

# B

## PERFORMANCE INFORMATION

# PART B: PERFORMANCE INFORMATION

*The Report of the Auditor-General on page 83 indicates the procedures performed to determine whether the reported performance information was presented appropriately and performance was consistent with the approved performance planning documents.*

Moreover, the Auditor-General performed further procedures to determine whether the indicators and related targets were measurable and relevant; and assessed the reliability of the reported performance information to determine its validity, accuracy and completeness.

## STRATEGIC FOCUS AREA 1: AUDITING AND ETHICS STANDARDS

### Activities

Projects that are aimed at restoring confidence in the auditing profession will be done through standards-related activities. Furthermore, our support to the statutory committees will continue, to ensure that we develop and issue high-quality international and local ethics, auditing and assurance pronouncements.

STRATEGIC OBJECTIVE					
To develop and maintain auditing and ethical standards that are internationally comparable					
Responsibility: Director Standards					
Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets	
				2022/2023	Status for the Year Ended 31 March 2023
Standards and Guidance issued	Issued auditing pronouncements, illustrative auditor reports and comment letters.	High-quality audits.	Target dates met for issuing audit pronouncements, illustrative audit reports and comment letters.	85% of target dates met	Target: 6 Actual: 6 Achieved: Yes (100%)
To adopt and/or develop and issue additional guidance on ethical issues, based on the IRBA Code of Professional Conduct for Registered Auditors (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	Target: 6 Actual: 6 Achieved: Yes (100%)

## STRATEGIC FOCUS AREA 2: EDUCATION

### Activities

A major emphasis on increasing both the number of candidates registering on the Audit Development Programme and those successfully completing it is what the Education and Transformation Department continues to strive towards. It is also critical to keep on enhancing the ADP, with more focus on the transformation of the candidates that are registering on the programme.

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 auditing profession Responsibility: Director Education and Transformation					
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
				2022/2023	Status for the Year Ended 31 March 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 per annum.	43 visits	Target: 43 Actual: 46 Achieved: Yes  <u>Explanation for the deviation:</u> Additional ADP monitoring inspections were conducted for firms with candidates who submitted Portfolios of Evidence to complete the ADP. Also, revisits were conducted for firms with prior high outcomes.
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 the Education and Transformation Committee's (EDCOM) approval.	1 report	Target: 1 Actual: 1 Achieved: Yes

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 auditing profession					
Responsibility: Director Education and Transformation					
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
				2022/2023	Status for the Year Ended 31 March 2023
To contribute to the transformation of the profession	IRBA transformation initiatives.	To facilitate the transformation of the RA profession through targeted initiatives that are aimed at identifying and addressing barriers to transformation.	The number of IRBA transformation initiatives completed per annum.	8 (Focused initiatives per stakeholder group)	Target: 8 Actual: 8 Achieved: Yes
To monitor the Continuing Professional Development (CPD) compliance of RAs and tax practitioners	Monitoring reports.	To ensure that RAs and tax practitioners are complying with the CPD Policy.	The number of the CPD monitoring reports analysed per annum.	1 report	Target: 1 Actual: 1 Achieved: Yes

## STRATEGIC FOCUS AREA 3: INSPECTIONS

### Activities

- An optimal allocation of the Inspections Department capacity and an improved risk-based coverage during the 8<sup>th</sup> Inspections Cycle.
- Enhanced stakeholder awareness and targeted socialising of inspection outcomes and reports; as well as various engagements with key stakeholders.
- Effective and productive hybrid inspections.
- Implementation of themed inspections and proactive remediation.
- Effective succession planning, with inspectors being appointed to senior roles, as and when appropriate.
- Proactive monitoring, including continuous discussions with audit firms throughout the year on the implementation plans for the Quality Management standards.



STRATEGIC OBJECTIVE	To monitor registered auditors' compliance with professional standards				
	Responsibility: Director Inspections				
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
				2022/2023	Status for the Year Ended 31 March 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 per annum.	117 inspections	Target: 117 Actual: 117 Achieved: Yes

## STRATEGIC FOCUS AREA 4: INVESTIGATIONS

### Activities

Pursuant to the IRBA's five-year strategic plan, the Investigations Department continued to participate in relevant international initiatives. This included networking with structures from other audit regulators, to constantly develop and implement new mechanisms of investigating and adjudicating alleged auditor improper conduct in tandem with global initiatives.

