

**INDEPENDENT REGULATORY BOARD
FOR AUDITORS**



**ANNUAL PERFORMANCE
PLAN 2019/2020**

(UPDATED JANUARY 2019)

FINAL FOR BOARD

FOREWORD

The Independent Regulatory Board for Auditors' (IRBA) Strategic Plan for the period 2015/2016 to 2019/2020 was completed and approved in March 2015. The Annual Performance Plan (APP) indicates only the priorities that are aimed at achieving the overall strategy as well as any updates and major changes to the Strategic Plan.

Included in the strategy is the proposed expansion of the IRBA mandate. The extended mandate pertains to the regulation of Professional Accountancy Bodies, and this is based on recommendations from the 2013 World Bank Report on the Observance of Standards and Codes (ROSC) – Accounting and Audit that was adopted by the Minister of Finance. The impact of the expansion of the mandate, however, will only be determined after detailed research has been completed, and the appropriate framework and details have been submitted to National Treasury for approval. For those reasons, the impact of the extended mandate is not included in the Strategic Objectives of the Annual Plan. Certain projects, as detailed under Programme 2, have been included in support of these objectives. These projects are however not funded and internal resources will be utilised to work on them.

Official Sign-Off

It is hereby certified that this Annual Performance Plan:

- Has been approved by the Board after it was updated by the IRBA management, and it also includes inputs from staff.
- Takes into account all the relevant policies, legislation and other mandates under which the IRBA operates.
- Accurately reflects the strategic outcome-orientated goals and objectives that the IRBA will endeavour to achieve over the 2019/2020 to 2021/2022 fiscal years; and it also refers to processes and strategies that will have an effect on the IRBA's current mandate.

Bernard Agulhas
Chief Executive Officer

Signature: _____

STRATEGIC OVERVIEW

1. Updated Situational Analysis

The IRBA Strategic Plan underwent a detailed review in March 2015 and was approved by the Board and submitted to National Treasury (NT) and the Minister of Finance.

The performance objectives for Programme 2, as defined in the Strategic Plan, were excluded from the Strategic Objectives in the Annual Performance Plan (APP) for the period 2019/2020 due to the following reasons:

- At the date of approving the APP, there had been no confirmation that the IRBA's mandate would be extended.
- In addition to the uncertainty, the IRBA had, and still has, funding constraints that would have made it impossible to achieve some of the Programme 2 objectives.

1.1 Performance Delivery Environment

Due to the significant legal proceedings undertaken by the IRBA, there are severe financial constraints. As a result, the IRBA will operate at a net loss for the next three years, if no additional funding is obtained from NT. The IRBA requested NT's approval for the retention of surplus cash of R32 million as at 31 March 2018, but these reserves will have been fully utilised by 2018/2019.

The deficit is mainly due to the various auditing and accounting scandals that have placed the auditing profession under public scrutiny over the past 12 months. In turn, this has placed enormous pressure on the IRBA to restore confidence in the profession, and this has included holding errant auditors to account through robust investigations. As a result, numerous high-profile public interest entity investigations had to be opened by the IRBA, over and above our normal caseload, and these included investigations into audits linked to state capture.

The IRBA does not have programmes from which funds can be reallocated, or which can be terminated. The reduction in funds has a direct impact on delivery, with regards to the mandate and the current status of the audit profession. Furthermore, the IRBA has had to increase its capacity due to the World Bank *Report on the Observance of Standards and Codes* (ROSC) recommendations that were adopted by the Minister of Finance.

Despite an accumulation from the retention of reserves, the IRBA will not be able to achieve all its objectives, if additional funds are not allocated by NT. The IRBA, therefore, will have to recover R25 million from NT and also use the accumulated reserves, as approved for the budget year 2018/2019.

1.2. Revisions to the Legislative Mandate and Other Mandates

The legislative changes that are required in this financial year have been submitted to NT and issued for public comment. A high-level summary of the changes includes the following:

- Support for the independence of the IRBA by removing the requirement that registered auditors (RAs) should form part of the Board.
- The extension of the tenure of Board members to three years.

- The reconfiguration of the Disciplinary Committee to accommodate a “pool and panel” scenario in order to address the increasing number and complexity of cases being referred for hearings.
- Changes to the disciplinary process to make it less cumbersome, while protecting the rights of all parties and their rights to a fair hearing.
- Provision for the determination of more appropriate fines for unprofessional conduct, the maximum of which will be determined by the Minister, and provision for temporary or permanent disqualification from registration.
- Providing the IRBA with the power to subpoena witnesses and information.
- Certain further amendments regarding administrative issues and clarification of terminology.

