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2022 2023

Annual Report

The Institute of Internal Auditors South Africa

INTRODUCTION

To lead the evolution of the Internal Audit profession, and that in its interest, and that of its stakeholders and society

CONTENTS

WHO THIS REPORT IS INTENDED FOR

This Annual Report was written for the members of the Institute, key stakeholders as well as any individual, group of people or entity that may be interested in the affairs of the Institute.

PRINCIPLES GUIDING THE PREPARATION OF THIS REPORT

The main ingredient in the preparation of this report is Integrated Thinking. The Report is a collective effort to provide a concise but insightful picture of the affairs of the Institute.

GROUP STRUCTURE AND REPORT BOUNDARIES

The group consist of The Institute of Internal Auditors South Africa and the Leadership Academy of the Guardians of Governance.

STATEMENT FROM THE INSTITUTE BOARD

The Board understands their oversight responsibility. In the light thereof the Board has applied their collective minds, in their areas of oversight, on the scope and information included in the Report. The Board is satisfied that all relevant information is included herein, and that the information presents a true reflection of the affairs.

This Report was approved by the board on 14 November 2023.

GLOSSARY

AQP	Assessment Quality Partner. Delegated responsibility under the QCTO
CPD	Continuous Professional Development
DQP	Development Quality Partner. Delegated responsibility under the QCTO
FASSET	Finance and Accounting Services Sector Education and Training Authority
IPFA	Institute of Public Finance and Auditing
KING IV	South African governance code created by the King Committee under the Institute of Directors SA
Manco	Management Committee
MOI	Memorandum of Incorporation
QAS	Quality Assurance Services
QCTO	Quality Council for Trades and Occupations
SAQA	South African Qualifications Authority
SDP	Skills Development Provider. Delegated responsibility under the QCTO

2022 - 2024
VISION & MISSION

VISION

Internal Audit – Guardians of Governance

MISSION

To lead the evolution of the profession in its interest, and that of its stakeholders and society

OUR VALUES

1 Integrity

2 Respect for the Individual

3 Service without Compromise

4 United in Collective Accountability

5 Innovation in Continual Evolution

OUR IDENTITY

THE INSTITUTE

Professional Body

KEY ISSUES IN REPORTING PERIOD
- Responding to the reality of the auditing profession being under scrutiny
- Increased expectations placed on professional bodies to act in the interest of the public

Assessment Quality Partner

KEY ISSUES IN REPORTING PERIOD
- New Occupational Qualifications approved by SAQA
- Development of material and assessments commencing

THE ACADEMY

Skills Development Provider

KEY MATTERS IN REPORTING PERIOD:
- Increase in demand for virtual CPD courses and Learnership Programmes
- Increased demand for face-to-face In-House Training
- Increase in Learnership Programmes overall

THE PROFESSION'S CURRENT REALITY

Expectations of internal auditors increasing, particularly with regard to being more strategically focused, being agile, being alert and connecting the dots while providing foresight over and above insight.

- Corporate Scandals
- State Capture
- Fraud and Corruption
- Increasing Compliance Requirements
- Increasing Volatility, Uncertainty, Complexity and Ambiguity
- The Robots are here Singularity

- Increased focus on the role of internal audit, as one of the pillars of governance, in preventing scandals.
- Increasing reports of internal auditors being undermined, threatened or intimidated to sweep findings under the carpet.

THE INSTITUTE'S CURRENT REALITY

- Having to build new final assessments for the new qualifications under the QCTO.
- Greater responsiveness required to stay abreast of the reality within which members are operating.
- Greater responsiveness required to stay abreast of expectations on internal audit.
- Under an increasingly watchful eye of the media and the greater society, the Institute is increasingly finding itself in a position where it is expected to demonstrate its ability to protect the interest of the public.

- Members' Realities Shifting
- Living in a Glass Bowl - Profession under greater Scrutiny
- Greater Expectation of Professional Bodies
- Increasing Compliance Requirements
- Borders are Flat. Cross-Border Competition Increasing
- New World of DQPs, AQPs and SDPs

The primary compliance areas for the Institute are:
All legislative, regulatory, code requirements in the context of:

- The entity being a registered non-profit company
- The Institute registered as a Professional Body
- The Institute being an AQP and DQP
- The Institute being in the ambit of FASSET
- The Institute being an affiliate of IIA Global (governed by the Master Relationship Agreement)
- King IV

MESSAGE FROM THE
CHAIR OF THE IIA SA BOARD

Tshepo Mofokeng

INSTITUTIONAL GOVERNANCE

The board continued to operate as a unitary structure and as a focal board of good governance for the institute. Key in the governance responsibilities of the board were to be guardian of governance and build public trust in the profession.

The institute had in place its Memorandum of Incorporation (MOI) and the By-Laws that together formed the governance framework that provided the guiding tools in aiding the board of directors in dealing with governance matters, facilitated the management of risk and encouraged effective decision-making. The board was assisted by a number of statutory and member value committees in the execution of its tasks.

GLOBAL RELATIONS

The Global Institute of Internal Auditors referred to as IIA Inc. in pursuance of Vision 2023 has in its sight building "One IIA" that enhances the integration of affiliates into regional bodies divided according to the different continents. This allows easier affiliate relations and fosters collaboration for growth. The IIA SA is therefore part of the African Federation of Institutes of Internal Auditors (AFIIA) which is a regional body for the African continent.

The primary objective of this African Federation of Institutes of Internal Auditors (AFIIA) is to unify the internal audit profession in the African continent and provide a vehicle for professional empowerment, skills development, and knowledge sharing. The IIA SA joined the network of affiliates in AFIIA to advocate for internal audit, enhance skills for the profession and knowledge in internal audit, and promote good governance within the continent. As part of the advocacy and education programmes, AFIIA hosts conferences in different member countries on an annual basis. The 2024 conference will be held in April in Arusha, Tanzania, and South Africa has its sights on hosting a future conference in Cape Town.

MEMBERSHIP ACTIVISM

Members are primary stakeholders for the growth, development, and sustainability of the profession. With the changes in the structure of the economy, the rapid advancement in technology, the increased mobility, and changes in membership dynamics, it has been evident that the choices and needs of the members have changed, this required a change in approach to engaging them by the institute. The institute continues to improve and innovate its processes, channels, and platforms to engage members to meet their needs. Members are also called upon to avail themselves to work towards the advancement of the profession's goals and objectives.

ADVOCACY

In advocating for the internal audit profession, the IIA SA has collaborating and working agreements with a number of professional bodies, firms, and regulators. Working with some of these stakeholders, there has been an increase in the awareness of the role, work, and stature of internal audit.

In enhancing the advocacy program, a number of employers and employer bodies will be engaged in partnerships and collaborative programmes. Further, the media presence of the activities of the Institute and professions will be improved.

GLOBAL INTERNAL AUDIT STANDARDS

The IIA 's International Internal Audit Standards Board (IIASB) is in the process of reviewing, revising, and restructuring internal audit standards that will henceforth be referred to as the Global Internal Audit Standards. The IIASB requested inputs from members, practitioners, and stakeholders worldwide so as to consider them as part of the standard-setting process. This will lead to global appeal and completeness of the revised standards.

The IIA SA led a board drive project within the country to create awareness about the new change that will be launched in 2024. To ensure a comprehensive and inclusive response, the IIA SA employed a three-pronged approach to obtain comments from our members and stakeholders. These processes aimed to gather diverse perspectives, engage stakeholders effectively, and promote collaboration within the internal audit community. These included workshops

MESSAGE FROM THE CHAIR OF THE IIA SA BOARD
(continued)

with members and practitioners, consultations with industry bodies, employers, associated professional bodies, and local standard-setting bodies, and surveys were conducted through the IIA SA media platforms. A comprehensive comment letter incorporating all the comments was sent to the IIASB indicating the areas that need improvement and included in the new standards.

EDUCATION

Education is key to the growth and sustainability of the profession in South Africa and in the world. The profession caters to all internal auditors from aspirant high school students to seasoned company and audit executives. In pursuance of a common, seamless, and collaborative education and empowerment for all the members, the program has been restricted in such a way that:

- Awareness sessions at school, career events, and in the media will target high school students to pursue their careers in internal audit.
- There is a project at the infancy stage to harmonize University education so that all the graduates with undergraduate honors degrees would possess similar competencies. Further, a chapter of student members has been enhanced with qualifying students being members of the institute at a discounted membership rate.
- Plans are afoot to roll out an institute-driven learnership program to match the graduates with employers. But also, to equip the graduates with the necessary professional skills after completion of the renowned AIT learnership program. A number of sector training authority, institutions, and employers will be collaborated with in the execution of this project.
- A continued effort will be made to assist internal auditors and audit managers to attain professional qualifications. But also attaining post-graduate degrees in internal audit will be encouraged to increase the body of knowledge for the profession.
- In collaboration with the global body, the executive leadership development program will be rolled out to assist the senior manager and audit executives in honing their skills in execute leadership, innovation, and leading strategy initiatives within their organisations.

CHAIRPERSON AWARD

The award is generally awarded to organizations, individuals and groups based on their contribution as Guardians of Governance Good governance is about the attainment of economic, social, and environmental goals for the betterment of society and its citizens. The award is generally awarded to individuals who inspire, are courageous, and promote ethical conduct. And bring hope to those that they touch.

