



ANNUAL PERFORMANCE PLAN 2020/2021

EXECUTIVE AUTHORITY STATEMENT

Recently, the auditing profession has faced many challenges that have led to the integrity of auditors' work being questioned both locally and globally.

Auditors remain a key stakeholder in protecting the interests of the investing public and are a link in attracting much needed investments to the country.

To grow and create jobs, our economy relies on the integrity of our financial services industry. Regulators and governments, worldwide, are looking at the developments within the auditing profession, and the number of audit failures that we keep reading about is very concerning.

The Annual Performance Plan for 2020/2021 will assist in restoring confidence and bring about the necessary change to the status of the auditing profession in the country. The implementation of restoring confidence projects will continue for the next few years, while the regulator and the profession find ways to address the current challenges.

Locally, we have to work hard to return to our high global ranking status as a country and as the auditing profession.

I would like to thank the Board and the management of the IRBA for their commitment to rebuilding trust in the profession and for considering this fundamental role in the development of the strategy over the next strategic period.

Restoring confidence in the auditing profession will take great courage and commitment from all stakeholders. As the Executive Authority, I support this Annual Performance Plan and provide my commitment to ensuring its implementation.

Tito Mboweni

Minister of Finance

Executive Authority of the IRBA

ACCOUNTING AUTHORITY STATEMENT

The Independent Regulatory Board for Auditors' (IRBA) Strategic Plan for the period 2020/2021 to 2024/2025 will be completed and approved in January 2020. The Annual Performance Plan (APP) indicates the annual priorities that are aimed at achieving the overall strategy as well as any updates and major changes to the Strategic Plan.

The Board, which is the IRBA's Accounting Authority, participated in and guided the strategic planning process, while remaining mindful of local and global developments in the auditing profession, particularly those that have occurred since June 2017. These developments included various business failures, corporate corruption scandals, capital market losses and reputational damage to the accounting and auditing profession.

The Board also considered the economic, political and financial sector developments since 2018, as well as the future outlook for the auditing profession and regulation. Against this backdrop, we are reminded of one of the State's priorities, which is to "clean up" the financial sector.

As such, the Board has identified a number of policy priorities that it wishes the IRBA executive to address. These are aligned to the public and national interest and are aimed at ensuring the sustainability and relevance of the profession and the regulator.

The IRBA's mandate comprises setting competency requirements for auditors, issuing standards and a code of ethics, monitoring compliance and disciplining auditors, when necessary. The execution of the IRBA's mandate ensures that the financial interests of investors are protected and that high-quality audits are delivered, which in turn provides confidence in and reliance on financial statements and consequential investment. Ultimately, investment stimulates the financial markets and creates employment, which is a national imperative for the country.

Therefore, while the IRBA's mandate is limited to protecting the investing public, an outcome of the successful execution of this mandate will ultimately benefit the wider public.

CHIEF EXECUTIVE OFFICER'S STATEMENT

There were many lessons learnt in the past two years, as well as from the Restoring Confidence Strategy, which has resulted in a revision to the four-pillar strategy.

In the Strategic Plan 2021-2025 and in this Annual Performance Plan 2020/2021, the IRBA's strategic focus areas that contribute to the advancement of broader government priorities are the following:

1. Sustainability and Relevance

In order to ensure the continued operation and the fulfilment of the mandate of the IRBA, alternative funding mechanisms and a new funding model will be developed.

2. Audit Quality

The improvement of audit quality is critical to restoring confidence in the profession. The IRBA will respond to this focus area by employing and developing the relevant skills to increase the coverage of inspections. A new disciplinary strategy and implementation plan will assist to strengthen the disciplinary processes. IT solutions will be developed to enable the IRBA to work smarter and more efficiently in the dynamic audit environment.

3. Comprehensive Regulation

Oversight of the financial reporting chain is crucial to maintaining the integrity of the process and outcomes. As such, the IRBA will continue to work with National Treasury on the draft framework for comprehensive regulation. In addition, an impact analysis will be prepared to consider the resource needs and technological developments.

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the IRBA under the guidance of the Board, and that it also includes inputs from staff.
- Takes into account all the relevant policies, legislation and other mandates for which the IRBA is responsible.
- Accurately reflects the impact, outcomes and outputs that the IRBA will endeavour to achieve over the period 2020/2021.

R. Motsepe

Signature: 

Director: Legal

N. Kater

Signature: 

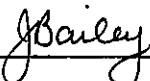
Director: Education and Transformation

I. Nagy

Signature: 

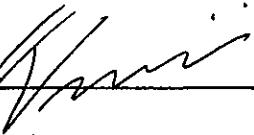
Director: Inspections

J. Bailey

Signature: 

Director: Investigations

I. Vanker

Signature: 

Director: Standards

N. Naicker

Signature: 

Director: Operations (CFO)

B. Agulhas

Signature: 

Chief Executive Officer

M Janse van Rensburg – Deputy Chairman Signature: 

A Dlamini – Chairman Signature: 

On behalf of the Accounting Authority

Approved by:

Tito Mboweni Signature: _____

Minister of Finance

Executive Authority of the IRBA

PART A: OUR MANDATE

1. Updates to the Relevant Legislative and Policy Mandates

The IRBA is a statutory body established in terms of the Auditing Profession Act, Act 26 of 2005, with its primary objective being to protect the investing public. It does so by regulating auditors through setting, monitoring and enforcing high-quality auditing standards and ethical behaviour.

