

# STRATEGIC FOCUS AREAS-2021/2022

## STRATEGIC FOCUS AREA 1: AUDITING AND ETHICS STANDARDS

### Activities

The focus in the upcoming year will be on restoring confidence in the auditing profession projects through standards-related activities. We will also continue to support our statutory committees to ensure that we develop and issue high-quality international and local ethics and auditing and assurance pronouncements.

STRATEGIC OBJECTIVE	To develop and maintain auditing and ethical standards which are internationally comparable Responsibility: Director Standards				
Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets	
				Q3 2021/2022	Status for the quarter ended 31 December 2021
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: 2 Actual: 2 Achieved: Yes
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.	Target: 1 Actual: 1 Achieved: Yes

## STRATEGIC FOCUS AREA 2: EDUCATION

### Activities

Education and Transformation continues to strive towards increasing both the number of candidates registering on the Audit Development Programme as well as those successfully completing the programme. It is also imperative to continue to improve the quality of the programme, with an increased focus on the transformation of candidates that are on it. As part of the initiatives to restore confidence in the profession, the 2020 CPD monitoring process will be implemented and a project to ensure that the RA brand is repositioned will be completed in the 2021/2022 financial year.

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 Responsibility: Director Education and Transformation				
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
				Q3 2021/2022	Status for the quarter ended 31 December 2021
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.	10 visits	Target: 10 Actual: 15 Achieved: Yes (Over achievement)  <i>Explanation for deviation:</i>  The actual is above target for Q3 due to additional visits performed to finalise PoE's.
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 approval.	1 report submitted within the target date.	Target: Submit the Final Monitoring reports (FMRs) to SAICA by 9 December 2021, after EDCOM's approval, which was on 25 November 2021. Actual: FMRs were submitted to SAICA on 8 December 2021. Achieved: Yes

<b>STRATEGIC OBJECTIVE</b>	<b>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</b> <b>Responsibility: Director Education and Transformation</b>				
<b>Measurable Objective</b>	<b>Output</b>	<b>Outcomes</b>	<b>Measurable Indicator</b>	<b>Performance Targets</b>	
				<b>Q3 2021/2022</b>	<b>Status for the quarter ended 31 December 2021</b>
To contribute to the transformation of the profession	IRBA transformation initiatives.	To facilitate the transformation of the RA profession through targeted initiatives aimed at identifying and addressing barriers to transformation.	The number of IRBA transformation initiatives completed per annum.	2	Target: 2 Actual: 2 Achieved: Yes
To monitor the 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.	N/A	Target: N/A Actual: 1 Achieved: Yes (Over achievement)  <i>Explanation for deviation:</i>  <i>The CPD report was finalised and noted at MANCO and EDCOM earlier than planned in this quarter instead of the 4<sup>th</sup> quarter.</i>

## STRATEGIC FOCUS AREA 3: INSPECTIONS

### Activities

Key focus areas include:

- Embark on a business process review i.e. as-is and needs analysis on technology, IT workflow and data collection/analysis, to enhance effective operations that respond to the public expectation. This includes an optimal allocation of the Inspections Department capacity and a focus on an enhanced risk-based scope/coverage and reach in the new Inspections Eighth Cycle.
- Enhanced stakeholder awareness and targeted socialising of inspection outcomes and reports, e.g. concurrent publication and awareness of enhanced AQI and Public Inspection Reports; sharing of reports; and liaising with the Audit Committee Forum to assist in its oversight over external auditors.
- Effective/productive remote inspections/remedial action, due to COVID-19, including stakeholder interaction using virtual platforms.
- Effective succession planning within the department, whereby the Inspections Department makes lower position appointments in lieu of vacant higher positions, in order to promote succession, retention, training and sustainable quality without negatively impacting on the approved annual CTE budget and headcount of the department.
- Design and implement ISQM 1 and ISQM 2 firm inspection procedures.