1.3 Cost Saving Initiatives and actions taken

Management continues to take the following actions to save costs, over and above the prescribed cost containment instruction note from NT:

- The replacement period for computer equipment has been lengthened by one year to once every four years.
- All local flights will continue to be booked on economy class, even though NT allows for some business class travel.
- International travel will be limited to essential trips, with the most cost effective method of flight travel utilised.
- Local car rental continues to be limited to class A and class B vehicles, even though NT allows for up to class D vehicles (luxury sedans).
- International flights will be premium economy, where available.
- SCM processes will further be improved to streamline efficiencies.
- Local accommodation continues to be limited to only three- or four-star lodgings, even though NT allows for a five-star accommodation venue for the CEO and directors.

1.4 Changes to Strategic Focus Areas

The following Strategic Focus Areas were added in the previous year’s APP and, as such, are included in this APP:

- The transformation targets for procurement and employment have been added, as requested by the Minister of Finance.
- Investigations: INVESCO approves the Investigations Plan that is updated for progress, available resources and public interest priority at the commencement of every quarter. This is necessary as investigations may extend over more than one reporting period, and it is therefore not always possible to complete certain investigations within a specific period. Investigations are also influenced by a variety of external factors, such as emerging risks

and responses to the protection of the public.

- Inspections: INSCOM delivers on inspections according to the Inspection Plan that is updated for progress, available resources, emerging risks and responses to the protection of the public. An annual Inspection Plan (base plan) is based on the last firm fee declarations data captured/updated, expected adjustment factors, past experience and capacity assumptions. As the IRBA performs risk-based inspections – meaning we have to respond to risks as they occur during the year, with the available capacity – the planning of inspections should remain flexible and might require the adjusting of the quarterly targets throughout the year when changes to planned inspections deviate substantially from the targets, as per the base plan.

The following changes are effective in the current APP:

- ***Programme 2***

As discussed under the Updated Situational Analysis section, the strategic targets have not been included, but the projects set out below will be included in support of the Programme 2 objectives.

- a) *Comprehensive Regulation*

- Prepare a report to the Minister of Finance and request his view and/or approval of the principle, as proposed by the ROSC.

- b) *Independence Plan*

- Research possible independent funding models from international regulators, IFIAR, SA regulators and other government structures.
- Proposed legislative amendments to further strengthen the independence of the Board and its committees by amending the constitution of the Board and the Disciplinary Committee.
- Monitor the early adoption of Mandatory Audit Firm Rotation (MAFR) and the implementation preparation for 2023.
 - i. Convene an advisory panel to identify implementation work streams around monitoring, penalties, cooling-off provisions and notification processes.
 - ii. Establish audit firm reporting requirements that will assist in monitoring the implementation of MAFR, such as audit firm transparency reports, additions to annual declaration forms, and amendments to FlowCentric to allow for the lifespan of client relationships to be captured and potential conflicts from non-audit work to be monitored and reported on.

- c) *Collaboration in Africa*

- Jointly setting an audit regulation development agenda to enhance independent regulation on the continent, as vice-chair of the African Forum of Independent Accounting and Audit Regulators (AFIAAR).
- Continue to accommodate study tours/secondments from other African

regulators, as requested, and encourage the participation of other regulators in IRBA committees.