As a Schedule 3A public entity, in terms of the Public Finance Management Act, the IRBA supports the State's policy outcomes; and the IRBA Strategic Plan demonstrates how the IRBA contributes to selected outcomes. The IRBA Strategic Plan is also aligned to the National Development Plan, and the IRBA has an important role to play on the road to government's desired destination.

2. Updates to Institutional Policies and Strategies

The strategy addresses the IRBA's mandate with reference to two programmes:

- **Programme 1:** The current mandate, which arises from the Auditing Profession Act 26 of 2005.
- **Programme 2:** The extended mandate, which consists of sub-programmes that are designed to coordinate specific interventions to address issues and challenges in the profession in the current economic environment and in response to government's priorities for economic growth. These proposed interventions for 2021-2025, referred to as our Institutional Responsibility, will allow the IRBA to contribute significant added value to the efforts of government to grow the economy, while also being critical success factors in support of delivering effectively on its own primary mandate.

Programme 1: Regulation of Auditors – Legislative Mandate

The IRBA was established in terms of Section 3 of the Auditing Profession Act 26 of 2005, which came into effect on 1 April 2006. The objects of the Act, as set out in Section 2, are as follows:

- a) To protect the public in the Republic by regulating audits performed by registered auditors;
- b) To provide for the establishment of an Independent Regulatory Board for Auditors;
- c) To improve the development and maintenance of internationally comparable ethical standards and auditing standards for auditors that promote investment and as a consequence employment in South Africa;
- d) To set out measures to advance the implementation of appropriate standards of competence and good ethics in the auditing profession; and
- e) To provide for procedures for disciplinary action in respect of improper conduct.

Programme 2: Institutional Responsibility

The strategy is aimed at adequately responding to the changes in the market, as outlined in the situational analysis section of this document.

The IRBA has a responsibility to respond to the concerns of its many and varied stakeholders,

especially those who rely on the auditor's opinion that a company's accounts reflect fairly, as investment decisions are made based on the veracity of these opinions.

3. Internal Environment – Resource Constraints

The IRBA has considered the operational requirements for the achievement of the annual performance targets and prepared the budget accordingly.

The budget assumptions propose above inflationary increases to the revenue and a careful management of expenses to achieve a breakeven position while still fulfilling the mandate of the IRBA. Disciplinary costs relating to high-profile matters represent a significant portion of the expenses. Any additional disciplinary actions will result in the use of the reserves of the IRBA.

Despite cost savings, the IRBA does require increased funding in order not to negatively impact the current high-profile disciplinary matters against Deloitte partners (African Bank Investments Limited) and ACT Audit Solutions (Sharemax), or the high-profile/public interest entity investigations against Deloitte, KPMG and Nkonki, among others.

Therefore, requests have been made to National Treasury for additional funding, and work is underway on a new funding model to identify other sources of revenue.

Management has taken the actions listed below to increase revenue and cut down costs, while still achieving our strategic objectives in the 2019/2020 financial year. These actions will be continued in the 2020/2021 financial year.

- Revenue from assurance and membership fees has been increased to bear the costs of the increased disciplinary, investigative and inspections activities. Considering the extent of the complaints received, a further three investigator positions have been approved for the 2020/2021 financial year. An additional manager has been approved for the Legal Department to enable the creation of internal prosecuting capacity on disciplinary matters and to reduce the cost of external legal resources.
- Projects related to reaching out to the rest of Africa have been scaled down. This includes travelling to and hosting other African countries.
- Computer software development has been limited and no new major projects have been included.
- All local flights will be booked on economy class, even though National Treasury allows for some business class travel.
- Local car rental has been limited to class A and class B vehicles, even though National Treasury allows for up to class D vehicles (luxury sedans).
- Local accommodation has been limited to only three- or four-star lodgings, even though National Treasury allows for up to a five-star accommodation venue for the CEO and directors.

PART B: OUR STRATEGIC FOCUS

1. Strategic Areas

In addition to its legislative mandate, and arising out of the situational analysis, the three additional focus areas (referred to as our Institutional Responsibility) for 2021-2025 are:

- Sustainability and Relevance.
- Audit Quality.
- Comprehensive Regulation.

The IRBA's strategic focus is to protect the financial interests of the public by ensuring that only suitably qualified individuals are admitted to the auditing profession; and that registered auditors deliver services of the highest quality and adhere to the highest ethics standards.

2. Vision

The IRBA vision is to remain an internationally recognised regulator of the auditing profession and evolve to be the regulator of other assurance and related services relevant to the South African environment.

The IRBA's regulation is focused on the protection of the public's financial interests, while it recognises its role in creating an enabling environment in which auditors can deliver high-quality audits.

3. Mission

Our mission is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of assurance conducted by registered assurance providers, in accordance with internationally recognised standards and processes.

4. Values

As the overall custodian of the auditing profession in South Africa, the IRBA acknowledges the importance of the mandate assigned to it by Parliament, and all its registrants and staff subscribe to the following core values:

4.1 Independence, Integrity and Objectivity

It is imperative that we are not just independent of the auditing profession in our composition and membership, but also reflect independence in the perception of our key stakeholders through our actions and behaviour. Therefore, it is important that we act with integrity and objectivity in our deliberations, decisions and actions.