STRATEGIC OBJECTIVE	To investigate and take appropriate action against registered auditors in respect of improper conduct				
	Responsibility: Director Investigations				
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
				2022/2023	Status for the Year Ended 31 March 2023
Completed investigations	Closed matters.	Taking appropriate action against registered auditors in respect of improper conduct.	The number of investigations completed per annum.	96 completed investigations	Target: 96 Actual: 96 Achieved: Yes

## STRATEGIC FOCUS AREA 5: DISCIPLINARY

### Activities

The outcomes of a number of disciplinary matters are positive indications of our efforts to restore confidence in the auditing profession. These are also evidence of our commitment to take appropriate action against registered auditors for improper conduct. We are confident that the outcomes will serve as a deterrent to RAs from neglecting their duty to protect the financial interests of investors and the public at large and, ultimately, improve audit quality.

The IRBA has successfully benchmarked its disciplinary processes against those of local and international regulators, to ensure that these are aligned to best industry practices. To this end, a holistic review of current processes was undertaken, leading to the development of a disciplinary processes strategy and implementation plan, to aid the redesign of existing processes.

The implementation of the disciplinary processes strategy was a focus area for the reporting financial year, resulting in the delivery of a number of projects relevant to redefining disciplinary processes; capacitating disciplinary staff and Disciplinary Committee members; and ensuring an effective management of costs related to disciplinary matters. It is the delivery of these projects that supports the attainment of efficient and effective disciplinary processes.



STRATEGIC OBJECTIVE	To take appropriate action against registered auditors in respect of improper conduct Responsibility: Director Legal				
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
				2022/2023	Status for the Year Ended 31 March 2023
Disciplinary strategy and implementation plan	The disciplinary strategy and implementation plan implemented.	Disciplinary processes designed to be more effective and efficient.	Implemented the disciplinary strategy.	Disciplinary strategy implemented, in line with the 2022/2023 implementation plan.	Target: Disciplinary strategy implemented Actual: 2022/2023 disciplinary strategy implementation plan partially implemented Achieved: No <u>Explanation for the deviation:</u> Of the 19 deliverables, one relating to the digitisation of disciplinary processes was not achieved, due to the organisation-wide assessment of the "as is" status of current systems to determine suitability for continued use and challenges with procurement requests for a service provider. The project will be rolled over to the 2023/2024 financial year.

## STRATEGIC FOCUS AREA 6: OPERATIONAL EFFECTIVENESS

### Activities

Compliance, accountability and proper management of revenue, expenditure, assets and liabilities are some of the important measures that the IRBA uses to assess its operational effectiveness. The measurable indicator of how well these measures are functioning is a clean auditor's report, which the IRBA has obtained for a number of consecutive years. Over the past few years, we have had to look at finding alternative ways to supplement the funding we receive from our government grant, prescribed fees and levies from RAs and firms, as well as funds that may accrue to us from any other legal source.



STRATEGIC OBJECTIVE					
To strengthen 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					
Responsibility: Director Operations					
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
				2022/2023	Status for the Year Ended 31 March 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 financials, compliance and performance information.	Clean audit report for the 2021/2022 financial year-end	Target: Clean audit report for the 2021/2022 financial year-end Actual: Clean audit report for the 2021/2022 financial year-end Achieved: Yes
Promote transformation through targeted procurement policies	Implementation of the Preferential Procurement Policy Framework.	Increased procurement and effective payments to promote empowered businesses.	Percentage of small, medium and micro enterprises (SMMEs) payments effected within 30 days.	100%	Target: 100% Actual: 100% Achieved: Yes
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.	20%	Target: 20% Actual: 35% Achieved: Yes <u>Explanation for the deviation:</u> During the first quarter, Supply Chain Management (SCM) implemented additional internal efficiencies to source goods and services from SMME service providers.
Promote transformation through targeted employment policies	Transformed workforce.	Transformation of management control achieved according to the relevant Broad-Based Black Economic Empowerment (B-BBEE) codes.	Achievement of the management control score calculated according to the B-BBEE scorecard. The maximum score attainable is 20.	17	Target: 17 Actual: 14.8 Achieved: No <u>Explanation for the deviation:</u> The target was not met due to various vacancies.

STRATEGIC OBJECTIVE					
To strengthen 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					
Responsibility: Director Operations					
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
				2022/2023	Status for the Year Ended 31 March 2023
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.	77% (or more) Black 21% (or less) White 2% Other	Target: 77% (or more) Black 21% (or less) White 2% Other (or less)  Actual: 77% Black 20% White 3% Other  Achieved: Black - Yes White - Yes Other - No  <u>Explanation for the deviation:</u> The target was not met due to various vacancies.