The 2023 Chairperson award was presented to Ms. Shirley Machaba who is the CEO of PwC and Serves on the Board of the IIA Foundation. This was in recognition of her role in being an advocate and contributor to the profession. She is also a beacon of hope and carries the professional flag higher and higher across different regions of the world. Notably her courage and work has been demonstrated:

- In working with and inspiring rural women in different parts of the country.
- In teaching tertiary students at different universities about internal audit, risk management and good governance.
- In supporting young and seasoned internal audit and other professionals in finding solutions for the audit, business, and industry across the continent.
- In playing a pivotal role amongst senior audit executives and business leaders in Orlando mapping out the future on internal audit, risk management and corporate governance for the Global village.
- In working with primary and high schools to promote teaching and learning at, giving hope to kids to have bigger and brighter dreams.

LEADERSHIP CHANGES

In the year we bid farewell to the previous CEO, Julius Mojapelo who requested to be released from his term to explore some opportunities that landed on his lap. Post yearend Arlene-Lynn Volmink joined the institute in the role of CEO, and we wish her well in the role.

During the year Anusha Pillay, Ayanda Mdletshe, and Kumeran Pillay resigned from the board because of relocation and pursuance of new career and business opportunities. We would like to thank them for their service and acknowledge the service that they played on the board.

CONCLUSION

The last financial year has been challenging, exciting and gracious. The business of the institute has led me to different towns and cities within the country and on the continent. I would like to thank the members of the board, the regional governors, colleagues at AFIIA, the board, executives and staff of IIA Inc, our partners, the employers and sponsors, the CEO and the staff of the IIA SA, and the members of IIA SA.

MESSAGE FROM THE
IIA SA CEO

Arlene-Lynn Volmink

Dear members and stakeholders

I am pleased to present the annual report for the IIA SA Group, which includes the Institute of Internal Auditors South Africa and its subsidiary, the Leadership Academy for Guardians of Governance for the year ended 2022-2023.

Since my appointment in June 2023, I have spent time with our staff members, volunteers, business partners, directors, and members – to immerse myself in the structures and intimately acquaint myself with the landscape and operations of the IIA SA. I have drawn inspiration and energy from the people I have interacted with who are intensely passionate about the profession and the potential that we hold as an organisation of influence and catalyst for change.

We have many wonderful achievements to celebrate as we reflect on the year that has been, before my time in office, with some of the highlights set out below:

a) We continue to meet the South African Qualifications Authority requirements to retain our status as a Recognised Professional Body in South Africa with recognised professional designations. This enhances our positioning and stature in uplifting the Internal Audit profession in our country.

b) We published the IIA SA Corporate Governance Index Report, a proudly IIA SA product; and we are now busy with thematic reviews and position papers from the insights gained.

c) We hosted a successful Annual National Conference in Johannesburg during October/November 2022 with over 660 in-person attendees.

d) We prepared a very comprehensive response letter on the Global Internal Audit Standards Exposure Draft, which was published for comment by the International Internal Audit Standards Board. We employed a three-pronged approach to obtain comments from our members and stakeholders, which entailed one day workshops, stakeholder committee meeting engagements and a local survey. The feedback provided was comprehensive and inclusive of our members, relevant stakeholders, and other professional bodies.

I wish to acknowledge the efforts and resilience of the Manco team, comprising Dirk Strydom, Charles Nel, Maria Ttappous, Ulrich Maistry, Nyasha Matsa, Kholofelo Mbowane and Laverne Leibrandt for their contribution to the organisation's successful year.

PERFORMANCE

While we celebrate our accomplishments and progress in various areas, it is also important for us to candidly address the financial challenges we faced during this period.

In 2022-2023, the IIA SA encountered significant headwinds resulting in a reported loss. This loss, while regrettable, is a reflection of the changing operating environment, a contracted economy and weakened rand, which we navigated as well as internal factors.

The group results are impacted by the results of the Academy that has a reported loss of R1,700,341 vs. a loss of R679,576 in the prior year. As we look forward, the Academy is on a positive trajectory facilitated by the appointment of a dedicated CEO and refreshed strategy that will move the organisation forward. I welcome the Academy CEO, Shirlene Siddall, and look forward to continued collaboration in the years to come.
In prior years, the group result was assisted by a larger profit for the IIA SA as an entity. However, during 2022-2023 the IIA SA moved to a R87,207 profit from a R1,259,120 profit in the prior year.

Within the IIA SA, total revenue increased by 39% and gross profit increased by 25%. However, the increase in operating expenses of 33% had an adverse impact on our financial performance. This was largely attributable to an unplanned exchange rate loss for the year, increases in the operational cost of hosting interns and working from home, the cost of external assistance for services such as marketing to compensate for critical staff vacancies, increased travel post COVID-19 to in-person international and local conferences and events and increased software and other costs to host digital events in an innovative manner.

Notwithstanding the loss, the group does not present a going concern risk; and this is supported by a healthy reserve and an unqualified external audit opinion.

Within our mandate of stewardship to members and the profession, we are actively working on a financial recovery plan, and although we cannot provide guarantees, we believe that our resilience and the measures we are taking will position us for a more positive financial outlook in the future. We have initiated a series of measures to mitigate the financial loss and ensure the ongoing sustainability of our group. These actions include a return to the office in a hybrid working model, cost-containment measures, refreshed strategies for both entities, re-organisation efforts to ensure that we are structured for success and stronger operational and financial disciplines that will ultimately strengthen our service delivery and financial position over time.

OUTLOOK

Thinking differently and innovation lies at the heart of our strategy. We value the feedback and support of our stakeholders, including our IIA Global organisation, the African Federation of Internal Audit Affiliates (AFIIA), employees, members, business partners, and the organisations and communities where we operate. Throughout this challenging period, we have maintained open lines of communication and have taken concrete actions based on your input, most recently through the Membership Survey.

We are enhancing our business continuity and risk management practices to better anticipate and respond to future challenges. We are committed to a thorough understanding of our internal and external risks and to proactively managing them.

Our long-term vision and goals remain intact. The financial loss we have experienced is a temporary setback, and we remain dedicated to creating value for our stakeholders over time. At the IIA SA, our commitment to long-term organisational sustainability remains unwavering. We believe that long-term value creation is closely aligned with immediate actions in the form of responsible business practices. Despite the financial challenges, we have continued to invest in value-adding member initiatives such as our Siyakhula programme that offers free student membership; and is a starting block that we believe will increase the pipeline of future leaders to our profession.

I was attracted to the IIA SA for its core values focused on humanity at our core, excellence in what we do, integrity and respect, being insightful, proactive, and future focused, and ownership and collaboration. I believe those values, along with the IIA SA's diverse and exceptional talent, our assets, our maturing capabilities, our brand and reputation, all equip us well for the next phase of our journey.

APPRECIATION

I am thankful to God for blessing me with this opportunity to serve a profession I love and to make a meaningful impact. I am grateful to my family and friends for their never-ending support; and the many outstanding leaders and mentors who have helped to shape my career.

I would like to thank the staff members and volunteers of the IIA SA for their dedication, commitment and contribution which has been the pillar of continuity and success of the IIA SA in its rich near-60-year history.

I would like to thank Julius Mojapelo for the support and guidance he has shared freely with me during my handover period at the start of my tenure, and to the Chair and Past Chair of the board for their ongoing wisdom and advice.

Thank you to the IIA SA board for their support and confidence entrusted in me to lead the IIA SA forward. It is an honour to serve in this capacity and I look forward to the year ahead with great enthusiasm and positivity.

CONCLUSION

In conclusion, the IIA SA recognises the challenges we have faced in the past year. We are addressing them head-on, with a strong commitment to transparency and the well-being of our stakeholders. We invite you to engage with us as we courageously work together in unity toward a more prosperous future.

We need the support of our members to actively engage and work with us to deliver on the strategy. The recent Rugby World Cup victory of our national team exemplified the need to work together. Truly, great things can be achieved when we work together. #StrongerTogether

I sincerely thank you for your continued trust, support, and partnership in our journey.

May God bless you.

MESSAGE FROM THE
DEPUTY CHAIR OF THE ACADEMY

Tendai Ndemera

Firstly, I would like to say thank you to all key stakeholders for their continued support. The Leadership Academy for Guardians of Governance ("the Academy") owes its success to you. These stakeholders include the staff, management, the Academy Board of Directors ("the Academy Board"), the Institute of Internal Auditors of South Africa ("the IIA SA"), the IIA SA Board of Directors, members of the IIA SA and the Academy's clients.

As a result of her health, the Chairperson of the Academy Board, Ms. Nicolette Middleton, has kindly requested that I present this report. I hope to do her justice, and in so doing, will pen this report as her words as well given that she may share the same sentiments.

The Academy has been operating for over 5 years (with the entity registered 10 years ago), but at present, not many people know about it or what it does. This awareness of the Academy, why it exists, and its role and purpose in the Institute of Internal Auditors' ecosystem is vital. The Academy, as a wholly owned subsidiary of the IIA SA, strives to facilitate, educate, consult, and train professionals, and not only the members of the IIA SA, to become the best custodians and bastions of good governance. It has been a busy year for us at the Academy. I would like to introduce our new Chief Executive Officer, Mrs. Shirlene Siddall to the Academy as the first substantive of the Academy. Welcome Shirlene. We look forward to working with you as you work on the strategic efforts to lead the Academy and allow for its growth. I trust that you, the leadership team, and staff at the Academy will carry it to new heights on this journey. I would like to thank Julius Mojapelo, the past CEO of the IIA SA, for his diligent work as the Academy's Acting CEO, in addition to his duties as the IIA SA's CEO.