4.2 Commitment to Public Interest

We recognise the scope and extent of our mandate in respect of both the public and the profession and undertake to execute and deliver on this mandate with diligence and commitment in terms of our vision.

4.3 Transparency and Accountability

As a public entity in the overall delivery structure of the South African government and a beneficiary of public funds, we promote transparency in our interactions with the relevant stakeholders and recognise our accountability to the Parliament of South Africa and the Minister of Finance as our Executive Authority.

5. Updated Situational Analysis

5.1 External Environment Analysis

Much has changed in the profession since June 2017, and this includes South Africa losing its position as number one on the World Economic Forum Competitiveness Index ranking for strength of auditing and reporting standards.

By December 2017, management and the Board were faced with a profession that had lost its position of esteem. Trust in auditors was at an all-time low, perceptions about the profession and the regulator were negative. As a result, the Board resolved that action had to be taken to restore confidence.

The Board approved a Restoring Confidence Strategy in January 2018. This was over and above the IRBA's current five-year framework, which aims to address the shortfalls in audit quality, ethics, auditor behaviour, auditor competencies, auditing standards, as well as inspection and disciplinary processes. More than 40 projects were identified as necessary to further strengthen the market and investors' comfort that the IRBA, as a regulator, was responsive and could adapt to the dynamic environment.

The environment is continuing to change and now has new hurdles. These include multi-jurisdictional concerns; risks to investors of secondary listings, over which the IRBA has no/limited control; increasing corruption; failed corporate governance; disruptive technologies; and incidents of corporate malfeasance, over which there is limited disciplinary oversight and consequence.

As such, it is important for the IRBA to be future-ready as a regulator for an audit landscape that is rapidly changing in the context of a challenging business environment and increasing complexities.

The IRBA foresees that audit committees will also need to change in terms of competencies.

Our external SWOT Analysis indicated the following:

Strengths	Weaknesses
<ol style="list-style-type: none">1. There is overall support for the proposed regulation, and more professional bodies, other than accountancy professional bodies, have also expressed interest to have their members regulated through a Comprehensive Regulator Model.2. While the IRBA mandate on Africa is not funded, great strides have been achieved with regard to building collaboration and partnerships on the continent through the AFIAAR, PAFA and AFROSAI-E.3. MAFR has been adopted early by some companies.4. Regulatory reforms are taking place globally.	<ol style="list-style-type: none">1. The IRBA currently has no mandate to implement Comprehensive Regulation – it needs endorsement from the sponsors, National Treasury and the Minister of Finance who have to adopt the recommendation and decide on it.2. Lack of race and gender transformation in the auditing profession.3. Auditors are putting commercial interests ahead of ethics and professionalism.
Opportunities	Threats
<ol style="list-style-type: none">1. Imminent enactment of legislation to strengthen regulatory oversight.2. Crystallise the funding model for the comprehensive regulator.3. AFIAAR needs to start making its voice heard by commenting on exposure drafts.4. Improving firm governance and due processes at the firms.5. Restoring confidence in the auditing profession.	<ol style="list-style-type: none">1. Lack of support by the sponsor department and Ministry.2. Lack of funding to implement the Comprehensive Regulation Model.3. Political influence on the work of the IRBA.4. Challenges in the accounting profession and the financial reporting chain with the prevalent business and audit failures.5. Volatile political environment.6. Volatile economic environment.7. Predicted recession.8. Skills leaving the country.

Internal Situational Analysis

The internal SWOT analysis can be presented as follows:

Strengths	Weaknesses
<ol style="list-style-type: none">1. The IRBA has strengthened the independence of its own structures, including the Board.2. MAFR early adoption and successes.3. Robust due process at the IRBA.4. Successful implementation of the Audit Tenure Rule.5. Audit quality indicator project completed.6. Engagements with the audit committee forum to improve the functioning of audit committees.7. Promote Joint Audits in preparation for MAFR implementation in 2023, with the support of the Central Bank.8. A lot of work being done by the firms to promote transformation.9. The Board performed a Board Effectiveness Review, which revealed no significant weaknesses, and drafted an action plan to address areas for development.	<ol style="list-style-type: none">1. Loss of confidence in the profession.2. Lack of independence as it relates to funding of the IRBA.3. Audit-only firms' proposal will meet with challenges.4. Risk of working in a silo and losing touch with the market that we regulate.5. Lack of adequate funding for the IRBA.6. Area of focus – regional (SADC/Sub-Saharan) instead of the whole continent.7. How do we align our efforts with the government programme on BRICS and the National Development Plan?8. Transformation in relation to the RA register and ADP not as successful as envisaged.9. Retention of RAs in the profession.10. The CA Charter has not yet delivered the required targets.
Opportunities	Threats
<ol style="list-style-type: none">1. Continue knowledge sharing at the request of other countries.2. Align our efforts on leadership in Africa with the government programme on BRICS and the National Development Plan.3. The Comprehensive Regulation pillar has become more relevant for the accounting profession and the financial reporting process with the prevalent business and audit failures experienced recently.4. The IRBA can use the regulatory approach to drive interventions at the firms – use policy-making power such as transparency reports.5. The focus is now also on gender transformation.6. Overlap from MAFR (Independence pillar) will create opportunities for smaller firms and, therefore, transformation.	<ol style="list-style-type: none">1. Regulatory capture – independence of the regulator under siege through indirect influence on its structures.2. Political influence – how does the IRBA escape the influence of politics and deliver its mandate independently?3. Transformation will be difficult in a shrinking economy.

