for my conclusion.

**Tsakani Maluleke**
Auditor-General
Pretoria
22 November 2025

AUDITOR-GENERAL
SOUTH AFRICA
*Auditing to build public confidence*

[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

## 1. Introduction

The remuneration committee (remco) 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 institution's mandate, financial sustainability and employee value proposition. This report outlines the committee's key deliberations, decisions and achievements for the year under review.

## 2. Remuneration committee membership and meetings

The remuneration committee consisted of the following members for 2025-26:

| Remco member | Position in remco |
|---|---|
| Tantaswa Fubu | Chairperson |
| Sifiso Cele | Member |
| Nazlie Samodien | Member |
| Vonani Chauke (DAG) | Member (resigned February 2026) |
| Sibongiseni Ngoma (Acting DAG) | Member (appointed March 2026) |

During the financial year, remco held three formal meetings and two workshops:

- 28 July 2025
- 9 March 2026
- 19 March 2026 (special remco meeting)

Remco workshops

- 27 May 2025: Focusing on the revised auditor-general market remuneration, exco job grading outcome, feedback on the AGSA employee benefits broker and feedback on people strategy roadshows. Members in attendance included independent and internal representatives, who provided oversight and strategic input across a wide range of remuneration and people practices.
- 9 March 2026: Focusing revised 2026 auditor-general remuneration benchmarking report and latest trends in remuneration committee mandates: best practices when it comes to dual mandates / overlapping committee work.

## 3. Key matters considered

### *3.1 Annual salary increase*

The committee annually deliberates on the proposed salary adjustment percentages considering institutional affordability, prevailing macroeconomic conditions, and market benchmarking. Consideration was also given to the relationship between salary increases and audit fees, ensuring that the institution does not fall materially behind competitors in the remuneration of critical skills, while maintaining an appropriate balance between these competing priorities.

Consistent with AGSA's remuneration philosophy, salary increases are determined through a performance-based approach, integrated with compa-ratio considerations to proactively address pay inequities and promote fair, and sustainable remuneration practices over time.

In line with this philosophy, the following average salary adjustments were recommended in March 2026:

- **3% HoP and above**
- **3,5% DBUL/BUL; and**
- **4% senior managers and below.**

The differentiated increase structure reflects the institution's commitment to rewarding performance, maintaining internal equity, and ensuring market competitiveness, while balancing affordability considerations and fiscal sustainability. This approach supports AGSA's high-performance culture and reinforces prudent financial stewardship.

### *3.2 Revised remuneration benchmarking of the auditor-general (continued benchmarking and engagement with the Independent Remuneration Commission (IRC) on auditor-general remuneration)*

The committee considered an independent remuneration benchmarking review of the auditor-general position conducted by 21st Century. The review confirmed that the auditor-general's fixed remuneration package remains competitive relative to most public-sector comparators and is broadly aligned with market benchmarks. However, when total remuneration was compared with a broader set of comparators, including private-sector and large audit firm chief executives, the auditor-general's remuneration was positioned below the benchmark due to, among others the absence of short-term incentive arrangements and lower longterm incentive values.

The committee noted that while the remuneration package remains broadly competitive within the public sector, there are indications that it is beginning to lag certain benchmark levels, with potential retention implications. The committee further noted that recent remuneration increases at selected public-sector entities were driven by specific recruitment and retention considerations and should not be viewed as representative of broader market trends.

The committee resolved to engage with the Independent Remuneration Commission (IRC) and the Presidency, in accordance with the Public Audit Act, to share the benchmarking outcomes and facilitate consultation on the auditor-general's remuneration. The committee also requested additional benchmarking analysis to provide further context to the findings.

### *3.3 Financial performance of the institution for the year*

The committee noted AGSA's strong financial performance and continued financial resilience despite ongoing fiscal pressures across the public sector. Audit income exceeded budget and grew year-on-year, supported by increased own hours revenue, strategic workforce initiatives and the continued success of resource pooling arrangements. These initiatives reduced reliance on contracted work, improved operational efficiency and contributed positively to revenue growth.

The committee recognised management's focus on enhancing productivity and efficiency through digital transformation and revised pricing strategies. While productivity and recoverability measures remained below target, this reflected a deliberate shift away from a time-based approach towards more efficient audit delivery and value creation. The committee noted management's efforts to identify an optimal balance between productivity, recoverability and financial sustainability, supported by the gradual transition to value-based pricing models.

Strong debt collection and disciplined working capital management contributed to an improved cash position and strengthened financial sustainability. The committee also noted the institution's continued ability to manage costs effectively, maintaining overheads within acceptable levels while investing in additional capacity to support the AGSA's mandate and digital initiatives.

The committee recognised the contribution of strategic talent initiatives, including the retention of trainees through the Ahluma Centre, which supported capability development, reduced dependence on external resources and enhanced institutional sustainability.

### *3.4 Performance bonus recommendations*

The Remuneration Committee (remco) deliberated on the proposed performance bonus for the 2025-26 financial year. Following its consideration of the institution's performance outcomes and the applicable provisions of the approved remuneration philosophy, remco noted that the AGSA had satisfied all the prescribed criteria for bonus eligibility.

