

Provision for impairment of debtors

Our provision for impairment of debtors increased from R160 million in 2019-20 to R198 million. The provision represents 18% of all outstanding debt that we may not be able to collect. Contributors to this increase included local government and SOE debt that may not be settled. The provision is concentrated mainly in four provinces (Eastern Cape, Free State, North West and Northern Cape), and includes SOEs that are struggling financially.

Cash flow

The 2020-21 year-end cash balance suffered negatively from the effects of the pandemic. We ended the year with a R576 million cash balance, which was lower than the previous year’s balance of R674 million. This cash balance translates to a cash reserve of 1,8 months, which is less than the target of 3,0 months. We closed our books for the 2020-21 financial year under very difficult conditions. The results demonstrate our sustained resilience, commitment and collaborative teamwork.

During the year, we lost revenue and surplus due to legislated delays in starting audits. The reporting deadlines for national, provincial and local government had to be adjusted to allow the auditees to complete their work before our audit process could begin. In addition, we heeded a call by the president for real-time audits covering covid-19

transactions. In the process, our revenue lines declined because of unbilled hours, especially during the local government audits, and lower collections from auditees, a situation that compromised our cash margin of safety.

Despite these challenges, we continue to take pride in the talent, work ethic, knowledge, competencies, skills and professionalism of our staff. The strong legislative framework and funding model ensures that we remain a viable and sustainable business. We implemented our mandate economically, efficiently and effectively, focusing on providing value-for-money audits to the public sector.

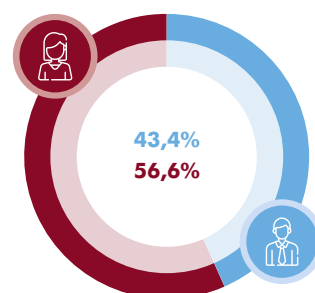
PEOPLE VIABILITY

AGSA workforce

On 31 March 2021, we had 3 703 staff (3 667 in 2019-20), including trainee auditors and short-term contract employees. This was an increase of 36 (0,98%) employees from last year. We continued our moratorium on hiring except in cases where specialist skills were required to fulfil our mandate. Most of these positions were fixed-term contracts to manage our long-term remuneration obligation under uncertain economic conditions. During the performance year, 88,8% of positions in the organisation were filled, which was 1,2% below our targeted rate of 90%.

AGSA WORKFORCE PROFILE

	2018-19	2019-20	2020-21
Occupancy rate	93,7%	93,9%	88,8%
Number of positions	3 796	3 904	4 171
Number of employees	3 556	3 667	3 703
Vacancies	240	237	468



Against an economically active population (EAP) target of 44,8%, 56,6% of our workforce are women, which is an increase from 55,4% in 2019-20. Males make up 43,4% of our workforce; a decrease from 44,6% and against the EAP target of 55,2%.

Our diverse and inclusive workforce reflects the demographics of South Africa. The race profile shows that the African group has the highest overall representation at 78,5%, against an EAP target of 77,9%.



WORKFORCE DISTRIBUTION BY AGE AND RACE





AGE GROUP	ETHNIC GROUP					TOTAL	AGSA %
	AFRICAN	FOREIGN	COLOURED	INDIAN	WHITE		
<25	150		13	5	1	169	4,6
25-35	2 023	2	115	92	35	2 267	61,2
36-55	682	18	100	107	221	1 128	30,5
>55	52	3	5	5	74	139	3,7
Total	2 907	23	233	209	331	3 703	
%	78,5	0,6	6,3	5,7	8,9	100,0%	

You can get more details on our management control in the transformation section, from pages 91 to 92.

The AGSA comprises a predominately young workforce, with 65,8% (2019-20: 68,29%) under the age of 36 years and an average employee age of 34 years. The age demographics reflect that our future is sustained by a strong pipeline