PART C: MEASURING OUR PERFORMANCE

1. Budget Allocation

The budget allocation from NT, which is based on the Medium-Term Expenditure Framework (MTEF) allocation that is informed by NT, is as follows:

YEAR	Actual 2018/2019	Actual 2019/2020	Estimate 2020/2021	Estimate 2021/2022	Estimate 2022/2023
Original allocation	R41 922	R43 163	R45 537	R48 042	R49 820
Annual increase %	5.80% (R1 048)	2.96% -	5.50% (R913)	5.60% (R962)	3.70% (R996)
Reduction (baseline)	R40 874	R43 163	R44 624	R47 080	R48 824
Total					
% Increase	3.15%	5.60%	3.38%	5.50%	3.70%

The Public Finance Management Act states the following in Chapter 6: Public Entities, Section 53 (d): “A public entity which must submit a budget in terms of subsection (1) may not budget for a deficit and may not accumulate surpluses unless the prior written approval of the National Treasury has been obtained.”

The budget was prepared after considering the IRBA mandate in the current challenging environment, as discussed in the Annual Performance Plan (APP) and the Strategy April 2020 to March 2025 document considered by the Board in August 2019.

The budget supports the APP, which is aimed at enabling the IRBA to deliver on its mandate and then prepare itself for the possible extended mandate and outreach to the rest of Africa. As such, the budget was prepared based on the capacity required to deliver on that mandate, the strategic plan and the APP.

The budget assumptions are guided by inflation, forex fluctuations for foreign travel and related expenditure as well as the actual costs that have been expended in the delivery of services.

	TOTAL FORECAST 2019/2020	TOTAL BUDGET 2020/2021	TOTAL BUDGET 2021/2022	TOTAL BUDGET 2022/2023
	R'000	R'000	R'000	R'000
Income				
National Treasury Grant	114 906	129 581	137 041	145 390
Total Income	43 163	44 624	47 080	48 824
	158 069	174 205	184 121	194 214
Direct Expenses				
Staff Expenses	37 281	28 918	29 515	30 680
Departmental Expenditure	92 665	112 369	120 225	127 481
Central Expenditure	17 698	16 210	17 060	18 105
Total Expenditure	15 520	16 708	17 322	17 949
	163 164	174 205	184 121	194 214
Deficit)	(5 095)	0	0	0

The overall expense budget for the IRBA and Programme 1 is R174 204k.

The expense allocation, per strategic focus area (sub-programme), is as follows:

- Executive R12 324k
- Auditing and Ethics Standards R12 615k
- Education R12 622k
- Inspections R38 204k
- Investigations R25 185k
- Disciplinary R39 836k
- Operational Effectiveness R34 214k

2. Human Capital Requirements

The organisational structure to support the achievement of the Annual Performance Plan is indicated below.

DEPARTMENTS	CURRENT	VACANT	REQUIRED	REMOVED	FIXED TERM	TOTAL
Executive	5	1	0	0	0	6
Standards	7	1	0	0	0	8
Investigations	9	2	0	0	3	14
Inspections	22	2	3	0	1	28
Education & Transformation	8	0	0	0	1	9
Legal	10	2	0	0	1	13
Operations	19	2	0	(2)	0	19
TOTAL	80	10	3	(2)	6	97

A number of contract positions have been created to assist the Inspections and Legal departments with minimising the backlog of cases. In addition, the Inspections Department has introduced additional resources to increase the scope of inspections; and an expanded business intelligence capacity will assist the department to be more proactive.

PROGRAMME 1

STRATEGIC FOCUS AREA 1: AUDITING AND ETHICS STANDARDS

STRATEGIC OBJECTIVE	Measurable Objective	Developing and maintaining auditing and ethics standards which are internationally comparable				
		Output	Outcomes	Output Indicator	Performance Targets	
				2020/2021	2021/2022	2022/2023
Standards and Guidance issued	Issued auditing pronouncements, auditor reports and comment letters.	High-quality audits.	Target dates met for issuing audit pronouncements, audit reports and comment letters.	85% of target dates met	85% of target dates met	85% of target dates met
To adopt and/or develop and issue additional guidance on ethical issues, based on the IRBA Code	Issued additional guidance on ethical issues, comment letters and Code amendments.	To provide auditors with a Code that is consistent with International Codes and one that enables the IRBA to take disciplinary action, where necessary.	Target dates met for issuing additional guidance on ethical issues, comment letters and Code amendments.	85% of target dates met	85% of target dates met	85% of target dates met