The Academy is arranged according to three units or service lines, which are:

a. Learnership programmes;
b. Continuing Professional Development (CPD) Training programmes; and
c. Quality Assurance Services (QAS).

We aim to continue making further progress in these key areas. In-person programmes continue to gain traction, which complements the virtual events which had become the norm. As we look forward, and in line with the broader group strategy refresh, adoption rates and pass rates for our services are aspects that we need to work on to ensure the sustainability of the Academy, by improving the content of our service offering and the individuals and partners providing those services. There is no denying that the economy has been challenging for both companies and individuals, and we will look at ways of providing a great outcome for our clients without increasing the burden on them.

Finally, I would like to remember the Late Brian Lucas Makoma Kgomo, a giant we will forever miss, who once served as the Academy Board Chair, and I must say I had the privilege of working with him on the Occupational Qualifications Committee. I took the time to read his chairman's report in the 2018 Annual Reports where he spoke about

a. the uptake of our services at the Academy, particularly in the Public Sector;
b. the support role played by the National Treasury for Internal Auditors in the Public sector;
c. the efforts of the Academy staff in maintaining the Professional Body status as well as maintaining the Assessment Quality Partner (AQP); and
d. efforts by the Academy in the expansion and support of neighbouring nations.

These same items still resonate today, including an uptake in the Private Sector, and I hope the Academy can stay true to its core purpose.

MESSAGE FROM THE

LEADERSHIP ACADEMY CEO

Shirlene Siddall

I joined the Leadership Academy for Guardians of Governance (Leadership Academy) on 1 February 2023, and it was a sharp learning curve, meeting the internal team, the trainers, other service providers, the IIA SA team, and other stakeholders, to fully understand the business.

Within four months, following a bottom-up approach, we had a new approved strategy with new strategic objectives including increasing revenue, improving operational efficiency, creating a high-performance team and collaborative culture, and enhancing quality across all product lines.

PERFORMANCE

The Leadership Academy demonstrated resilience in a rapidly changing environment despite significant socio-economic challenges and the ongoing effects of the COVID-19 lockdowns. As business was still constrained, the Leadership Academy presented a loss of approximately R1 700 341 compared to the prior year's loss of R679 576.

The main expenses driving the higher operational costs over the previous year, relate to the administration fees, building facilities costs, and software licensing.

An overview of the three product streams offered by the Leadership Academy follows.

Continuing Professional Development (CPD) Training

Overall, the CPD team contributed strongly to the revenue for the organization for the reporting period. The CPD team trained 1,650 delegates through the year and most of the delegates came from the public sector (64%), with the remainder from the private sector. Interestingly, 75,6% of the delegates who attended CPD short courses and training were members of the IIA SA.

CPD Courses

There were 95 confirmed courses, which is a 4,4% increase in the number of courses held from FY 21/22 to FY 22/23, which is indicative of a continuing recovery from the drop in training attendance due to the COVID-19 pandemic.

The preference among course attendees for online courses emphasizes the ongoing trend toward remote and digital learning, which was accelerated by the pandemic's onset.

In-house Training

Most prominently, for In-house training, there was also an increase in course attendance in FY 22/ 23, which again points to a recovery from the COVID-19 pandemic. However, in this instance, there was a 125% increase in face-to-face In-house training, indicating that organizations are reverting to their preference for direct, in-person training for their teams, mostly on-site at their own premises.

Learnerships

The Leadership Academy is accredited by the Quality Council for Trades and Occupations as the only Skills Development Partner and training provider for the following four occupational Qualifications:

- Occupational Certificate: Internal Auditor at NQF level 7 and a full qualification.
- Occupational Certificate: Internal Audit Manager at NQF level 8 and a full qualification.
- Occupational Certificate: Internal Auditor: ICT at NQF level 7 and a specialization qualification.
- Occupational Certificate: Internal Audit Manager: Quality Assurer at NQF level 8 and a specialization qualification.

As in the prior year, there were limited requests for face-to-face learnership programmes, and virtual programmes dominated, with only 30% of face-to-face training being requested.

Quality Assurance Services (QAS)

During the reporting period, the QAS team introduced additional services, as follows:

1. Readiness review
2. Setting up a Quality Assurance Improvement Programme (QAIP)
3. Internal assessment support
4. External independent validation of a self-assessment
5. Full external assessment
6. Follow-up review

MESSAGE FROM LEADERSHIP ACADEMY CEO (continued)

7. Maturity Assessment (added on to an external assessment).

Eighty percent of the revenue for QAS was derived from performing External Quality Assurance Reviews. As the Public Sector, our major clientele for QAS, experienced financial constraints, this in turn negatively impacted the QAS revenue. Other factors influencing the QAS revenue related to organizations delaying their assessments due to the anticipated change in the Global IIA Standards.

APPRECIATION

I wish to thank the team at the Leadership Academy and the shared services staff of the IIA SA for their continued loyalty, support, and contributions in the year under review.

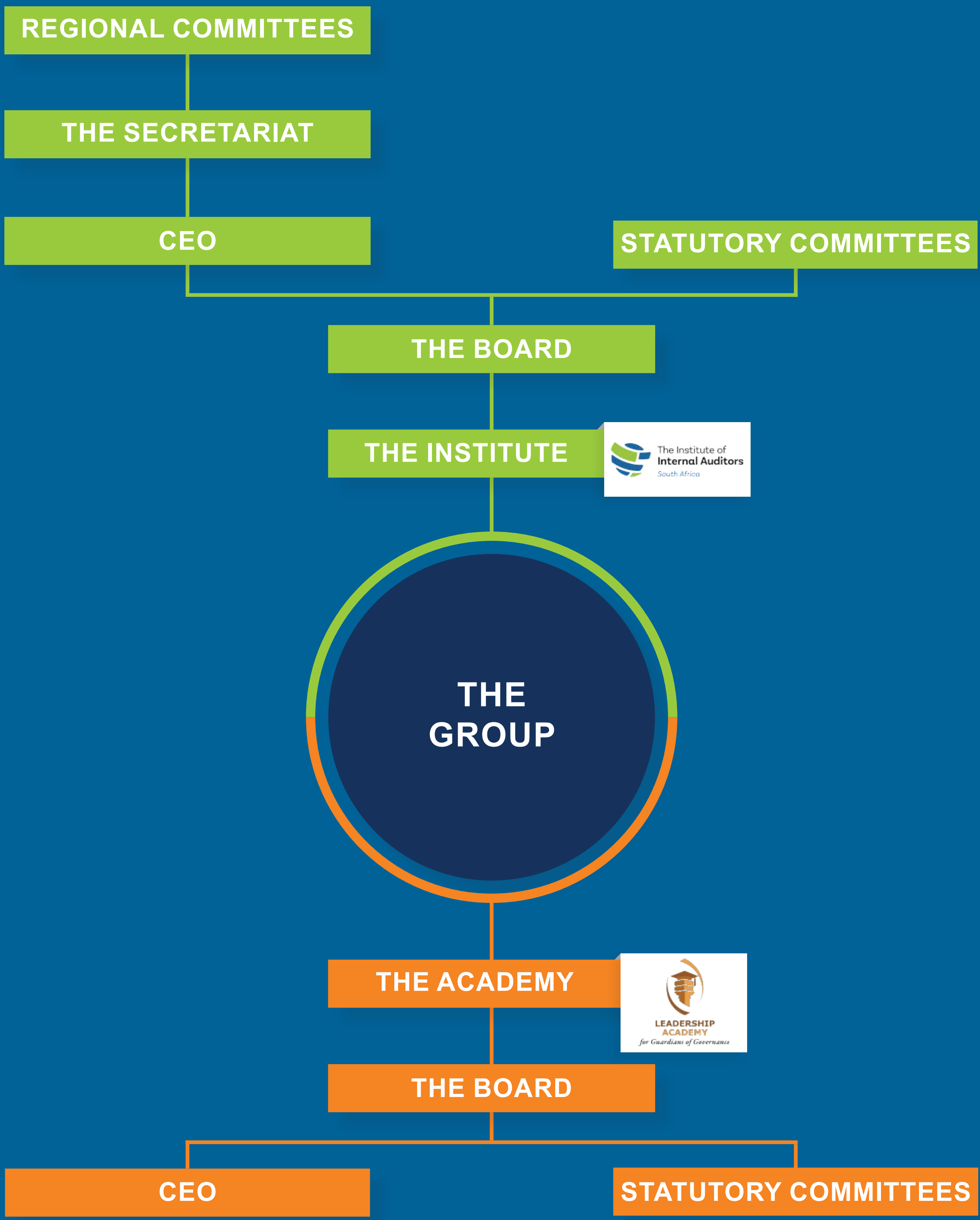
Also, I'd like to thank Julius Mojapelo for his role as the Acting CEO for most of the fiscal year, and his guidance as he handed over to me. I thank the Board Chair for her insightful input and ongoing support and welcome Arlene-Lynn Volmink, the IIA SA CEO, and I look forward to ongoing collaboration with her in the years to come.

