

## STRATEGIC FOCUS AREAS – 2024/2025

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

#### Activities

Projects that are aimed at restoring confidence in the auditing profession will still be the main focus, and this will be done through standards-related activities. Additionally, we will 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 which are internationally comparable<br>Responsibility: Director Standards |  |  |                         |   |  |
|---|---|--|--|-------------------------|---|--|
| Measurable Objective  | Output  | Outcomes   | Measurable Indicator   | Performance Targets     |   |  |
|   |   |  |  | 2024/2025 Q1            | Status for the Quarter Ended 30 June 2024                 | Status Year to Date  |
| Standards and guidance issued   | Issued auditing pronouncements, illustrative audit reports and comment letters.   | High-quality audits.   | Percentage of target dates met for issuing audit pronouncements, illustrative audit reports and comment letters.       | 85% of target dates met | Target: 85%<br>Actual: 100% (3 out of 3)<br>Achieved: Yes | Annual Target: 85%<br>Year to date target: 85%<br>Year to date actual: 100% (3 out of 3)<br>Achieved: Yes<br><i>Explanation for the deviation: No significant delay experienced with publications, due process and public consultations.</i> |
| 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.  | Provide auditors with a code that is consistent with international codes and one that enables the IRBA to take disciplinary action, where necessary. | Percentage of target dates met for issuing additional guidance on ethical issues, comment letters and Code amendments. | 85% of target dates met | Target: 85%<br>Actual: 100% (2 out of 2)<br>Achieved: Yes | Annual Target: 85%<br>Year to date target: 85%<br>Year to date actual: 100% (2 out of 2)<br>Achieved: Yes<br><i>Explanation for the deviation: No significant delay experienced with publications, due process and public consultations.</i> |

## STRATEGIC FOCUS AREA 2 EDUCATION

### Activities

A major emphasis for the Education and Transformation Department will be on increasing both the number of candidates registering on the Audit Development Programme (ADP) and those successfully completing it. Also, it is critical to keep improving the quality of the ADP, with more attention on the transformation of the candidates that register on the programme. The department will also focus on the monitoring of its accredited professional bodies.

| STRATEGIC OBJECTIVE                                    | <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 auditing profession</b> |  |  |                     |   |   |
|--|---|--|--|---------------------|---|---|
|  | <b>Responsibility: Director Education and Transformation</b>  |  |  |                     |   |   |
| Measurable Objective                                   | Output  | Outcomes   | Measurable Indicator                                 | Performance Targets |   |   |
|  |   |  |  | 2024/2025 Q1        | Status for the Quarter Ended 30 June 2024   | Status Year to Date   |
| To monitor the environment in which the ADP is offered | Monitoring reports.   | Ensure that the environment is conducive to the development of audit competence. | The number of monitoring visits completed per annum. | 11 visits           | Target: 11<br>Actual: 12<br>Achieved: Yes<br><br><i>Explanation for deviation: Additional monitoring conducted for RPL candidate who submitted a PoE.</i> | Annual Target: 43 visits<br>Year to date target: 11<br>Year to date actual: 12<br>Achieved: Yes<br><br><i>Explanation for deviation: Additional monitoring conducted for RPL candidate who submitted a PoE.</i> |

| STRATEGIC OBJECTIVE  | <p style="text-align: center;"><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 auditing profession</b></p> <p style="text-align: center;"><b>Responsibility: Director Education and Transformation</b></p> |   |   |                     |   |  |
|--|--|---|---|---------------------|---|--|
| Measurable Objective   | Output   | Outcomes  | Measurable Indicator  | Performance Targets |   |  |
|  |  |   |   | 2024/2025 Q1        | Status for the Quarter Ended 30 June 2024 | Status Year to Date  |
| To monitor the programmes and institutional requirements of accredited professional bodies | Monitoring reports.  | Ensure compliance with the Accreditation Model.   | The number of Final Monitoring Reports to be submitted to the accredited professional bodies, within 10 working days after the Education and Transformation Committee's (EDCOM) approval. | N/A                 | N/A                                       | Annual Target: 2 reports submitted within the target date<br>Year to date target: N/A<br>Year to date actual: N/A<br>Achieved: N/A |
| To contribute to the transformation of the profession                                      | IRBA transformation initiatives.   | 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<br>Actual: 2<br>Achieved: Yes   | Annual Target: 8<br>Year to date target: 2<br>Year to date actual: 2<br>Achieved: Yes  |

| STRATEGIC OBJECTIVE  | <p style="text-align: center;"><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 auditing profession</b></p> <p style="text-align: center;"><b>Responsibility: Director Education and Transformation</b></p> |  |  |                     |   |  |
|--|--|--|--|---------------------|---|--|
| Measurable Objective   | Output   | Outcomes   | Measurable Indicator                                     | Performance Targets |   |  |
|  |  |  |  | 2024/2025 Q1        | Status for the Quarter Ended 30 June 2024 | Status Year to Date  |
| To monitor the Continuing Professional Development (CPD) compliance of registered auditors (RAs) and or tax practitioners <sup>1</sup> | Monitoring reports.  | Ensure that RAs and tax practitioners are complying with the CPD Policy. | The number of CPD monitoring reports analysed per annum. | N/A                 | N/A                                       | Annual Target: 1 report<br>Year to date target: N/A<br>Year to date actual: N/A<br>Achieved: N/A |