STRATEGIC FOCUS AREA 2: EDUCATION

STRATEGIC OBJECTIVE	Providing an appropriate framework for the education and training of properly qualified auditors				
	Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets
					2020/2021 2021/2022 2022/2023
To monitor the environment in which the Audit Development Programme is offered	Monitoring reports.	To ensure that the environment is conducive to the development of audit competence.	The number of monitoring visits completed.	40 visits	42 visits 43 visits
To monitor the programmes and institutional requirements of accredited professional bodies	Monitoring reports.	To ensure compliance with the Accreditation Model.	The number of final monitoring reports to be submitted to the accredited professional body within 10 working days after EDCOM's third quarterly meeting.	1 report	2 reports 2 reports
To contribute to the transformation of the profession	IRBA transformation initiatives.	Increased awareness of the RA profession among Black trainees.	The number of IRBA transformation initiatives held.	6	8 8
To monitor the CPD requirements of RAs	Monitoring reports.	To ensure that RAs are complying with the CPD Policy.	Analysis of the CPD monitoring results.	2 reports	2 reports

STRATEGIC FOCUS AREA 3: INSPECTIONS

STRATEGIC OBJECTIVE		Monitor registered auditors' compliance with professional standards				
Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets		
				2020/2021	2021/2022	2022/2023
Risk-based inspections performed	Inspection reports.	Compliance of firms (including their individually registered auditors) with the auditing and ethics standards.	The number of planned inspections completed.	128 inspections	128 inspections	128 inspections

STRATEGIC FOCUS AREA 4: INVESTIGATIONS

STRATEGIC OBJECTIVE		To investigate and take appropriate action against registered auditors in respect of improper conduct				
Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets		
				2020/2021	2021/2022	2022/2023
Completed investigations	Closed matters.	Relevant findings and appropriate charges for improper conduct.	The number of investigations completed.	91 completed investigations	91 completed investigations	91 completed investigations

STRATEGIC FOCUS AREA 5: DISCIPLINARY

STRATEGIC OBJECTIVE	To take appropriate action against registered auditors in respect of improper conduct						
	Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets		
					2020/2021	2021/2022	2022/2023
Refining disciplinary processes to be more effective and efficient	Disciplinary strategy developed, adopted and implemented.	Disciplinary processes concluded swiftly and costs effectively managed.	Disciplinary strategy approved and fully implemented in line with the implementation plan.	Develop and adopt a disciplinary strategy and an implementation plan.	Disciplinary strategy implemented in line with the implementation plan.	Disciplinary matters scheduled for hearing in line with the approved plan.	

STRATEGIC FOCUS AREA 6: OPERATIONAL EFFECTIVENESS

STRATEGIC OBJECTIVE	Strengthening the IRBA's organisational capability, capacity and performance to deliver on its mandate in an economically, efficient and effective manner, in accordance with the relevant regulatory frameworks				
	Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets
					2020/2021 2021/2022 2022/2023
Reports from internal and external audits	Systems, policies and processes that ensure compliance, accountability and sound management of the revenue, expenditure, assets and liabilities.	Financial sustainability to deliver on the mandate.	A clean audit report regarding financial statements, compliance and performance information.	Clean audit report	Clean audit report
Promote transformation through targeted procurement policies	Implementation of the preferential procurement policy framework.	Increased procurement and effective payments to promote empowered businesses.	Percentage of SMME payments effected within 30 days, in line with NT's procurement strategy.	97%	98% 99%

STRATEGIC FOCUS AREA 6: OPERATIONAL EFFECTIVENESS (Continued)

STRATEGIC OBJECTIVE	Strengthening the IRBA's organisational capability, capacity and performance to deliver on its mandate in an economically, efficient and effective manner, in accordance with the relevant regulatory frameworks					
	Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets	
					2020/2021	2021/2022
Promote transformation through targeted procurement policies	Implementation of the preferential procurement policy framework.	Increased procurement and effective payments to promote empowered businesses.	Percentage of contracts awarded to SMEs and small businesses.	12%	14%	15%
Promote transformation through targeted employment policies	Transformed workforce.	Transformation of management control achieved according to the relevant B-BBEE codes.	Achievement of the score calculated according to the B-BBEE scorecard. The maximum score is 20.	16	17	17
Promote transformation through targeted employment policies	Transformed workforce.	Transformation of staff achieved according to the approved Employment Equity Plan.	Achievement of the employment equity target according to the approved Employment Equity Plan.	73% Black 26% White 1% Other	76% Black 23% White 1% Other	76% Black 23% White 1% Other

4.2 QUARTERLY PERFORMANCE OBJECTIVES FOR 2020/2021

STRATEGIC FOCUS AREA 1: AUDITING AND ETHICS STANDARDS

STRATEGIC OBJECTIVE	To develop and maintain auditing and ethical standards which are internationally comparable						
	Measurable Objective	Output	Outcomes	Output Indicator		Performance Targets	
				Q1	Q2	Q3	Q4
Standards and Guidance issued	Issued auditing pronouncements, auditor reports and comment letters.	High-quality audits.	Target dates met for issuing audit pronouncements, audit reports and comment letters.	85% of target dates met			
To adopt and/or develop and issue additional guidance on ethical issues, based on the IRBA Code	Issued additional guidance on ethical issues, comment letters and Code amendments.	To provide auditors with a Code consistent with International Codes and one that enables the IRBA to take disciplinary action, where necessary.	Target dates met for issuing additional guidance on ethical issues, comment letters and Code amendments.	85% of target dates met			