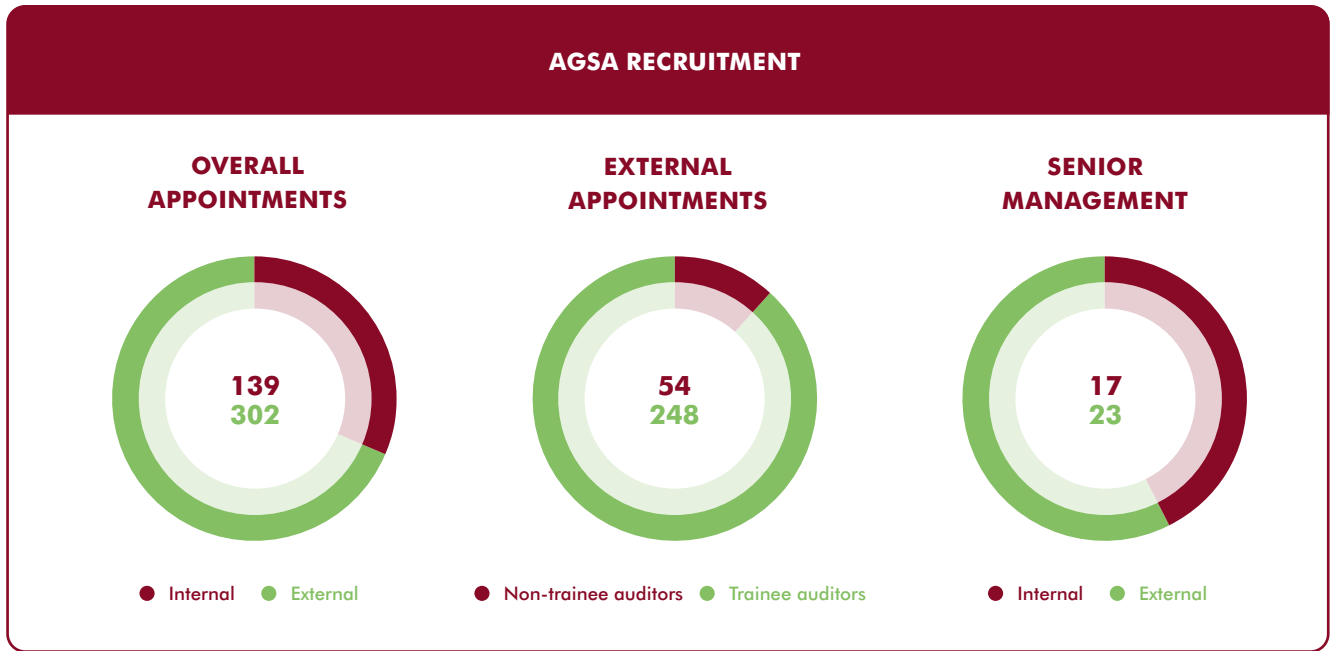
of young professionals. In addition, it is vital to diversify our workforce to bring in new thinking and energy. This information about our employees helps us to make long-term decisions about the future of our workforce in areas such as workforce planning, the employee value proposition, talent mobility and new ways of working.

WORKFORCE DISTRIBUTION BY GENDER AND CONTRACT TYPE

CONTRACT TYPE	GENDER				TOTAL	AGSA %
						
Auditor-general	1	100,0			1	0,03
Fixed-term contract	244	53,2	215	46,8	459	12,39
Permanent	1 151	56,0	903	44,0	2 054	55,47
Trainee contract	699	58,8	490	41,2	1 189	32,11
Total	2 095	56,6	1 608	43,4	3 703	

Our workforce of people with disabilities has slightly increased from 1,72% in the previous financial year to 1,73% at the end of March 2021.

Our focus for the next financial year will be to develop a new five-year employment equity (EE) plan. Part of the preparation will include reviewing the current occupational levels and aligning them with the employment equity definitions stipulated in the act.



Attract, develop and retain great talent

The constraints to bringing in additional capacity opened up the opportunity to use our internal talent pool, borrowing skills from other business units and, where possible, sharing resources. We also focused on programmes to build skills internally through our learnership programmes.

Staff turnover

With 88,8% of our positions filled, we had a total staff turnover of 3,16%, which is well below the industry benchmark of 15%.

TOTAL STAFF TURNOVER EXCLUDING RETIREES AND EXPIRED CONTRACTS

	2018-19	2019-20	2020-21
Staff turnover	6,4%	6,8%	3,2%

We had 246 staff leave during the reporting period. Nearly half of them (47,6%) chose to resign (2019-20: 49,0%), while contracts expired for 37,8% (2019-20: 44%). Overall terminations decreased by 47,1% since 2019-20.

This is due to the pandemic’s business disruptions and employees’ hesitancy in leaving the security and stability of permanent employment to venture into new career paths or organisations.

TERMINATIONS BY CATEGORY AND BAND

TERMINATION REASON	GRADE					TOTAL	AGSA %
	B	C	D	E	G		
Contract expired		4	2	18	69	93	37,8
Death	1	1	3	6	2	13	5,3
Dismissal		2	3	3	2	10	4,0
Incapacity: ill health		1		1		2	0,8
Retirement	1	3	4	3		11	4,5
Voluntary	2	22	21	44	28	117	47,6
Total	4	33	33	75	101	246	
%	1,6	13,4	13,4	30,5	41,1	100,0	

Labour disputes

This year, we had 11 disputes referred to the Commission for Conciliation, Mediation and Arbitration (2019-20: 10).

We have agreed one settlement and have five ongoing disputes referred for arbitration.

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION DISPUTES BY OUTCOME

OUTCOME	2018-19		2019-20		2020-21	
	TOTAL	%	TOTAL	%	TOTAL	%
Favourable decision	4	40	4	40	3	27,3
Unfavourable decision	1	10	1	10	1	9,1
Settled	2	20	0	0	1	9,1
Withdrawal by applicant	1	10	2	20	1	9,1
Ongoing	2	20	3	30	5	45,4
Total	10	100	10	100	11	100

Employee wellness

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

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

TRAINEE AUDITOR SCHEME

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

South African Graduate Employers Association (Sagea) employer awards

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



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

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



LEARNERSHIP PROFILE

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