Finally, I'd like to thank the Leadership Academy Board for their support and trust in me to take the helm and make a change at the Leadership Academy.

LOOKING AHEAD

With a dedicated CEO and refreshed strategy, the Leadership Academy is looking forward to implementing new ideas in the various product streams, along with cost containment efforts and a focus on efficiency within our operations, we are planning for a more prosperous future.

HOW WE ARE ORGANISED TO CREATE VALUE



OVERSIGHT

Content

BOARD OF DIRECTORS' REPORT

The Directors have pleasure in presenting their report for the year ended 31 May 2023.

Statement of Responsibility

The Board of the IIA SA is the highest level of authority at the IIA SA. It is elected by members, and as such represents their interests. The Board is responsible for, inter alia:

- ensuring that the financial statements have been prepared based on appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates;
- ensuring that adequate accounting records and an effective system of internal control are maintained;
- determining whether the going concern assumption is appropriate;
- the appointment of external auditors to express an opinion on the financial statements in accordance with International Standards on Auditing;
- the total process of risk management;
- the implementation of an ongoing process for purposes of ensuring the application of the principles in the King IV report, as far as it is appropriate for the IIA SA; and
- the review of the Annual Report.

To enable the Board to meet its responsibilities, Management maintains a system of internal control designed to provide reasonable assurance, in a cost-effective manner in order to ensure that the assets are safeguarded and that transactions are performed and recorded in accordance with IIA SA policies and procedures.

Governance Statement

During the year, Audit, Risk and Finance, Human Resources and Leadership, Nominations and Governance, Social and Ethics, Disciplinary and Investigations Committees met several times and various initiatives were completed.

The IIA SA is committed to promoting the highest standards of ethical conduct, and our Code of Ethics and Conduct recognises the ethical obligations of each member and the importance of the values of honesty, transparency, and fairness.

In keeping with the Directors' stated commitment of upholding the integrity and ethical image of the profession in South Africa, contraventions of the Code of Ethics and Conduct which were reported to the Investigations Committee were fairly investigated and the necessary actions taken where required.

Directors' Emoluments

Remuneration of the Executive Director amounted to R2 631 470.

While the CEO is a full-time employee of the Institute, the non-executive directors offer their services voluntarily, and do not receive remuneration of any kind.

Committees

The Institute has both Board and Advisory Committees, all of which report directly to the Board via a dedicated staff liaison who forms part of the Secretariat. All the Committees play a significant role in ensuring quality in the processes within the Institute that underpin the delivery of services and products.

Board Committees

The Board Committees that deal directly with governance within the Institute are the Audit, Risk and Finance Committee, the Nominations and Governance Committee, the Human Resources and Leadership Development Committee, the Social and Ethics Committee, the Disciplinary Committee, and the Investigations Committee.

NOMINATIONS & GOVERNANCE COMMITTEE REPORT

The IIA SA fully subscribes to the principles of sound corporate governance as per the King IV Code of corporate governance, and we take our responsibility as guardians of governance very seriously.

The Board has established the Nominations and Governance Committee to ensure adherence to the application of sound governance principles within the Group as well as overseeing the process of the appointment of directors to the Boards, nominations to international committees and the selection of award winners.

Key areas of focus and key decisions taken by the Nominations and Governance committee

- Appointment of new Board members
- Board evaluations
- IIA SA and Global Awards

Key Risks

- Lack of sufficient balance and diversity on the Boards
- Governance failures

Future areas of focus of the Nominations and Governance committee

- Review of the governance structures of the IIA Group to ensure that they are fit-for-purpose and aligned to leading practice
- Enhance diversity on the Boards, including bringing independent voices onto the Board
- Raise awareness and importance of IIA Excellence Awards
- Promoting representation of South Africa on IIA Global boards and committees
- Periodic review of the Memorandum of Incorporation and By-laws of the IIA SA

MEMBERS:

JAMES GOURRAH
Chair

HEMA CHETTY

LUSANDA NCOLIWE

TENDAI NDEMERA

KUMEREN PILLAY

SOCIAL & ETHICS COMMITTEE REPORT

Key Deliverables of the Year

a) Monitoring the company's activities, having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice, with regard to matters relating to
   i. Social and economic development;
   ii. Good corporate citizenship;
   iii. The environment, health, and public safety, including the impact of the company's activities and of its products or services;
   iv. Consumer relationships, including the company's advertising, public relations, and compliance with consumer protection laws; and
   v. Labour and employment.

b) Drawing matters within its mandate to the attention of the Board as occasion requires.

c) Reporting, through one of its members, to the Members at the organization's annual general meeting on the matters within its mandate.

d) Ensuring that the ethics of the Group is managed in a way that supports the establishment of an ethical culture.

Key Risks

a) Keeping up with the changes on the codes of best practice
b) Sufficient financial and human resources to exercise its functions
c) Broadness of the roles of the committee may affect its effectiveness
d) The Committee not understanding and delivering on its role and mandate
e) Aligning the committee members' diaries to attend meetings
f) Resignation of key members of the committee which might affect the flow of the workplan

Action Plan

a) Finalizing on the Committee work plan
b) Initiating the workplan
c) Finalizing on the Group Terms of Reference
d) Appointing members to the Committee for it to be fully constituted

Opportunities

a) Improved risk, compliance, and ethics management, and stronger stakeholder relations
b) Enhance the governance of the Group's social and ethics performance
c) Contributing to the Social and Economic development of the nation

AWARD WINNERS

Excellence in Internal Audit Leadership Award

Bongekile Sithole | CIA, CRMA

Excellence in Internal Audit Award (Public Sector)

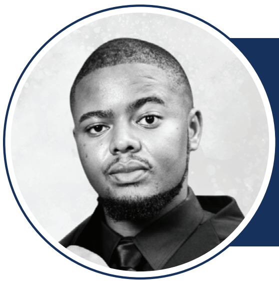
Jean-Pierre Rossouw | PIA, PCIA, CIA, CGAP

Excellence in Internal Audit Award (Private Sector)

Mphumzeni Lukhele | IAT, PIA, CIA, PIA

Internal Auditor of the Year Award

Jean-Pierre Rossouw | PIA, PCIA, CIA, CGAP



Young Internal Auditor of the Year Award

Rowan Haai

Regional Committee Excellence Award

BORDER KEI REGION

Chairman's Guardian of Governance Award

Shirley Machaba | CRMA, CCSA

Meet the People Who are Part of Our Governing Body

IIA SA BOARD OF DIRECTORS

TSHEPO MOFOKENG
CIA | CRMA
Chairperson

Tenure: 8 years 7 months

MAMADIMO MOGANO
CIA
Vice Chair

Tenure: 4 years 11 months

JAMES GOURRAH
CIA
Past Chair

Tenure: 7 years 6 months

ARLENE-LYNN VOLMINK
CIA | CISA | CDPSE | MBA
CEO

Tenure: N/A

BONGANI MBEWU
CIA
Director

Tenure: 1 year 10 months

ADV. AYANDA MDLETSHE
Director

Tenure: Resigned at 2 years

LUSANDA NCOLIWE
CIA | CISA
Director

Tenure: 2 years 11 months

Board committees' membership:

- HRLDC
- Public Sector Committee
- Social & Ethics Committee
- NOMCO
- Africa Affairs Task Team
- Technical Committee
- IC
- Policy Committee
- DC
- ExamCom
- ARFC
- EdCom
- Chair of the Committee

Glossary:
IC: Investigations Committee
DC: Disciplinary Committee

IIA SA BOARD OF DIRECTORS
(continued)

HANGALAKANI NKANYANE
CIA | CISA | MBL
Director

Tenure: 3 years 11 months

ANUSHA PILLAY
MBA | CIA | CCSA
Director

Tenure: Resigned at 7 months

KUMEREN PILLAY
CIA | QIAL | CRMA | CCSA | CISA
Director

Tenure: Resigned at 1 year 8 months

ALEC SAAYMAN
PCIA | CIA | PIA | CRMA | AGA(SA)
Director

Tenure: 1 year 10 months

THOKOZANI SIHLANGU
CIA | IAT | PIA
Director

Tenure: 2 years 11 months

NOMBINA TSHAKA-ZIBANE
CA(SA)
Director

Tenure: 10 months

Board committees' membership:

- HRLDC
- Public Sector Committee
- Social & Ethics Committee
- NOMCO
- Africa Affairs Task Team
- Technical Committee
- IC
- Policy Committee
- DC
- ExamCom
- ARFC
- EdCom
- Chair of the Committee

Glossary:
IC: Investigations Committee
DC: Disciplinary Committee

ACADEMY BOARD OF DIRECTORS

NICOLETTE MIDDLETON
Chair

Tenure: 4 years 11 months

TENDAI NDEMERA
Vice Chair

Tenure: 4 years 11 months

SHIRLENE SIDDALL
CEO

Tenure: 4 months

HEMA CHETTY
Director

Tenure: 2 years 2 months

XOLA LINGANI
Director

Tenure: 2 years 2 months

HERMANUS MULLER
Director

Tenure: 2 years 2 months

BEATRICE MAUD VAN WYK
Director

Tenure: 2 years 2 months

MACHAKA ZUNGU
Director

Tenure: 2 years

ARLENE-LYNN VOLMINK
Director

Tenure: N/A

Board committees' membership:

HRLDC   Social & Ethics Committee   NOMCO   QAF   ARFC   OQC

Chair of the Committee

STRATEGY

2022 2024

Content

2022 - 2024 STRATEGIC OBJECTIVE:

DELIVER SERVICES TO OUR MEMBERS

Key Focus Areas

- Elevate and formalise the role of regional committees and member forums as part of the value-creation team
- Establish or participate in member industry or constituency forums to obtain insights on industry issues
- Launch an online learning platform to provide members with on-demand CPD resources
- Launch a profession-wide social responsibility project to provide members with opportunities to give back through the profession
- Launch a profession wide mentoring programme
- Re-launch quarterly magazine

Key Performance Measures

- Member retention rate
- Membership growth
- Internal Audit leadership market share
- Member value perception index
- Member satisfaction rating for offerings

Oversight

- Education and Training Committee
- Exam Committee
- Disciplinary Committee
- Investigations Committee
- Technical Committee
- Public Sector Committee
- Policy Committee

Departments Responsible for Implementation

- Technical Department
- Policy Department
- Executive Leadership Network
- Events Department
- Professional Development Pathways
- Learnerships (Academy)

Assurance Provided By

- First and Second Lines of Assurance

2022 - 2024 STRATEGIC OBJECTIVE:

BE THE VOICE FOR THE INTERNAL AUDIT PROFESSION IN SOUTH AFRICA

(ADVOCACY, LOBBYING, AND INFLUENCE)

Key Focus Areas

- Develop social media advocacy messaging that educates stakeholders about the value, role, and key requirements of Internal Audit
- Launch Audit Committee Resource Centre to provide guidance on Internal Audit to enhance understanding of the role and value of the Internal Audit Function
- Partner with organisations servicing CFOs and CEOs to educate them about the value, role, and key requirements of Internal Audit
- Publish a position paper on the perspective of Internal Audit in Comprehensive Regulation.
- Advocate for legal adoption of Internal Audit Standards in Private Sector

Key Performance Measures

- Net media exposure value growth
- Brand awareness growth
- Member perception of advocacy, lobbying and influence activities

Oversight

- Policy Committee
- Technical Committee
- Public Sector Committee
- Disciplinary Committee
- Investigations Committee

Departments Responsible for Implementation

- Technical Department
- Policy Department
- Executive Leadership Network
- Events Department
- Professional Development Pathways
- Communication and Business Development

Assurance Provided By

- First and Second Lines of Assurance

2022 - 2024 STRATEGIC OBJECTIVE:

BE THE AUTHORITY FOR THE INTERNAL AUDIT PROFESSION AND PROTECT THE PUBLIC INTEREST

Key Focus Areas

- Review the bylaws to strengthen the investigation and disciplinary processes
- Develop a model for registering firms as members of the IIA SA
- Implement External Quality Assessment oversight model to enhance adoption and credibility of assessment results
- Advocate for full adoption of National Treasury's Circular 65 by all municipalities to ensure that conducting External Quality Assessment becomes compulsory for all municipalities
- Start the project to develop a common curriculum for Internal Audit qualifications

Key Performance Measures

- Member perception of IIA SA's efforts to demonstrate authority and protect public interest

Oversight

- Policy Committee
- Disciplinary Committee
- Investigations Committee
- Nominations Committee
- Social and Ethics Committee

Departments Responsible for Implementation

- Manco (All departments)
- Office of the CEO

Assurance Provided By

- First and Second Lines of Assurance

2022 - 2024 STRATEGIC OBJECTIVE:

ENSURE THE LONG-TERM SUSTAINABILITY OF THE INSTITUTE

Key Focus Areas

- Implement strategies to ensure membership fees cover staff and operating costs

Key Performance Measures

- Profitability
- Liquidity
- Cash Reserves to Target
- Solvency

Oversight

- Audit, Risk and Finance Committee

Departments Responsible for Implementation

- Manco (All departments)
- Office of the CEO
- Finance Department

Assurance Provided By

- First and Second Lines of Assurance

VALUE CREATION

HUMAN CAPITAL

As the activities of the IIA SA Group is mostly labour intensive, human capital is one of the most important inputs in the operating model. The IIA SA Group collective employs:

Total number of staff	Permanent	Temp	Males	Females	Volunteers
52	32	20	15	37	>75

SOCIAL AND RELATIONSHIP CAPITAL

Our stakeholders are divided into 5 major categories:

- Those who shape and have a profound impact on our context and future reality
- Those who may not shape our reality, but whose insights we need
- Those who are directly affected by the activities of the IIA SA Group and/or the profession
- Those who take an interest in the profession and may influence those who shape our context
- Those who are unaware of the importance of the profession, but are indirectly impacted upon by the profession's activities

NATURAL CAPITAL

- Water
- Food

MANUFACTURED CAPITAL

- Building
- Infrastructure
- Course material
- Packaging content

INTELLECTUAL CAPITAL

- Course material
- Guidance produced locally
- Guidance produced by the IIA global network

FINANCIAL CAPITAL

The major components which funded our operations in this financial year:

Reserves
R5,538,371

Investment Income
R932,752

Membership Fees
R21,306,037

Working Capital/Fees Collected for Services
R2,065,776

DESIRED OUTCOMES

HUMAN CAPITAL

Increased skills and competencies among staff, thus leading to a productive and efficient secretariat serving the internal audit profession in the country.

Growth in volunteerism – increase in the number of internal audit professionals that actively engage and contribute to the internal audit profession in the country.

SOCIAL AND RELATIONSHIP CAPITAL

- Strengthened partnerships.
- Better informed stakeholders.
- Professional Internal Auditors who are indispensable in their organisations.
- Internal auditors contributing to improved governance in the country and serving in the public interest.

NATURAL CAPITAL

Positively impact on the medium to long term environmental sustainability, through our organisational sustainability initiatives.

MANUFACTURED CAPITAL

Enhanced quality, using internal processes and third-party suppliers that supports our environmental sustainability initiatives.

INTELLECTUAL CAPITAL

Positively contribute to the ongoing development of thought leadership in the profession.

Elevating the impact of the profession.

FINANCIAL CAPITAL

- Improve financial position to enable the execution of the strategy and to ensure the long-term sustainability of the organisation.
- Membership growth that positively impact on the organisation's financial position.

PEOPLE

Content

IIA SA STAFF
AS OF END OCTOBER 2023

Arlene-Lynn Volmink
CIA | CISA | CDPSE | MBA

Dirk Strydom
CIA | PCIA | FIIASA

Charles Nel
CIA | CISA

Kholofelo Mbowane

Laverne Leibrandt

Maria Ttappous

Nyasha Matsa

Ulrich Maistry

Amanda Shabangu

Busi Chauke

Tina Wolmarans

Desmond Musimwa

Dintekane Mofokeng

Dorah Mooketsi

Esavani Naidoo

Ivy Liremi

Jabhile Liwonde

Jabulani Malindi

Jonathan Snyman

Kabelo Khoza

IIA SA STAFF (continued)

AS OF END OCTOBER 2023

Khayakazi Simane

Lee Mahlagare

Lehlogonolo Mmowa

Lerato Poopedi

Letty Koti

Lizzie Nkuna

Mathapelo Mogashoa

Mbalentle Nonjola

Michelle Celliers

Moleboheng Makhate

Motlatsi Lesiea

Nontokozo Sibiya

Patiswa Kruger

Phumzile Ngwenya

Pilot Sihlangu

Puseletso Matloa

Sibusiso Dhladla

Stephanie Erasmus

Suzette Rudman

Tahlego Malepe

The Institute of Internal Auditors South Africa

IIA SA STAFF (continued)
AS OF END OCTOBER 2023


Takalani Manyoni


Thabang Magoai


Thabiso Moitoi


Thameshan Moodley


Thandazo Twala


Thembisile Skhosana


Thendo Mufamadi


Tshepang Musi


Vasantha Rangasamy


Xolisile Ndala


Brenda Molefe


Jonanda Olivier


Taahirah Ganie

ACADEMY STAFF


Shirlene Siddall


Joanne Naidoo


Lemmy Kave


Unathi Mnyimba


Betty Abebrese


Boitumelo Mehlomakhulu


Flora Ngema


Kamogelo Legodi


Karabo Maoko


Neo Mashike


Reneiloe Letsoalo


Setsoali Ngema


Sharene Smit


Thozama Mgele


Thuli Makhene

REGIONAL COMMITTEE MEMBERS

BORDER KEI REGION

Governor: Luyolo Swana
Deputy: Aluwani Ramashau

Committee:
Abongile Pika
Akhona Ngcauzele
Bulelwa Oliphant
Glory Kolodi
Namhla Cekiso
Ndabezitha Makupula
Nkululeko Tyelela
Nomthandazo Zwakala
Piercy Mafu
Samkelisiwe Daniso

CENTRAL REGION

Governor: Vusi Skibane
Deputy: Pierre Van Der Ness

Committee:
Brian Jullies
Gauta Ntsala
Itumeleng Mofubelu
Kareli Mokuoane
Kelebogile Sharon Nkwadipo
Lebohang Mbele
Mamonnye Dorothy Kgware
Mankoko Salemane
Mitchell Ntando Moyo
Nthabiseng Qoopane
Poitshego Mateisi