STRATEGIC FOCUS AREA 2: EDUCATION

STRATEGIC OBJECTIVE		To provide an appropriate framework for the education and training of properly qualified auditors and to establish processes so that only competent candidates enter the audit profession					
Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets			
				Q1	Q2	Q3	Q4
To monitor the environment in which the Audit Development Programme is offered	Monitoring reports.	To ensure that the environment is conducive to the development of audit competence.	The number of monitoring visits completed.	10 visits	10 visits	10 visits	10 visits
To monitor the programmes and institutional requirements of accredited professional bodies	Monitoring reports.	To ensure compliance with the Accreditation Model.	The number of final monitoring reports to be submitted to the accredited professional body within 10 working days after EDCOM's third quarterly meeting.	N/A	N/A	1 report submitted within the target date	N/A
To contribute to the transformation of the profession	IRBA transformation initiatives.	Increased awareness of the RA profession among Black trainees.	The number of IRBA transformation initiatives held.	1	2	2	1
To monitor the CPD compliance of RAs	Monitoring reports.	To ensure that RAs are complying with the CPD Policy.	Analysis of the CPD monitoring results.	N/A	1 report	N/A	1 report

STRATEGIC FOCUS AREA 3: INSPECTIONS

STRATEGIC OBJECTIVE		To monitor registered auditors' compliance with professional standards					
Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets			
				Q1	Q2	Q3	Q4
Risk-based inspections performed	Inspection reports.	Compliance of firms (including their individually registered auditors) with the auditing and ethics standards.	The number of planned inspections completed.	43 inspections	35 inspections	17 inspections	33 inspections

STRATEGIC FOCUS AREA 4: INVESTIGATIONS

STRATEGIC OBJECTIVE		To investigate and take appropriate action against registered auditors in respect of improper conduct					
Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets			
				Q1	Q2	Q3	Q4
Completed investigations	Closed matters.	Relevant findings and appropriate charges for improper conduct.	The number of investigations completed.	23 completed investigations [0 high-profile public interest matter and 23 other matters]	29 completed investigations [10 high-profile public interest matters and 23 other matters]	26 completed investigations [14 high-profile public interest matters and 12 other matters]	13 completed investigations [6 high-profile public interest matters and 7 other matters]

STRATEGIC FOCUS AREA 5: DISCIPLINARY

STRATEGIC OBJECTIVE		To take appropriate action against registered auditors in respect of improper conduct				
Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets		
				Q1	Q2	Q3
Disciplinary strategy and implementation plan	A disciplinary strategy and an implementation plan developed and adopted.	Disciplinary processes designed to be more effective and efficient.	Approved disciplinary strategy and implementation plan.	Benchmark research on disciplinary processes conducted.	N/A	A disciplinary strategy and an implementation plan developed and adopted.

STRATEGIC FOCUS AREA 6: OPERATIONAL EFFECTIVENESS

STRATEGIC OBJECTIVE	Strengthening the IRBA's organisational capability, capacity and performance to deliver on its mandate in an economically, efficient and effective manner, in accordance with the relevant regulatory frameworks					
	Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
					Q1	Q2
Reports from internal and external audits	Systems, policies and processes that ensure compliance, accountability and sound management of the revenue, expenditure, assets and liabilities.	Financial sustainability to deliver on the mandate.	A clean audit report regarding financials, compliance and performance information.	N/A	Clean audit report	N/A
Promote transformation through targeted procurement policies	Implementation of the preferential procurement policy framework.	Increased procurement and effective payments to promote empowered businesses.	Percentage of SME payments effected within 30 days.	97%	97%	97%

STRATEGIC FOCUS AREA 6: OPERATIONAL EFFECTIVENESS (Continued)

STRATEGIC OBJECTIVE		Strengthening the IRBA's organisational capability, capacity and performance to deliver on its mandate in an economically, efficient and effective manner, in accordance with the relevant regulatory frameworks					
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets			
				Q1	Q2	Q3	Q4
Promote transformation through targeted procurement policies	Implementation of the preferential procurement policy framework.	Increased procurement and effective payments to promote empowered businesses.	Percentage of contracts awarded to SMMEs and small businesses.	12%	12%	12%	12%
Promote transformation through targeted employment policies	Transformed workforce.	Transformation of management control achieved according to the relevant B-BBEE codes.	Achievement of the management control score calculated according to the B-BBEE scorecard. The maximum score attainable is 20.	16	16	16	16
Promote transformation through targeted employment policies	Transformed workforce.	Transformation of staff achieved according to the approved Employment Equity Plan.	Achievement of the employment equity target according to the approved Employment Equity Plan.	73% Black 26% White 1% Other			

1. Updated Key Risks

Outcome	Key Risk	Risk Mitigation
Confidence and trust in the financial markets through high-quality audits and ethical behaviour, which will stimulate economic investment, create employment and protect the public.	Sustainability of the IRBA adversely affected.	<ul style="list-style-type: none"> Forge a closer relationship with ministries – Minister of Finance in particular) and SCOF. Submit a special request to National Treasury for funding. Funding model project. Prepare a plan on the capacity required to meet the current demands. Regular benchmarking of salaries and conditions of employment. Ongoing training of staff.
	Loss of confidence in the profession.	<ul style="list-style-type: none"> Formally include the Remedial Action Process in the Inspections Process. Issue Public Inspections Report to communicate observations of inspections findings and possible root causes. Risk-based inspections. MAFR to strengthen the independence of auditors. Implementation of the strategy to restore confidence in the profession. The IRBA influencing the wider distribution of inspection reports (i.e. JSE listing requirements). Revision of the CPD Policy. CPD monitoring processes (random sample) as per the CPD Policy. ADP used as a tool to influence lifelong learning. Conduct research to strengthen the competence entry requirements for all audit professionals. Conduct research on transparency reporting by audit firms. Issue guidance on audit quality indicators for audit committees. Conduct ethics workshops. Implement projects under the Restoring Confidence Strategy.

