

## STRATEGIC FOCUS AREAS – 2022/2023

### STRATEGIC FOCUS AREA 1: AUDITING AND ETHICS STANDARDS

#### Activities

Projects that are aimed at restoring confidence in the auditing profession will be the main focus in the next year, and this will be done 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, 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 Q3	Status for the Quarter Ended 31 December 2022	Status Year to Date
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: 3 Actual: 3 Achieved: 100%	Target: 4 Actual: 4 Achieved: 100%

STRATEGIC OBJECTIVE	<b>To develop and maintain auditing and ethical standards that are internationally comparable</b> <b>Responsibility: Director Standards</b>					
Measurable Objective	Output	Outcomes	Output Indicator	Performance Targets		
				2022/2023 Q3	Status for the Quarter Ended 31 December 2022	Status Year to Date
To adopt and/or develop and issue additional guidance on ethical issues, based on the Independent Regulatory Board for Auditors (IRBA) Code of Professional Conduct for Registered	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: 100%	Target: 6 Actual: 6 Achieved: 100%

## STRATEGIC FOCUS AREA 2: EDUCATION

### Activities

A major emphasis on increasing both the number of candidates registering on the Audit Development Programme (ADP) and those successfully completing it is what Education and Transformation continues to strive towards. It is also critical to keep on improving the quality of 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 Q3	Status for the Quarter Ended 31 December 2022	Status Year to Date
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: 14 Achieved: Overachieved  <i><u>Explanation for the deviation:</u>            Additional ADP monitoring inspections were conducted for firms with candidates who submitted Portfolios of Evidence (PoEs); and to ensure that we meet the annual target set, historical experience has shown that less firms are available for inspection during the Q4 period, due to reporting deadlines.</i>	Target: 31 Actual: 38 Achieved: Overachieved  <i><u>Explanation for the deviation:</u>            Additional ADP monitoring inspections were conducted for firms with candidates who submitted PoEs; and to ensure that we meet the annual target set, historical experience has shown that less firms are available for inspection during the Q4 period, due to reporting deadlines.</i>

<b>STRATEGIC OBJECTIVE</b>	<p>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</p> <p>Responsibility: Director Education and Transformation</p>					
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets		
				2022/2023 Q3	Status for the Quarter Ended 31 December 2022	Status Year to Date
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	<p>The set of final monitoring reports were approved by EDCOM on 30 September 2022.</p> <p>The reports were submitted to the South African Institute of Chartered Accountants (SAICA) five working days after EDCOM's approval, on 7 October 2022.</p> <p>Therefore, the target was achieved.</p>	<p>Target: 1</p> <p>Actual: 1</p> <p>Achieved: Yes</p>
To contribute to the transformation of the profession	IRBA transformation initiatives.	To facilitate the transformation of the registered auditor (RA) profession through targeted initiatives that are aimed at identifying and addressing barriers to transformation.	The number of IRBA transformation initiatives completed per annum.	2	<p>Target: 2</p> <p>Actual: 2</p> <p>Achieved: Yes</p>	<p>Target: 6</p> <p>Actual: 6</p> <p>Achieved: Yes</p>

<b>STRATEGIC OBJECTIVE</b>	<p>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</p> <p>Responsibility: Director Education and Transformation</p>					
<b>Measurable Objective</b>	<b>Output</b>	<b>Outcomes</b>	<b>Measurable Indicator</b>	<b>Performance Targets</b>		
				<b>2022/2023 Q3</b>	<b>Status for the Quarter Ended 31 December 2022</b>	<b>Status Year to Date</b>
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.	n/a	<p>Target: 0</p> <p>Actual: 1</p> <p>Achieved: 1</p> <p>The Annual Performance Plan (APP) indicated that the CPD report would be due in Q2. But in view of the revised qualitative approach, this report will only be presented in Q3 going forward.</p>	<p>Target: 1</p> <p>Actual: 1</p> <p>Achieved: Yes</p>

## STRATEGIC FOCUS AREA 3: INSPECTIONS

### Activities

This upcoming year, the key focus areas will include the following:

- A business process review, i.e. an as-is and needs analysis on technology, information technology (IT) workflow and data collection/analysis, to enhance effective operations that respond to the public expectation. This will include an optimal allocation of the Inspections Department capacity as well as focusing on the enhanced risk-based scope/coverage and reach in the 8<sup>th</sup> Inspections Cycle.
- Enhanced stakeholder awareness and targeted socialising of inspection outcomes and reports, e.g. concurrent publication and awareness of enhanced Audit Quality Indicators (AQI) and Public Inspections 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, including stakeholder interaction using virtual platforms.
- Effective succession planning within inspections, whereby inspectors are appointed to senior roles, as/when appropriate (with no impact on the approved budget or headcount).
- Design and implement International Standards on Quality Management (ISQMs) 1 and 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		
				2022/2023 Q3	Status for the Quarter Ended 31 December 2022	Status Year to Date
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.	24 inspections	Target: 24 Actual: 24 Achieved: Yes	Target: 94 Actual: 79 <sup>1</sup> Achieved: No  <i><u>Explanation for the deviation:</u> Due to the number of Inspector vacancies, the planned number of inspections could not be conducted.</i>

<sup>1</sup> The number of inspections reported in quarter two was restated down from 34 to 32. The two inspections were part of a group and was reported as part of a firm inspection.

## STRATEGIC FOCUS AREA 4: INVESTIGATIONS

### Activities

The expectation in the upcoming year is that investigations into certain high-profile/public interest entity matters will be completed, and that will be in line with the Board's strategic objectives.

Pursuant to the IRBA's five-year strategic plan, the Investigations Department will continue to participate in relevant international initiatives. This will entail networking 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		
				2022/2023 Q3	Status for the Quarter Ended 30 December 2022	Status Year to Date
Completed investigations	Closed matters.	Taking appropriate action against registered auditors in respect of improper conduct.	The number of investigations completed per annum.	24 completed investigations	Target: 24 Actual: 24 Achieved: Yes	Target: 72 Actual: 74 Achieved: Yes  <i>Explanation for the deviation: Two respondents who were only due to revert in October 2022 replied straight after the Enforcement Committee meeting in September 2022</i>

## STRATEGIC FOCUS AREA 5: DISCIPLINARY

### Activities

#### Finalisation of Disciplinary Matters

The completion and 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 duties to protect the financial interests of investors and the public at large and ultimately improve audit quality, while restoring confidence in both the profession and the regulator.

The implementation of the disciplinary strategy is a focus area for the current financial year.

#### Finalisation of Disciplinary Matters

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.

With a focus on the implementation of the disciplinary strategy for this financial year, we will deliver on a number of projects that are 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		
				2022/2023 Q3	Status for the Quarter Ended 30 December 2022	Status Year to Date
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.	N/A	N/A	N/A



## 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.

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 Q3	Status for the Quarter Ended 31 December 2022	Status Year to Date
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		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 100%	Target: 100%  Actual: 100%  Achieved: Yes 100%

STRATEGIC OBJECTIVE	<p>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</p> <p>Responsibility: Director Operations</p>					
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets		
				2022/2023 Q3	Status for the Quarter Ended 31 December 2022	Status Year to Date
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: 33% Achieved: 33%  <i>Reason for the deviation: During the first quarter, Supply Chain Management (SCM) implemented additional internal efficiencies to source goods and services from SMME service providers.</i>	Target: 20% Actual: 33% Achieved: 33%  <i>Reason for the deviation: During the first quarter, SCM implemented additional internal efficiencies to source goods and services from SMME service providers.</i>
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: 15 Achieved: Not Achieved  <i>Reason for the deviation: The target was not met due to various vacancies.</i>	Target: 17 Actual: 15 Achieved: Not Achieved  <i>Reason for the deviation: The target was not met due to various vacancies.</i>

<b>STRATEGIC OBJECTIVE</b>	<p>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</p> <p>Responsibility: Director Operations</p>					
<b>Measurable Objective</b>	<b>Output</b>	<b>Outcomes</b>	<b>Measurable Indicator</b>	<b>Performance Targets</b>		
				<b>2022/2023 Q3</b>	<b>Status for the Quarter Ended 31 December 2022</b>	<b>Status Year to Date</b>
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% (or more) Black 22% (or less) White 2% Other (or less)	Target: 76% (or more) Black 22% (or less) White 2% Other (or less)  Actual: 77% Black 20% White 3% Other  Achieved: Black - Yes White - Yes Other - No	Target: 76% (or more) Black 22% (or less) White 2% Other (or less)  Actual: 77% Black 20% White 3% Other  Achieved: Black - Yes White - Yes Other - No