JOHANNESBURG

Governor: Bedeshani Magwaca
Deputy: Refilwe Mogorosi

Committee:
Karabo Mokgobu
Katlego Masemola
Lesley Raju
Mpho Maapola
Paul Thulare
Thandolwethu Solani
Vuyiswa Mbongwe

KWA-ZULU NATAL

Governor: Hazel Xulu
Deputy: Linda Sanders

Committee:
Gcinokuhle Khanyile
Keith Salimane
Londiwe Xaba
Nhlanzeko Mbatha
Nicole Kanny
Sibongile Mdletshe
Suzanne Naidoo
Thahir Fakir

LIMPOPO

Governor: Lucia Rapetsoa
Deputy: Timothy Mokobodi

Committee:
Benedict Makgoale
Jaco Voigt
Kegaugetswe Aretha Mabitsela
Mahlatse Fallon Shokane
Mukondi Kharidzha
Sekgweng Maapea
Tshifhiwa Masevhe

MPUMALANGA

Governor: Mampshe Portia Chuene
Deputy: Lesiba Dolo

Committee:
Nkgadi Onicca Gwangwa-Bezuidenhout
Dichikane Rachel Mashego
Tshimangadzo Constance Mandiwana
Edgar Mosa Maditse
Mxolisi Mtshali
Nontobeko Mkhiva

NORTH WEST

Governor: Tsepo Lubisi
Deputy: Keitumetse Modiba

Committee:
Karen Abena Aboagye-Debrah
Rosinah Mosiane
Tebogo Ian Mohale
Tumisang Mpangane

NORTHERN CAPE

Governor: Noxolo Molepo
Deputy: Tumelo Leitlhonyane

Committee:
Boemo Mothibedi
Bontle Matsheka
Nthabiseng Matlhoko
Olwetu Mangcotywa
Palesa B. Dickdick
Thembisa Chrisencia Mgca
Thipane Kgomo
Tshepiso Makhorole

PORT ELIZABETH

Governor: Sonwabile Landzela
Deputy: Nenekazi Gana

Committee:
Camagu Tyani
Lynn Schoeman
Qaqamba Siyavuya Bantubani
Siyabonga Pono

PRETORIA

Governor: Poelano Kheleli
Deputy: Kholofelo Chauke

Committee:
Bokang Modise
Bonginkosi Zimase
Dorah Moseme Matlala
Kahlolo Mojela
Lindelwa Mpindwana
Manti Flora Sape
Morongwa Marry-Jane Munzhedzi
Ntsandeni Talifhani Nehemiah Rabambi
Prishani Nundkisun
Ronald Zembe
Tshifhiwa Thavhanyedza

WESTERN CAPE

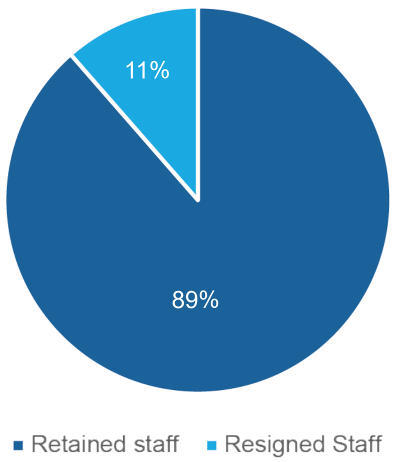
Governor: Veleska De Pontes-Gerber
Deputy: Jean-Pierre Rossouw

Committee:
Gabiba Enos
Hlonipha Kwatsha
Lazola Matshanda
Masilakhe Jan
Shellmie Hendricks
Thara Kurukkal
Zukisa Fanteni

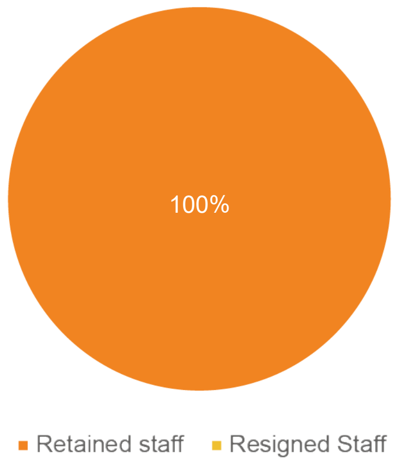
IIA SA AND ACADEMY STAFF STATISTICS

STAFF TURNOVER

IIA SA



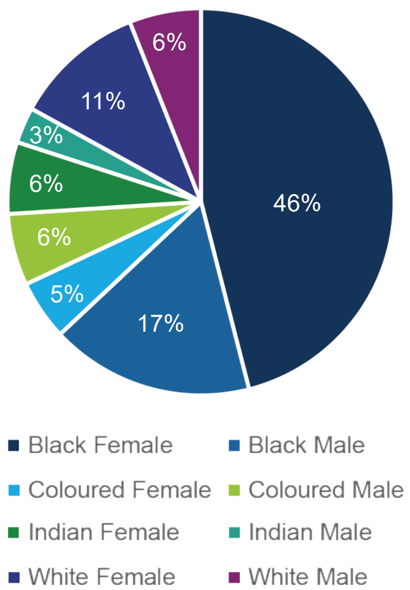
ACADEMY



**Grey = 0%*

RACE & GENDER BREAKDOWN

IIA SA



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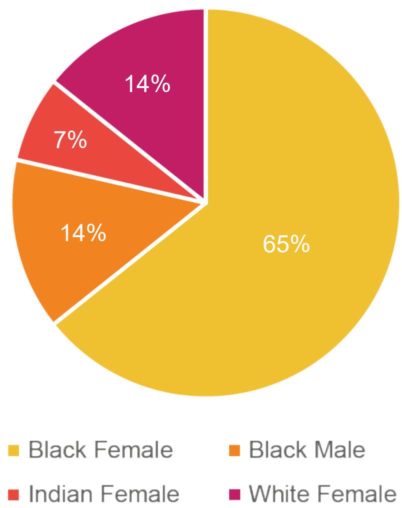
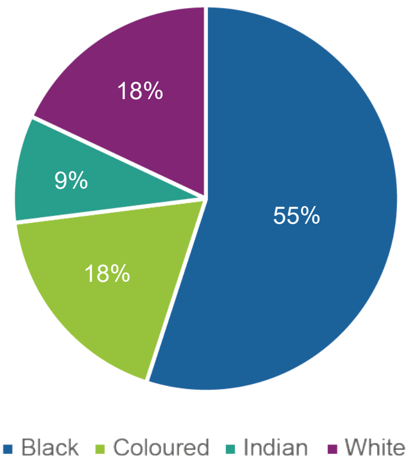


IIA SA AND ACADEMY STAFF STATISTICS (continued)

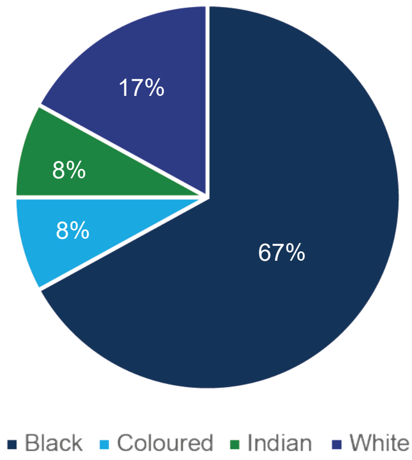
MALE RACE BREAKDOWN

IIA SA



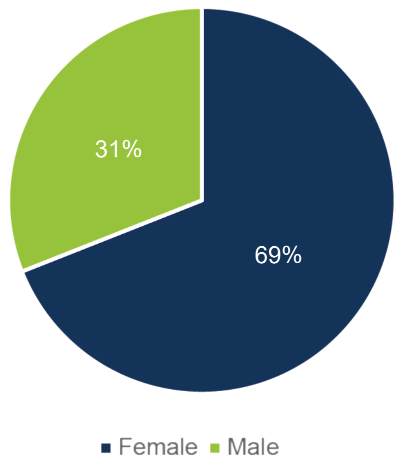
FEMALE RACE BREAKDOWN

IIA SA

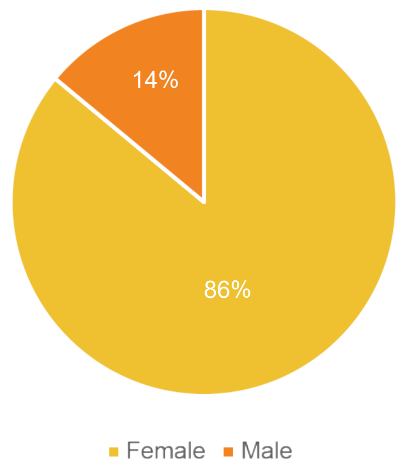


GENDER BREAKDOWN

IIA SA

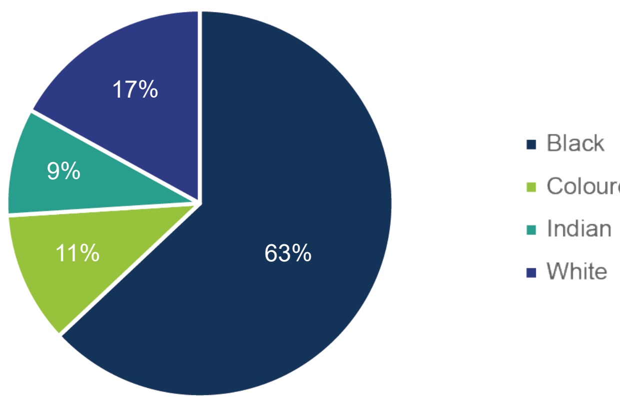


ACADEMY



RACE COMPARISSON

IIA SA



REMUNERATION REPORT

The Human Resources & Leadership Development committee is responsible for presenting recommendations to the Institute and Leadership Academy for the Guardians of Governance Boards concerning several critical aspects, which encompass staff salary increase percentage ranges, staff bonuses, benchmarking outcomes, as well as the remuneration of the CEO, including adjustments to their salary.