2. Public Entities

Name of Public Entity	Mandate	Outcomes	Current Annual Budget (R'000)
Independent Regulatory Board for Auditors	To protect investors and the public interest.	Economic stimulation through trust in capital markets and financial reporting.	R174.2m ¹

¹ Projected budget for 2020.

Part D: Technical Indicator Descriptions (TID)

Education and Transformation

INDICATOR TITLE	AUDIT DEVELOPMENT PROGRAMME (ADP): The number of monitoring visits completed.
Definition	To monitor the environment in which the ADP is offered.
Source of data	Providing an appropriate framework for the education and training of properly qualified auditors.
Method of calculation/assessment	Report from monitoring file
	Monitoring visits conducted and signed off by the firm will be collated in the monitoring file.
Means of verification	ADCOM approvals as per minutes and submissions of completed visits.
Assumptions	Proof of approval of plan by ADCOM, proof of signed-off reports by firms.
Disaggregation of beneficiaries (where applicable)	The data stored in the monitoring file is reliable, valid and timely.
	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	ADP monitoring visits are performed in terms of the plan.
Indicator responsibility	Director Education and Transformation
INDICATOR TITLE	MONITOR ACCREDITED PROFESSIONAL BODIES: The number of final monitoring reports to be submitted to the accredited professional body within 10 working days after EDCOM's third quarterly meeting.
Definition	To monitor the programmes and institutional requirements of accredited professional bodies.
Means of verification	To establish processes to monitor the programmes and institutional requirements of accredited professional bodies.
Assumptions	Monitoring reports.
Source of data	Monitoring reports and emails/date stamps of submissions and issuances.
Method of calculation/assessment	A count of reports, as per reports dates – submission and receipt (emails and date stamps on physical delivery).

Means of verification	Proof dates on reports and emails.
Assumptions	The email data is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A. Target for youth: N/A. Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Reflect on the contribution to spatial transformation priorities: N/A. Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	The number of final monitoring reports to be submitted to the accredited professional body within 10 working days after EDCOM's third quarterly meeting.
Indicator responsibility	Director Education and Transformation
INDICATOR TITLE	TRANSFORMATION OF THE PROFESSION: The number of IRBA transformation initiatives held.
Definition	To contribute to the transformation of the profession. To establish processes and projects to contribute to the transformation of the profession.
Source of data	IRBA transformation initiatives Expenses incurred per financial reports and reports from interventions.
Method of calculation/assessment	Financial reports, invoices and a simple count of IRBA transformation initiatives held.
Means of verification	Financial reports and invoices.
Assumptions	The financial reports and invoices data are reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A. Target for youth: N/A. Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Reflect on the contribution to spatial transformation priorities: N/A. Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Increased awareness of the need to transform the profession.
Indicator responsibility	Director Education and Transformation

	CONTINUING PROFESSIONAL DEVELOPMENT: An analysis of the CPD monitoring results.
INDICATOR TITLE	
Definition	To assess the competency of the profession.
Source of data	Monitoring reports.
Method of calculation/assessment	A count of the CPD monitoring analysis reports.
Means of verification	CPD reports.
Assumptions	The reports and data are reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	CPD monitoring reports are produced.

Part D: Technical Indicator Descriptions (TID)

Standards

INDICATOR TITLE	AUDITING STANDARDS: Target dates met for issuing auditing pronouncements, audit reports and comment letters.
Definition	Standards and Guidance issued. Issued auditing pronouncements, auditor reports and comment letters.
Source of data	CFAS Project Timetable.
Method of calculation/assessment	(Target dates met for issuing audit pronouncements, auditor reports and comment letters, as per the CFAS Project timetable dates / total number of targets dates) x 100 = %.
Means of verification	Proof of approval of plan by CFAS – the CFAS work programme is used as a measure to determine the “completed” documents.
Assumptions	The data stored in the plan is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Quarterly
Reporting cycle	Quarterly
Desired performance	Projects are performed in terms of the plan.
Indicator responsibility	Director Standards
INDICATOR TITLE	AUDITOR ETHICS: Target dates met for issuing additional guidance on ethical issues, comment letters and Code amendments.
Definition	To adopt and/or develop and issue additional guidance on ethical issues, based on the IRBA Code. Issued additional guidance on ethical issues, comment letters and Code amendments.
Source of data	CFAE Project Timetable.