<sup>1</sup> The IRBA is no longer a Registered Controlling Body (RCB) for tax practitioners effective 1 April 2023. Therefore, the CPD report will not relate to the monitoring of tax practitioner CPD compliance.

## STRATEGIC FOCUS AREA 3: INSPECTIONS

### Activities

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

- Enhanced risk-based scope/coverage and reach (with an increased focus on smaller firms, to improve regulatory presence) in the 9<sup>th</sup> Inspections Cycle.
- Improved stakeholder engagements and awareness, targeted socialising of inspection outcomes and reports, e.g. a concurrent publication and awareness of enhanced Audit Quality Indicators (AQI) and the Public Inspections reports; sharing of reports; and liaising with relevant stakeholders, such as other regulators and audit committees, to assist in the oversight over external auditors.
- Effective/productive hybrid (on-site and remote) inspections/remedial action, including stakeholder interaction using virtual platforms.
- Effective succession planning within the Inspections Department, whereby inspectors are appointed to senior roles, as and when appropriate (with no impact on the approved budget or headcount).
- Continued focus on the proactive initiatives and approach to inspections, including themed-inspections, proactive remediation, collaboration with firms through the Audit Quality Monitoring Forum (a new initiative in the 9<sup>th</sup> cycle).
- Design and implement International Standards on Quality Management 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 |  |  |
|                                  |  |  |  | 2024/2025<br>Q1     | Status for the<br>Quarter Ended<br>30 June 2024  | 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. | 21 inspections      | Target: 21 Inspections<br>Actual: 19 Inspections performed<br>Achieved: No<br><i>Explanation for deviation: Resource constraints due to extended sick leave taken by some employees.</i> | Annual Target: 109<br>Year to date target: 21<br>Year to date actual: 19<br>Achieved: No<br><i>Explanation for deviation: Resource constraints due to extended sick leave taken by some employees.</i> |

## STRATEGIC FOCUS AREA 4: INVESTIGATIONS

### Activities

The expectation this year is that the clearing of the investigations backlog will be finalised, in line with the Board’s strategic objectives, and that the new maximum monetary sanctions will be implemented.

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<br>Responsibility: Director Investigations |   |   |                             |   |   |
|--------------------------|--|---|---|-----------------------------|---|---|
| Measurable Objective     | Output   | Outcomes  | Measurable Indicator                              | Performance Targets         |   |   |
|                          |  |   |   | 2024/2025 Q1                | Status for the Quarter Ended 30 June 2024   | Status Year to Date   |
| Completed investigations | Closed matters.  | Take appropriate action against registered auditors in respect of improper conduct. | The number of investigations completed per annum. | 20 completed investigations | Target: 20 completed investigations<br><br>Actual: 12 completed investigations<br><br>Achieved: No<br><br><i>Explanation for deviation: Timing difference due to matters tabled at INVESCO still to be tabled at ENCOM.</i> | Annual target: 80 completed investigations<br><br>Year to date target: 20 completed investigations<br><br>Year to date actual: 12 completed investigations<br><br>Achieved: No<br><br><i>Explanation for deviation: Timing difference due to matters tabled at INVESCO still to be tabled at ENCOM.</i> |

## STRATEGIC FOCUS AREA 5: DISCIPLINARY

### Activities

#### 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 procedures are aligned to best industry practices. To this end, we undertook a holistic review of our mechanisms. Additionally, a disciplinary processes strategy and implementation plan was developed and implemented, to aid the redesign of processes. The strategy is focused on efficient and effective disciplinary processes.

The completion and the outcomes of a number of disciplinary matters in 2023/2024 have been a direct result of the implementation of the disciplinary strategy and 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.