It should be noted that the IIA SA Group does not provide remuneration to non-executive Board members, including the chairperson. The sole directors who receive compensation are the CEOs, and comprehensive details regarding their compensation can be found in the section addressing director's emoluments within the Financial Statements.

Furthermore, it's worth emphasising that none of the individuals serving on the IIA SA Group Committees receive remuneration from the Group entities. To ensure alignment with prevailing market standards, the Institute undertakes periodic salary benchmarking exercises.

Remuneration Policy:

The IIA SA Group is committed to creating a workplace that attracts, motivates, and retains competent, talented, and forward-thinking individuals. To achieve this, the IIA SA Group has developed a set of remuneration principles and philosophy that provide clear and transparent guidelines for developing market-related and modern remuneration practices.

The IIA SA Group's remuneration principles and philosophy are based on the following key values:

- Fairness: Remuneration is fair and equitable, considering all relevant factors, such as individual performance, experience, and market trends.
- Transparency: Remuneration policies and practices are transparent and communicated to all employees in a clear and concise manner.
- Performance-based: Remuneration is linked to performance, incentivising employees to achieve their individual and team goals.
- Competitiveness: Remuneration is competitive with the market to ensure that the IIA SA Group entities can attract and retain top talent.

1. PRINCIPLES

a. The IIA SA Group aspires to:

- pay market-related salaries; and
- offer competitive pay for high performance, considering the job duties and its contribution to the IIA Group entities.

b. The five elements to staff remuneration are:

- base (guaranteed) pay (basic salary);
- 13th Cheque (guaranteed), unless the employee opts to have his/her annual salary paid over 12 months;
- indirect remuneration (benefits such as medical aid); and
- employee and employer deductions required by law (e.g., PAYE, UIF etc.).

c. Remuneration should always be sustainable and affordable, based on operational cash flow. Remuneration costs should align with budgeted expenses, linked to CPI inflation and market trends.

d. Remuneration must align with the strategies of the IIA SA Group entities and consider the alignment of employee and stakeholder interests.

e. Annual increases will be performance-based and linked to success in delivering on strategic, company and individual performance goals (as outlined in the Performance Management policy).

f. Short-term incentives are designed to encourage specific behaviours and achieve desired outcomes.

2. GUIDELINES

Base Pay

a. Base pay should:

- reflect the market median levels in relation to the size of the organisation; and
- Consider the job duties, its contribution to the organization, and the relative scarcity of skills required for the position.

b. Remuneration will be benchmarked against relevant employee, market, and position data, ensuring that it is reliable and relevant.

c. Employees appointed to positions that require them to develop new skills and experience may be compensated below the market median level. These employees will be expected to demonstrate competence and perform at the desired level before their compensation is adjusted to the median level.

d. Wherever possible and reasonable, the will provide training to help employees meet performance expectations (as outlined in the Performance Management policy).

Indirect remuneration

a. The IIA SA Group will contribute to a medical aid plan for the benefit of employees. These contributions, along with base pay, will constitute the total cost to company of staff employment remuneration.

b. The IIA SA Group will contribute 100% of the cost of medical aid coverage for employees. Employees who choose to add beneficiaries will be responsible for 100% of the cost of coverage for those beneficiaries.

Annual increases

a. Annual increases will be based on annual performance reviews as outlined in the Performance Management policy.

b. The Board will determine the range of increases based on CPI inflation and the recommendations of the Human Resources and Leadership Development Committee.

c. The salary increase range must be communicated to staff as soon as the Board has issued its final decision.

d. Annual increases will be awarded in January each year.

e. The Human Resources and Leadership Development Committee will determine and recommend the CEO's performance rating and annual salary increase for the Board's approval.

Increased responsibilities

a. Should an employee be promoted to a higher-level position, his or her salary will be adjusted accordingly.

b. If an employee is asked to take on additional or new responsibilities, the line manager must ensure that the employee's job description and performance agreement are updated accordingly.

c. If an employee is expected to take on significant additional responsibilities that expand the scope of their current job, due consideration will be given to a commensurate salary increase. The decision of whether or not to grant a salary increase is at the sole discretion of the CEO.

Overtime

a. Overtime worked will be regulated as provided for in the Basic Conditions of Employment Act (BCEA) as amended from time to time.

b. Employees earning below the annual earnings threshold set by the Department of Labour are entitled to time off in lieu of overtime worked.

c. An employee who becomes ineligible for time off in lieu of overtime under the BCEA due to an increase in remuneration will still be required to work overtime as needed. Any time off granted in lieu of overtime worked after the employee becomes ineligible is at the Institute's discretion.

Allowances

a. The IIA SA Group entities may offer certain allowances as part of an employee's total cost of employment package, depending on the employee's position and job requirements.

Board Directors

a. Except for the CEO, all Directors of the Board shall be non-executive directors.

b. Except for the CEO, Directors of the Board shall not receive any remuneration outside of reimbursement for out-of-pocket expenses.

HUMAN RESOURCES & LEADERSHIP DEVELOPMENT COMMITTEE

Our People are our greatest asset. To maintain strong human capital for the Group, we are mindful to invest in our people's development and growth, motivation and wellbeing. That is the primary purpose of the Human Resources and Leadership Development Committee whose responsibilities include overseeing the following:

- Human resources policies that support our people objectives;
- Organisational structures and job descriptions to support delivery on the Group's strategic goals;
- Processes and structures to attract, motivate, reward and retain human capital;
- Salaries and employee benefits that ensure fair and equitable reward and recognition.

Key Areas of Focus and Key Decisions Taken by the HR Committee

- Recruitment and appointment of new CEO's for both the Institute and Academy
- Overseeing the smooth transition between the outgoing and incoming CEOs of the Institute
- Performance bonuses and salary increases

Key Risks

- Retention of talent
- Not enough people to execute the group's strategy
- Impact of change on the wellbeing of employees

Future Areas of Focus of the HR Committee

- Ensuring value creation, performance and reward are linked
- Talent management and succession planning
- Salary benchmarking
- Organisational design to deliver on the Group's strategic goals and objectives
- Performance development and management

MEMBERS:

JAMES GOURRAH
Chair

NICOLETTE MIDDLETON

TSHEPO MOFOKENG

THOKOZANI SIHLANGU

BALANCING THE PUBLIC & MEMBER NEEDS

Meeting public interest needs:

- Holding members accountable against their code of ethics
- Supporting conformance by the profession to the International Standards for the Professional Practice of Internal Auditing
- Members in good standing are kept up to date and upskilled on emerging topics (i.e. Cybersecurity, Sustainability, etc.) through continuous professional development

Meeting member needs:

- Technical support
- Guidance
- Continuing professional development opportunities
- Networking opportunities
- Advocacy

MEMBERSHIP OVERVIEW

Key Responsibilities

- Member relations and support
- Membership growth and retention
- Membership system administration

Key Achievements

- **17%** reinstatements and reapplications
- **82.8%** retention rate
- **95.3%** of applications converted to members

Key Challenges

- Membership fees remain below par and do not sufficiently cover member cost of sales and overheads to deliver effective service to member

Future Outlook

- We strive to better our processes and service to ensure that we retain our existing members and regain lapsed members

MEMBER PROFILES & DEMOGRAPHICS

Gender

55% 45%

Members with Designation

2,291 members have a designation; with a breakdown as follows:

51% CIA
9% CRMA
1% PCIA
7% PIA
33% IAT

Sectoral Breakdown

49% Public Sector

44% Private Sector

7% Unspecified

Population Groups

72% African
57% 43%

<1% Asian
90% 10%

5% Coloured
52% 48%

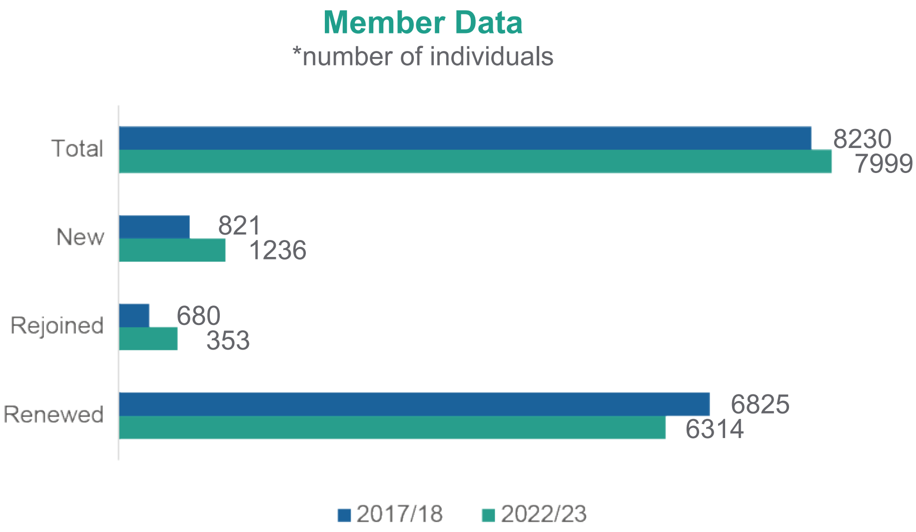
8% Indian
45% 55%

42% Other
50% 50%

13% White
48% 52%

2% of members at Chief Audit Executive/Internal Audit Head of Department level

MEMBERSHIP



CHALLENGES

- Socio-economic risks and challenges negatively affecting our members.
- Membership apathy.
- Understanding of internal audit's responsibility in relation to the public interest.
- Perceptions around competence of internal auditors and their ability to meet expectations.
- Lack of common understanding of the roles and responsibilities of internal auditors.
- Lack of common understanding of what is meant by a professional internal auditor.
- Expectation gap between where internal auditors are present and where stakeholders expect them to be.