d) *Transformation*

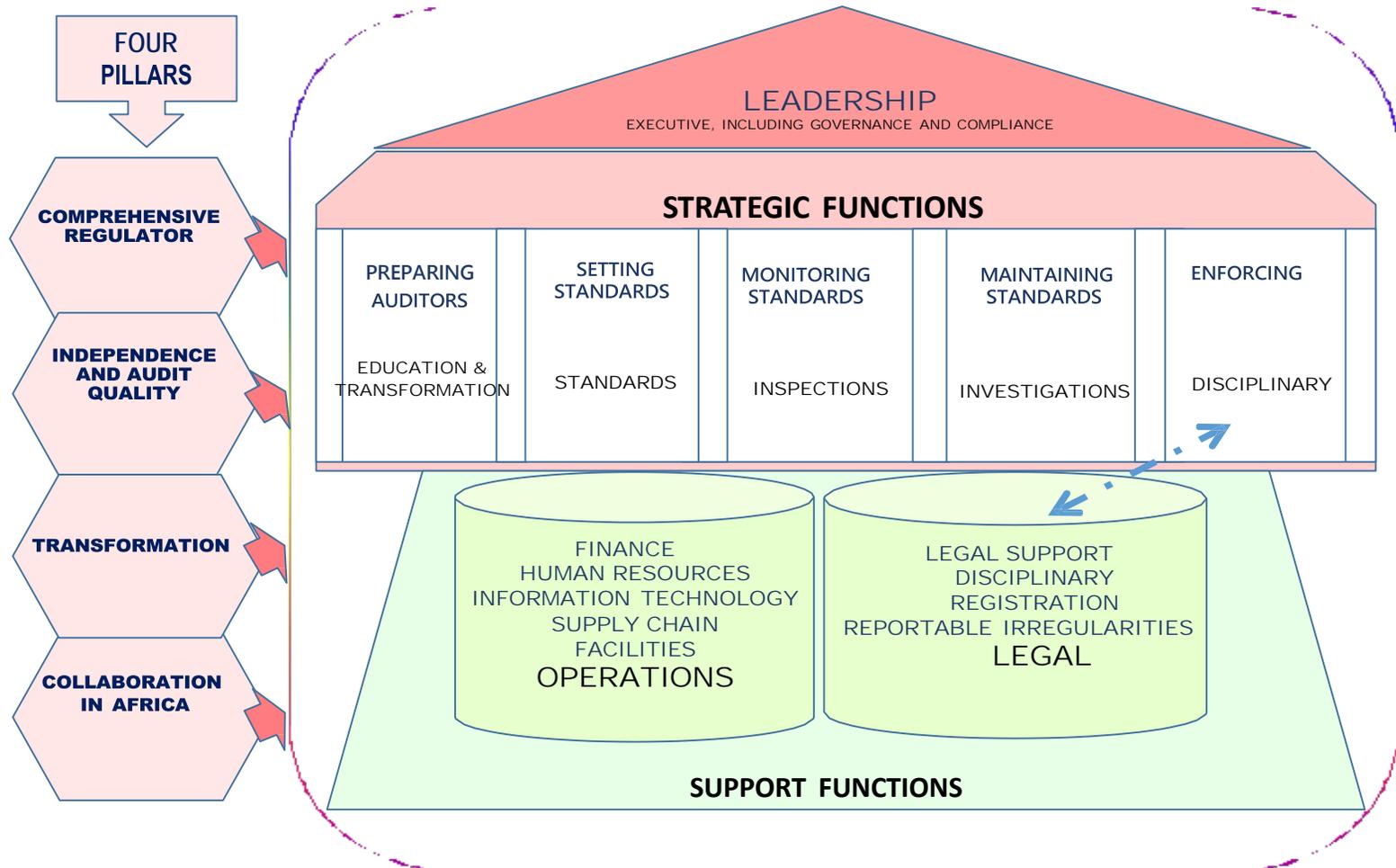
- Through targeted initiatives and workshops with members of the profession, influence transformation in the audit profession, including responding to the IRBA's independent survey results.
- Continue with initiatives aimed at branding, raising awareness and transforming the audit pipeline, including:
 - i. Projects that are aimed at raising awareness of the Audit Development Programme to ensure that **trainees are retained** in the audit profession;
 - ii. Projects that are aimed at **recruiting students** into the audit profession; and
 - iii. Projects that are aimed at **raising awareness** of the audit profession and encouraging **learners** to take pure mathematics at high school level.

The progress on these projects will be monitored by the Operations and Audit and Risk sub committees of the Board.

2. FUNCTIONAL STRUCTURE OF THE IRBA

The IRBA operates in the functional and structural environment detailed in the graphic below. There are five strategic functions and two supporting functions that are led by the Chief Executive Officer and the Board.

The four pillars of the IRBA will be influenced by the new vision and the anticipated adjusted mandate.