The committee's deliberations were informed by the institution's achievement of the required performance thresholds and its overall delivery against strategic and operational objectives. Accordingly, the institution qualified for the consideration of performance bonus payments in accordance with the approved remuneration philosophy and related governance requirements.
AGSA met the following criteria for bonus eligibility as stipulated in the approved remuneration philosophy:

- An overall performance rating of "satisfactory" for the institutional and achievement individual performance objectives.
- The institution's continued financial sustainability and affordability.
- Alignment with the approved remuneration and bonus framework.
- The importance of preserving trust, fairness and the credibility of the performance management and reward system

Remco noted exco recommendations and supported the principles to pay the performance bonus within the approved reward framework.

### *3.5 AGSA people strategy dashboard*

The committee noted significant progress in the area of professional development and institutional capacity. Professional development outcomes improved significantly, with first-time APC pass rates increasing to 67%, supported by targeted academic and learner support interventions. The talent pipeline was further strengthened through enhanced university partnerships and attraction initiatives, contributing to increased employer brand recognition.

Investment in learning and leadership development remained a priority, evidenced by strong participation in LinkedIn Learning, the rollout of the leadership DNA programme and improved leadership assessment scores. The committee also noted the successful implementation of the new performance management framework and performance-based remuneration process.

### *3.6 Latest trends in remuneration committee mandates*

The committee noted emerging governance, remuneration and workforce trends and resolved to continue monitoring their implications for the AGSA's remuneration framework and governance practices. Focus will be placed on remuneration fairness, transparency, ethics, stakeholder considerations, evolving regulatory requirements, accountability mechanisms and workforce trends to ensure that the institution's remuneration approach remains effective, responsible and aligned with its strategic objectives.

## 4. Resolutions and recommendations

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

- Approval of the **annual salary increase**
- Approval of **performance bonuses** for 2025-26
- Continued benchmarking and **engagement with the IRC** on auditor-general remuneration

## 5. Conclusion

The remuneration committee is satisfied with the progress made during the year in enhancing remuneration and people management practices that support a high-performance, ethical and values-driven culture. The committee remains committed to ensuring that remuneration outcomes are fair, responsible and aligned with institutional performance, employee contribution and the long-term sustainability of the AGSA. Through its oversight, the committee continues to promote sound governance, talent development and a remuneration framework that supports the attraction, retention and motivation of critical skills while balancing the interests of employees, stakeholders and the institution.

**Tantaswa Fubu**
Chairperson
21 August 2026

# 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 2025-26 performance year to the Standing Committee on the Auditor-General (Scoag) and all other stakeholders of the of Auditor-General of 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
- 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 2025-26 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 and IT control environments, compared to prior years.

## 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
- 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 whistleblowing.

Furthermore, the committee:

- reviewed and approved the strategic risk profile and the combined assurance plan for application in the 2026-27 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 2025-26 financial period, and received assurance in line with the 2025-26 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 2025/26 performance period, the committee had sight of the following key projects:

- Development of AI strategy
- Monitoring of Business Continuity Management (BCM) projects
- Implementation plans to improve the AGSA's ethical posture, culture of risk savviness and complaints management process, including fraud management plan
- Development and implementation of audit software programme (ASP)
- Implementation of finance strategies
- Implementation of digital transformation strategy
- Continued rollout of the risk management strategy
- Improvement of cybersecurity environment.

Additionally, the committee continued to support the executive committee in the ongoing implementation of the #cultureshift 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 improvements noted in the current year are sustained.

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 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 2025-26 Integrated Annual Report of the Auditor-General of South Africa (AGSA) for the year ended 31 March 2026 (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 AGSA's Sustainability Reporting Criteria for 2025–26, which incorporate the applicable GRI Standards and disclosures identified in the table below.

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

## *Deputy auditor-general's responsibilities*

The Deputy Auditor-General (DAG), on behalf of AGSA, is responsible for the selection, preparation and presentation of the selected key sustainability indicators in accordance with AGSA's Sustainability Reporting Criteria for 2025–26. 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 management*

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 behaviour. 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.

## *Assurance practitioner's 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 obtaining an understanding of the selected sustainability information and other engagement circumstances sufficient to identify areas where a material misstatement is likely to arise, and designing and performing procedures to address those areas.

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 judgements 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 conclusion about whether AGSA's selected key sustainability indicators have been prepared, in all material respects, in accordance with AGSA's Sustainability Reporting Criteria for 2025–26.

## *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 2026 are not prepared, in all material respects, in accordance with AGSA's Sustainability Reporting Criteria for 2025–26.

## *Other matter*

The maintenance and integrity of 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 Parliament 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 Parliament, for our work, for this report, or for the conclusion we have reached.

**Gary Kartsounis**
Partner
Registered Auditor
31 July 2026
Rivonia

2025
2026

RP238/2026
ISBN: 978-0-621-52264-8

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AUDITOR-GENERAL SOUTH AFRICA

115 YEARS 1911 - 2026