STRATEGIC OBJECTIVE	To monitor registered auditors' compliance with professional standards Responsibility: Director Inspections				
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
				Q3 2021/2022	Status for the quarter ended 31 December 2021
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.	27 inspections	Target: 27 Inspections Actual: 31 Achieved: Exceeded  <i>Explanation for deviation:            The selection of component audits within larger groups were related to separate engagement partners, resulting in separate inspections being performed. In addition, inspections were scheduled due to the recommendation of the Disciplinary Action Committee (DAC). These inspections required less time than the standard allocation to the previously planned inspections as they related to smaller engagements, that is, non-group type entities.</i>

## STRATEGIC FOCUS AREA 4: INVESTIGATIONS

### Activities

Strengthening the department by increasing capacity is a focus area for us. The recruitment of investigators will assist in reducing the backlog of open matters. We will continue to prioritise high-profile/public interest entity investigations in the next year. It is expected that investigations into some high-profile/public interest entity matters will be finalised in the upcoming year, in line with the Board's strategic intent.

In line with the IRBA's five-year Strategic Plan, the Investigations Department will continue to participate in relevant international initiatives and network with structures from other audit regulators to continuously 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	
				Q3 2021/2022	Status for the quarter ended 31 December 2021
Completed investigations	Closed matters.	Taking appropriate action against registered auditors in respect of improper conduct.	The number of investigations completed per annum.	16 completed investigations	Target: 16 Actual: 16 Achieved: Yes

## STRATEGIC FOCUS AREA 5: DISCIPLINARY

### Activities

#### Finalisation of Disciplinary Matters

The finalisation and the outcomes of the disciplinary matters are a positive indication that we are actively endeavouring to restoring confidence in the auditing profession by taking appropriate action against registered auditors for improper conduct. We are confident that the outcomes will serve as a deterrent to RAs from neglecting their duties to protect the financial interests of investors and the public at large; and they will ultimately improve audit quality, while restoring confidence in both the profession and the regulator.

#### Development and Implementation of the Disciplinary Processes Strategy

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

The implementation of the disciplinary strategy is a focus area for the current financial year, this will see the delivery of a number of projects aimed at ensuring the efficiency and effectiveness of 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	
				Q3 2021/2022	Status for the quarter ended 31 December 2021
Disciplinary strategy and implementation plan	The disciplinary strategy implementation plan implemented.	Disciplinary processes designed to be more effective and efficient.	Implemented the disciplinary strategy.	N/A	N/A for this quarter The implementation plan was approved by the Board and we have commenced with the implementation of planned projects.

## STRATEGIC FOCUS AREA 6: OPERATIONAL EFFECTIVENESS

### Activities

#### Operations

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 the past 10 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. Management has established a task team to investigate a new funding model, and this team has commenced with research.

## STRATEGIC FOCUS AREA 6: OPERATIONAL EFFECTIVENESS

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	
				Q3 2021/2022	Status for the quarter ended 31 December 2021
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	



STRATEGIC OBJECTIVE	<b>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</b> <b>Responsibility: Director Operations</b>				
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets	
				Q3 2021/2022	Status for the quarter ended 31 December 2021
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.	100%	Target: 100% Actual: 96.29% Achieved: No  <i>Explanation for deviation:</i>  <i>Due to the ill health of an employee some invoices were not submitted on time for payment. The process has now been improved to avoid situations where employees are not available.</i>
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%	Target: 12% Actual: 26.94% Achieved: Yes  <i>Explanation for deviation:</i>  <i>During the first quarter SCM implemented additional internal efficiencies to source goods and services from SMME service providers.</i>

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	
				Q3 2021/2022	Status for the quarter ended 31 December 2021
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.	17	Target: 17 Actual: 14.79 Achieved: No  <i>Explanation for deviation: The target was not met due to the CEO vacancy.</i>
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.	76% Black 23% White 1% Other	Target: 76% Black 23% White 1% Other Actual: 78% 21% 1% Achieved: Yes (Expected outcome is 76% or more) Yes (Expected outcome is 23% or less) Yes
Align employees with the goals and values of the IRBA	Engaged employees.	Engagement of employees in line with predetermined targets.	Achievement of the employee engagement index.	70%	Target: 70% Actual: 0% Achieved: No  <i>Explanation for deviation: This measure can only be met once the CEO has been appointed.</i>