3. OVERVIEW OF THE 2019/2020 BUDGET AND MTEF ESTIMATES

3.1 Expenditure Estimates

	ACTUAL	ACTUAL	FORECAST	DRAFT BUDGET	DRAFT BUDGET	DRAFT BUDGET
ACCOUNT DESCRIPTION	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
GOVERNMENT GRANT	28 978 000	39 624 000	40 874 000	43 163 000	45 537 000	48 087 000
INCOME	69 746 007	74 229 965	80 450 335	107 201 139	112 538 685	119 206 765
DIRECT COSTS	6 526 244	9 275 688	22 957 648	26 045 268	27 553 874	29 262 214
STAFF EXPENDITURE	73 029 817	81 777 805	87 078 026	96 045 888	102 829 570	108 666 856
DEPARTMENTAL EXPENDITURE	10 297 721	9 952 573	13 898 082	19 142 770	20 115 911	21 249 204
CENTRAL EXPENDITURE	13 281 162	14 065 818	15 291 478	17 246 961	18 012 272	18 757 373
TOTAL EXPENDITURE	103 134 945	115 071 884	139 225 233	158 480 887	168 511 627	177 935 647
(SHORTFALL)	(4 410 938)	(1 217 919)	(17 900 898)	(8 116 748)	(10 435 942)	(10 641 882)
Transfer from Accumulated Reserves	4 410 938	1 217 919	17 900 898	-	-	-
Additional Allocation from NT required	-	-	-	8 116 748	10 435 942	10 641 882
SURPLUS/(SHORTFALL)	-	-	-	-	-	-

The forecast for 2018/2019 is a net deficit of R17,9 million against a budgeted deficit of R11,3 million. The approved accumulated reserves and an amount for R15 million requested via the AENE will be used to ensure a breakeven. It is required that The IRBA's Government Grant be increased with R8,2 million additional funding in the 2019/2020 financial year and then be maintained in the years to follow in order for the IRBA to deliver on its mandate and to breakeven over the MTEF.

The main reason for the budgeted deficit before transferring reserves and the request for additional funding from NT is due to the following:

- The strengthening of the IRBA Inspections and Investigations functions, as recommended by the ROSC that was adopted by the Minister of Finance.
- The current political and social environment where more is expected from the IRBA (see below); and the assistance needed in strengthening the role of auditors with regards to being more aware of corruption and providing reliable opinions that will instill the

necessary confidence to stimulate and grow the economy.

- In the past 12 months various auditing and accounting scandals have placed the auditing profession under public scrutiny and put enormous pressure on the IRBA to restore confidence in the profession, and this included holding errant auditors to account through robust investigations. As a result, the IRBA had to open numerous high-profile public interest entity investigations, over and above our normal caseload, and these have included investigations into audits linked to state capture.

The deficits and additional funding required going forward have been discussed with NT and the Accountant-General and may also be addressed through a new funding model, which is currently being researched.

4. STRATEGIC FOCUS AREAS

4.1 FOR THE PERIOD 2019/2020 TO 2021/2022

Based on the strategic analysis, a review of the past year's performance and the reviewed strategic intent, the Executive identified the focus areas detailed below as critical to the business.

The following assumptions inform the Strategic Focus Areas:

1. The strategic objectives exclude the impact that any other legislation may have on the IRBA.
2. Targets for the IRBA are prepared differently and measured differently from an entity that produces tangible outputs. Measurable outputs are therefore based on qualitative, and not only quantitative factors.
3. Targets are not necessarily increased annually, and those that are indicated reflect the IRBA's optimum performance.
4. The strategic focus areas for Programme 1 cover the five strategic functions/departments, and all the support functions are measured by obtaining a clean audit report, covering finance, compliance and performance objectives.
5. The targets for Strategic Focus Areas 1, 3 and 4 are also influenced by a variety of external factors, such as emerging risks and responses to the protection of the public. Therefore, although the targets appear static, they consist of different projects/inspections/investigations that are at different stages of progress at any point in time and are subject to external influences that are beyond the IRBA's control.

PROGRAMME 1

STRATEGIC FOCUS AREA 1: AUDITING AND ETHICS STANDARDS

STRATEGIC OBJECTIVE	Developing and maintaining auditing and ethics standards which are internationally comparable					
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets		
				2019/2020	2020/2021	2021/2022
Standards and Guidance issued. <i>(Refer to note 1)</i>	Issued auditing pronouncements, auditor reports and comment letters.	High-quality audits.	Target dates met for issuing audit pronouncements, audit reports and comment letters, as per the CFAS Project timetable, adjusted on a quarterly basis.	85%	85%	85%
To adopt and/or develop and issue additional guidance on ethical issues, based on the IRBA Code of Professional Conduct. <i>(Refer to note 1)</i>	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, as per the CFAE project timetable, adjusted on a quarterly basis ¹ .	85%	85%	85%

Note¹ *The CFAS and the CFAE deliver on projects according to Work Plans that are updated for progress and approved at each meeting of the committees. This is necessary as standard-setting projects necessarily extend over more than one reporting period, and it is therefore not always possible to complete particular projects within a specific period. Projects are also influenced by a variety of external factors, such as unexpected delays caused by stakeholders who are critical of the project and comments on exposure drafts, which could take considerable time to address. Therefore, although the targets appear static, they consist of different projects that are at different stages of progress at any point in time.*