With a focus still on the finalisation of disciplinary matters for this financial year, we will continue to be guided by the objectives set out in the disciplinary strategy. Also, we are confident that the prompt action and outcomes thereof will serve as a deterrent to RAs from neglecting their duties to protect the financial interests of investors and the public at large. Ultimately, this will improve audit quality, while restoring confidence in both the profession and the regulator.

| 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 |   |  |
|  |   |  |  | 2024/2025<br>Q1     | Status for the<br>Quarter Ended<br>30 June 2024 | Status Year to Date  |
| Disciplinary matters referred to the Disciplinary Committee (referred to as matters) scheduled for hearings or finalised | Matters scheduled for disciplinary hearing panel or finalised.                        | Disciplinary action taken against those charged with improper conduct. | Percentage of planned matters scheduled for hearings or finalised. | N/A                 | N/A   | Annual Target: 85% of planned matters scheduled for disciplinary hearings or finalised.<br><br>Year to date target: N/A<br><br>Year to date actual: 40% of planned matters scheduled for hearings or finalised.<br><br>Achieved: N/A |

## STRATEGIC FOCUS AREA 6: OPERATIONAL EFFECTIVENESS

### Activities

Compliance, accountability and proper management of the 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                       | <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 |   |  |
|   |  |   |  | 2024/2025 Q1        | Status for the Quarter Ended 30 June 2024   | 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 financial statements, compliance and performance information. | N/A                 | Target: N/A<br>Actual: N/A<br>Achieved: N/A | Annual Target: Clean audit report for the 2023/2024 financial year-end.<br>Year to date target: N/A<br>Year to date actual: N/A<br>Achieved: N/A |



| 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<br><br>Responsibility: Director Operations |   |  |                     |   |   |
|---|--|---|--|---------------------|---|---|
| Measurable Objective  | Output   | Outcomes  | Measurable Indicator   | Performance Targets |   |   |
|   |  |   |  | 2024/2025 Q1        | Status for the Quarter Ended 30 June 2024   | Status Year to Date   |
| To promote transformation through targeted procurement policies | Implementation of the Preferential Procurement Policy Framework.   | Increased procurement and effective payments to promote empowered businesses. | Percentage of payments to small, micro and medium enterprises (SMME) effected within 30 days, in line with National Treasury's procurement strategy. | 100%                | Target: 100%<br>Actual: 100%<br>Achieved: Yes   | Annual Target: 100%.<br>Year to date target: 100%<br>Year to date actual: 100%<br>Achieved: Yes   |
| To promote transformation through targeted procurement policies | Implementation of the Preferential Procurement Policy Framework.   | Increased procurement and effective payments to promote empowered businesses. | Percentage of the spending awarded to SMMEs and small businesses.  | 23%                 | Target: 23%<br>Actual: 37%<br>Achieved: Yes<br><br><i>Explanation for the deviation: Increased procurement from SMME suppliers.</i> | Annual Target: 23%<br>Year to date target: 23%<br>Year to date actual: 37%<br>Achieved: Yes<br><br><i>Explanation for the deviation: Increased procurement from SMME suppliers.</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<br><br>Responsibility: Director Operations |  |   |                     |   |  |
|--|--|--|---|---------------------|---|--|
| Measurable Objective   | Output   | Outcomes   | Measurable Indicator  | Performance Targets |   |  |
|  |  |  |   | 2024/2025 Q1        | Status for the Quarter Ended 30 June 2024   | Status Year to Date  |
| To promote transformation through targeted employment policies | A 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.<br><br>The maximum score attainable is 20. | 17                  | Target: 17<br>Actual: 14.76<br>Achieved: No<br><i>Explanation for the deviation: Due to various vacancies and the current demographics, the target has not been achieved.</i> | Annual Target: 17<br>Year to date target: 17<br>Year to date actual: 14.76<br>Achieved: No<br><i>Explanation for the deviation: Due to various vacancies and the current demographics, the target has not been achieved.</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<br>Responsibility: Director Operations |  |  |  |  |  |
|--|--|--|--|--|--|--|
| Measurable Objective   | Output   | Outcomes   | Measurable Indicator   | Performance Targets  |  |  |
|  |  |  |  | 2024/2025 Q1   | Status for the Quarter Ended 30 June 2024  | Status Year to Date  |
| To promote transformation through targeted employment policies | Transformed workforce.   | Transformation of staff achieved according to the approved Employment Equity Plan. | Achievement of the employment equity targets according to the approved Employment Equity Plan. | 77% (or more) Black<br>21% (or less) White<br>2% Other (or less) | Target:<br>77% (or more) Black<br>21% (or less) White<br>2% (or less) Other<br><br>Actual:<br>83% Black<br>16% White<br>1% Other<br><br>Achieved:<br>Yes (Black)<br>Yes (White)<br>Yes (Other) | Annual Target:<br>77% (or more) Black<br>21% (or less) White<br>2% (or less) Other<br><br>Year to date target:<br>77% (or more) Black<br>21% (or less) White<br>2% Other (or less)<br><br>Year to date actual:<br>83% Black<br>16% White<br>1% Other<br>Achieved:<br>Yes (Black)<br>Yes (White)<br>Yes (Other) |