Method of calculation/assessment	(Target dates met for issuing guidance on ethical issues, comment letters and Code amendments, as per the CFAE Project timetable / total number of target dates) x 100 = %.
Means of verification	Proof of approval of plan by CFAE – the CFAE work programme is used as a measure to determine the “completed” documents.
Assumptions	The data stored in the plan is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Quarterly
Reporting cycle	Quarterly
Desired performance	Projects are performed in terms of the plan.
Indicator responsibility	Director Standards

Part D: Technical Indicator Descriptions (TID)

Inspections

INDICATOR TITLE	INSPECTIONS: The number of planned inspections completed.
Definition	Risk-based inspections performed.
Source of data	Inspections plan.
Method of calculation/assessment	Actual inspections, per the booking schedule.
Means of verification	Proof of approval of plan by INSCOM.
Assumptions	The data stored in the plan is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Inspections are performed in terms of the plan.
Indicator responsibility	Director Inspections

Part D: Technical Indicator Descriptions (TID)

Investigations

INDICATOR TITLE	INVESTIGATIONS: The number of investigations completed.
Definition	Investigations against registered auditors for improper conduct.
Source of data	Excel database of matters.
Method of calculation/assessment	Date order sorting of excel database, based on "date closed" column – a count of investigations.
Means of verification	Minutes of approval of plan by INVESCO/DAC and excel database.
Assumptions	The data stored in the plan is reliable, valid and timely. The volume of complaints received, and the complexity of certain complaints would be consistent with current matters.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Investigations are performed in terms of the plan.
Indicator responsibility	Director Investigations

Part D: Technical Indicator Descriptions (TID)

Operations

INDICATOR TITLE	CLEAN AUDIT: A clean audit report regarding financials, compliance and performance information.
Definition	A clean audit report regarding financials, compliance and performance information.
Source of data	Audited annual financial statements.
Method of calculation/assessment	A simple count of the audit report and a review of an unqualified opinion.
Means of verification	Review of the signed audit report.
Assumptions	Internal controls remain effective.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Clean audit achieved.
Indicator responsibility	Director Operations
INDICATOR TITLE	TRANSFORMATION RELATING TO PROCUREMENT: Percentage of SMME payments effected within 30 days.
Definition	Increased procurement and effective payments to promote empowered businesses.
Source of data	Payments reports from the accounting system.
Method of calculation/assessment	(Payments made to service providers within 30 days of invoices being received / total number of invoices) x 100 = %.
Means of verification	Payment report reviewed and approved by Director Operations.
Assumptions	The data stored in the report is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A.

		<ul style="list-style-type: none"> • Target for people with disabilities: N/A.
Spatial transformation (where applicable)		<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative	
Reporting cycle	Quarterly	
Desired performance	Payments made within 30 days.	
Indicator responsibility	Director Operations	
INDICATOR TITLE	TARGETED PROCUREMENT: Percentage of contracts awarded to SMMEs and small businesses.	
Definition	Increased procurement and effective payments to promote empowered businesses.	
Source of data	Payments report from the accounting system.	
Method of calculation/assessment	(Payments made to empowered service providers/total number of payments made) x 100 = %.	
Means of verification	Payment report reviewed and approved by Director Operations.	
Assumptions	The data stored in the report is reliable, valid and timely.	
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A. 	
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A. 	
Calculation type	Cumulative	
Reporting cycle	Quarterly	
Desired performance	Contracts awarded to SMMEs and small businesses	
Indicator responsibility	Director Operations	
INDICATOR TITLE	TRANSFORMED WORKFORCE B-BBEE CODES: Achievement of the management control score calculated according to the B-BBEE scorecard.	
Definition	Transformation of management control achieved according to the relevant B-BBEE codes and formulas.	
Source of data	BEE123 reports.	

Method of calculation/assessment	Calculation of the management control total in terms of the B-BBEE codes.
Means of verification	Management control report reviewed and approved by Director Operations.
Assumptions	The data stored in the report is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Promote transformation through targeted employment policies.
Indicator Responsibility	Director Operations
INDICATOR TITLE	TRANSFORMED WORKFORCE – EMPLOYMENT EQUITY: Achievement of the employment equity target according to the approved Employment Equity Plan.
Definition	Transformation of staff achieved according to the approved Employment Equity Plan.
Source of data	HR Employment Equity Reports.
Method of calculation/assessment	Calculation of employment equity statistics.
Means of verification	Employment equity report reviewed and approved by Director Operations.
Assumptions	The data stored in the report is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Targets achieved in terms of the employment equity report.
Indicator responsibility	Director Operations

Part D: Technical Indicator Descriptions (TID)

Disciplinary

INDICATOR TITLE	DISCIPLINARY PROCESSES: Disciplinary strategy approved and fully implemented, in line with the implementation plan.
Definition	Disciplinary processes concluded swiftly and costs effectively managed.
Source of data	To ensure the development of the disciplinary strategy and the implementation plan, the following inputs are required: <ul style="list-style-type: none"> • Benchmark research conducted on disciplinary processes. • Disciplinary strategy and implementation plan drafted. • A Board-approved disciplinary strategy and implementation plan.
Method of calculation/assessment	The only output that is measured are documents that will be counted and reviewed. The documents that result at various stages are: <ul style="list-style-type: none"> • Benchmark report. • Disciplinary strategy. • Disciplinary strategy implementation plan. • Memo submitting the disciplinary strategy and implementation plan to the Board; • Board resolution/minutes approving the disciplinary strategy and the implementation plan.
Means of verification	Disciplinary strategy and the implementation plan approved by the Board.
Assumptions	Disciplinary hearings designed to be conducted swiftly and costs effectively managed.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Bi-annually
Desired performance	Disciplinary processes concluded swiftly and costs effectively managed.
Indicator responsibility	Director Legal