STRATEGIC FOCUS AREA 2: EDUCATION

STRATEGIC OBJECTIVE	Providing an appropriate framework for the education and training of properly qualified auditors					
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets		
				2019/2020	2020/2021	2021/2022
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 percentage of monitoring visits completed in accordance with the monitoring plan approved by ADCOM on a quarterly basis.	90%	90%	90%
To monitor the programmes and institutional requirements of accredited professional bodies.	Monitoring reports.	To ensure compliance with the Accreditation Model.	Final monitoring reports to be submitted to the accredited professional body 10 working days after EDCOM's third quarterly meeting.	Submit within target date.	Submit within target date.	Submit within target date.

STRATEGIC FOCUS AREA 3: INSPECTIONS

STRATEGIC OBJECTIVE	Monitor registered auditors' compliance with professional standards					
Measurable Objective	Output	Outcomes	Measurable Indicator	Performance Targets		
				2019/2020	2020/2021	2021/2022
Inspections performed in accordance with the Inspection Plan.	Inspection reports.	Compliance of firms (including their individually registered auditors) with the auditing and ethics standards.	The percentage of inspections completed in accordance with the approved Inspections Plan. ² .	85% adherence to the Inspection Plan	85% adherence to the Inspection Plan	85% adherence to the Inspection Plan

Note² The annual target (base plan) is approved by INSCOM and is based on the average number of inspections expected to be performed considering the estimated capacity and average time inspections take to complete. The actual planning of inspections occurs on a quarterly basis whereby the department responds to risks as they occur during the year (risk-based approach). There are also other factors that may cause a deviation from the base plan such as, unexpected vacancies and cancellations of inspections caused by factors that are beyond the department's control.

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	Measurable Indicator	Performance Targets		
				2019/2020	2020/2021	2021/2022
Completed investigations.	Closed case files.	Public trust in the profession.	The percentage of investigations completed in accordance with the approved Investigations Plan ³ .	85% adherence to the Investigations Plan	85% adherence to the Investigations Plan	85% adherence to the Investigations Plan

Note³ **INVESCO approves the Investigations Plan that is updated for progress, available resources and public interest priority at the commencement of every quarter.** This is necessary as investigations may extend over more than one reporting period, and it is therefore not always possible to complete certain investigations within a specific period. Investigations are also influenced by a variety of external factors, such as emerging risks and responses to the protection of the public. Therefore, although the targets appear static, they consist of different investigations that are at different stages of progress at any point in time.

STRATEGIC FOCUS AREA 5: 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		
				2019/2020	2020/2021	2021/2022
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	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.	90%	90%	90%
Promote transformation through targeted employment policies.	Transformed workforce.	Transformation of management 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

4.2 QUARTERLY PERFORMANCE OBJECTIVES FOR 2019/2020

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	Measurable Indicator	Accumulative Performance Targets			
				Q1	Q2	Q3	Q4
Standards and Guidance issued.	Issued auditing pronouncements, auditor reports and comment letters.	High-quality audits.	Target dates for issuing audit pronouncements, audit reports and comment letters, as per the CFAS project timetable, adjusted on a quarterly basis.	85%	85%	85%	85%
To adopt and/or develop and issue additional guidance on ethical issues, based on the IRBA Code of Professional Conduct.	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, as per the CFAE project timetable, adjusted on a quarterly basis ¹ .	85%	85%	85%	85%

¹ The CFAS and the CFAE deliver on projects according to Work Plans that are updated for progress and approved at each meeting of the committees. This is necessary as standard-setting projects necessarily extend over more than one reporting period, and it is therefore not always possible to complete particular projects within a specific period. Projects are also influenced by a variety of external factors, such as unexpected delays caused by stakeholders who are critical of the project and comments on exposure drafts, which could take considerable time to address. Therefore, although the targets appear static, they consist of different projects that are at different stages of progress at any point in time.

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	Measurable Indicator	Accumulative 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 percentage of monitoring visits completed in accordance with the monitoring plan approved by ADCOM.	90%	90%	90%	90%
To monitor the programmes and institutional requirements of accredited professional bodies.	Monitoring reports.	To ensure compliance with the Accreditation Model.	Final monitoring reports to be submitted to the accredited professional body 10 working days after EDCOM's third quarterly meeting.	N/A	N/A	Submit within the target date.	N/A

STRATEGIC FOCUS AREA 3: INSPECTIONS

STRATEGIC OBJECTIVE	To monitor registered auditors' compliance with professional standards						
Measurable Objective	Output	Outcomes	Measurable Indicator	Accumulative Performance Targets			
				Q1	Q2	Q3	Q4
Inspections performed in accordance with the Inspection Plan.	Inspection reports.	Compliance of firms (including their individually registered auditors) with the auditing and ethical standards.	The percentage of inspections completed in accordance with the approved Inspections Plan. ² .	85% adherence to the Inspection Plan			

² The annual target (base plan) is approved by INSCOM and is based on the average number of inspections expected to be performed considering the estimated capacity and average time inspections take to complete. The actual planning of inspections occurs on a quarterly basis whereby the department responds to risks as they occur during the year (risk-based approach). There are also other factors that may cause a deviation from the base plan such as, unexpected vacancies and cancellations of inspections caused by factors that are beyond the department's control.

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	Measurable Indicator	Accumulative Performance Targets			
				Q1	Q2	Q3	Q4
Completed investigations.	Closed case files.	Public trust in the profession.	The percentage of investigations completed in accordance with the Investigations Plan ³	85% adherence to the Investigations Plan			

³ INVESCO approves the Investigations Plan that is updated for progress, available resources and public interest priority at the commencement of every quarter. This is necessary as investigations may extend over more than one reporting period, and it is therefore not always possible to complete certain investigations within a specific period. Investigations are also influenced by a variety of external factors, such as emerging risks and responses to the protection of the public. Therefore, although the targets appear static, they consist of different investigations that are at different stages of progress at any point in time.

STRATEGIC FOCUS AREA 5: 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	Accumulative Performance Targets			
				Q1	Q2	Q3	Q4
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	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 SMME payments effected within 30 days.	90%	90%	90%	90%
Promote transformation through targeted employment policies.	Transformed workforce.	Transformation of management 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.	15	15	15	16

5. Imminent or envisaged risks that may threaten the long-term sustainability of the IRBA

Objective	Risk Event	Possible Root Causes of the Risk
Strengthening the IRBA's organisational capability, capacity and performance.	Sustainability of the IRBA adversely affected.	<ul style="list-style-type: none"> - Inadequate financial resources to fulfil the IRBA's current or expanded mandate. - IRBA not in a position to compete with private sector salaries. - Loss of key staff - Inadequate number/scarcity of suitably qualified and experienced technical staff
The education, monitoring and investigation of RAs.	Loss of confidence in the profession.	<ul style="list-style-type: none"> - Complexity of the business environment (e.g. technology, regulation) in which auditors operate. - Reportable irregularities (RIs) not reported by auditors, through negligence or due to lack of independence. - Low economic growth may result in companies suffering losses and cutting costs such as audit fees. - Increased demands from legislation and other regulators putting additional pressure on RAs. - Environmental factors affecting audit quality and the pipeline - Auditors may take shortcuts due to external pressures and lower fees. - Confusion over the role of auditors and the difference between public sector audits and private sector audits may exist in the market. - Lack of transparency by auditors. - Lack of understanding of the role of auditors. - Social media and other influences. - Firms may not be compliant with ISQC 1 and corporate governance best practices. - The accredited professional programmes may not develop professional competence required for an RA.
	Loss of confidence in the IRBA.	<ul style="list-style-type: none"> - Insufficient market intelligence on RAs and companies. - Existence of real, perceived or potential conflicts of interest for the Board and statutory committees. - The impact of unprofessional conduct by RAs and firms. - Inadequate resources: staff and specific skills. - Risk-based inspections processes focused on risk areas - Lack of independence and the risk of over-reliance on one professional body for the maintenance of the RA pool.

Objective	Risk Event	Possible Root Causes of the Risk
		<ul style="list-style-type: none"> - Assessment tool to test the proficiency of auditors. - Misunderstanding of the role of the IRBA. - Political influence on processes. - Conservative approach to sharing information. - Perception that investigations take too long. - Sanctions are inappropriate or too low. - Failure of internal controls at the IRBA.
<p>Transformation</p> <p><i>(Note: Risk based on Programme 2 and identified by Parliament)</i></p>	<ul style="list-style-type: none"> - Profession not representative of the demographics of South Africa. - Inability of audit firms to produce large numbers of black RAs. 	<ul style="list-style-type: none"> - Insufficient attraction and retention of black RAs. - The IRBA does not have the legislative power to influence transformation at the audit firms.