ENSURING COMPETENCE:
PROFESSIONAL DEVELOPMENT

OBJECTIVE:
To produce high performing Internal Auditors

HUMAN CAPITAL	FINANCIAL CAPITAL	INTELLECTUAL CAPITAL	MANUFACTURED CAPITAL	NATURAL CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL
- Increased • Number of members in learnerships • Number of members completed learnerships successfully • Number of members attending courses • Number of members attending conferences • Number of members attending CPD related events • Number of IIA SA and Academy staff members who have gained more experience	**- Increased** • Net contribution from learnerships • Net contribution from courses • Net contribution from conferences, national and regional • Net contribution from CPD related regional events • Net contribution from QITN's	**- Increased** • New content development			**- Increased** • Contribution to an ethical society

OUTPUT

IMPACT ON SOCIETY

Highly proficient internal auditors confer a competitive edge, positively influencing productivity and governance in South Africa. Notably, there exists a pronounced disparity in the skill levels of internal auditors between the private and public sectors. However, it is evident that the public sector is actively investing in upskilling its internal auditors, as demonstrated by a significant adoption of learnerships and occupational qualifications. A noteworthy development in the upskilling of internal auditors in the public sector, is the development of the Professionalisation Framework by the National School of Government, which addresses the need to professionalise internal audit in the public sector. The IIA SA has started to make active contributions to the National School of Government in this regard and represented the profession at the respective stakeholder engagement meetings and platforms.

PROFESSIONAL DEVELOPMENT

CPD	2022/23	2017/18
Number of attendees at national conferences	1 544	1507
Number of attendees at regional conferences	366	991
Number of attendees at CPD related events	6 373	6317
Number of certification study material books sold	938	1319

DIAGNOSTICS	2022/23	2017/18
Individuals who have completed the CIA program in the financial year.	93	
Individuals who have applied and were approved into the CIA program	427	
Active Certified Internal Auditors	1165	1199
Certified Risk Management Assurance	203	
Principal Certified Internal Auditor	12	
Professional Internal Auditor (Total)	428 (166 active)	575 (262 active)
Internal Audit Technician (Total)	1786 (745 active)	1857 (768 active)

CANDIDATES IN THE PROGRAM	2022/23	2017/18
Certified Internal Auditors	335	1010
Professional Internal Auditor & RPL route	218	68
Internal Audit Technician	139	417
Internal Audit Technician RPL route	106	94

KEY DELIVERABLE:
GUIDANCE

OBJECTIVE:
Internal Auditors and their stakeholders well informed

HUMAN CAPITAL	FINANCIAL CAPITAL	INTELLECTUAL CAPITAL	MANUFACTURED CAPITAL	NATURAL CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL
- Increased • Number of IIA SA and Academy staff members who have gained more experience		**- Increased** • Number of papers produced • Number of articles published			**- Increased** • Contribution to an ethical society

OUTPUT

IMPACT ON SOCIETY

Increased thought leadership in the governance sphere contribute to better governance. Our approach to providing guidance is twofold. On the one hand we focus on providing guidance to our members in an environment that is becoming more and more complex. The better equipped they are, the better they can serve their organisations with the public interest in mind. On the other hand, we also provide guidance to the stakeholders of internal audit. The aim is to create a better understanding of internal audit's role and mandate, but also to increase awareness around key governance principles. Society at large benefits in the long run when leaders understand and adhere to sound governance principles. Well governed organisations have a positive impact on the socio-economic landscape. Improved standards.

GUIDANCE & RELATED PRODUCTS

Number of CIA and CRMA study material sold	938 **See note 1 below for detailed breakdown*
Number of technical queries received	46 via the website, excluding telephone queries
Number of articles produced	23
Key projects undertaken	1 **See note 2 below*

NOTE 1

STUDY MATERIAL	NUMBER OF UNITS SOLD
CIA Gleim Review 2023 Part 1 Online	342
CIA Gleim Review 2022 Part 2 Online	193
CIA Gleim Review 2022 Part 3 Online	163
The IIA CIA Learning System Version 7.0 Online Only part 1	84
The IIA CIA Learning System Version 7.0 Online Only part 2	56
The IIA CIA Learning System Version 7.0 Online Only part 3	39
CRMA Exam Study Guide and Practice Questions, 2nd Edition- eBook	61
Total	**938**

NOTE 2

The technical department undertook a major standard review and input project during the year. This was based on the proposed Global Internal Audit Standards that was published by the IIA Global's International Internal Audit Standards Board, as an exposure draft for public comment.

To ensure a comprehensive and inclusive response, the IIASA employed a three-pronged approach to obtain comments from our members and stakeholders. These processes aimed to gather diverse perspectives, engage stakeholders effectively, and promote collaboration within the internal audit community. The three-pronged approach involved: One-Day Workshops and Presentations; Stakeholder Committee Meetings; and a Local Survey. To view the comment letter, follow the link or scan the QR Code provided:

https://www.iiasa.org.za/resource/resmgr/IIASA_Global_Internal_Audit_.pdf

KEY DELIVERABLE:

CREATION OF A PROFESSIONAL COMMUNITY

OBJECTIVE:
A professional community of internal auditors with shared ethical values, conforming to professional standards, who add value to the organisations within which they serve.

HUMAN CAPITAL	FINANCIAL CAPITAL	INTELLECTUAL CAPITAL	MANUFACTURED CAPITAL	NATURAL CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL
- Increased • Number of members who attended networking events nationally and regionally • Number of IIA SA and Academy staff members who have gained more experience	**- Increased** • Net contribution from networking events	**- Increased** • Net knowledge increase			**- Increased** • Increased effectiveness in dealing with ethical behaviour

OUTPUT

IMPACT ON SOCIETY

Internal auditors should harness the collective wisdom within their profession to drive continuous improvement. They achieve this by engaging with their peers and colleagues on Institute-created platforms and events, where the exchange of knowledge is facilitated, that in turn leads to organizational improvement, whilst also positively impacting on society (internal auditors delivering on their professional mandate in the public's interest).

CREATION OF A PROFESSIONAL COMMUNITY

NATIONAL AND REGIONAL EVENTS	2022/23
Number of national networking events	3
Number of National Conference in person attendees	664
Number of Public Sector Forum in person attendees	146
Number of regional conferences	3
Number of regional conference attendees	366 **See note 2*
Number of attendees at CPD related events	6373

NOTE 1

The following national networking events took place:
- Annual National Conference
- Public Sector Forum
- Internal Audit Leadership Summit

NOTE 2

A breakdown of the regional conferences' attendance is provided below:

Border Kei	Central Region	KZN	Total
155	**123**	**88**	**366**

VIRTUAL EVENTS AND DIGITAL PLATFORMS	2022/23
Number of National Conference virtual attendees	596
Number of Public Sector Forum virtual attendees	85
Number of Internal Audit Leadership Summit virtual attendees	53
Average number of social media followers (per month)	38 940 **see note 1*

NOTE 1

See below for a breakdown of our social media followers

10 306 LIKES

19 287 FOLLOWERS

5 543 FOLLOWERS

3 504 FOLLOWERS

**Average per month is calculated by totaling the monthly social media followers per platform and dividing the total by the total number of months.*

EVENTS OVERVIEW

Key Responsibilities

- Effective, efficient conferences and CAE Events
- Event strategies
- Event health and safety and legal requirements
- Event industry trends, design, and Theme development
- Event Marketing and promotions
- Effective marketing plan for all events
- Well managed regions
- Management of all regional events
- Strategic Partnerships and sponsorships
- Attendee experience and engagement
- Technology and innovation
- Budgeting and Financial Management
- Cross-functional Collaboration
- Continuous improvement and evaluation
- Team Management
- Logistics and operations

Key Achievements

- National Conference first hybrid event exceeded attendance in 2022.
- Increase in regional events.
- Internal Audit Leadership Summit
- Ethics Webinars

Key Challenges

- Economic uncertainty
- Technology adaptation
- Sustainability
- Competition in the industry
- Talent and workforce
- Capacity issues
- Loadshedding
- Monetization of virtual events
- Lack of sponsorship interest
- Budget constraints
- Emails not reaching members

Future Outlook

- High quality event content
- Sustainable events
- Strategic mix of in-person, virtual and hybrid event formats

ADVOCACY:

CREATING STAKEHOLDER VALUE

OBJECTIVE:
Informed stakeholders

HUMAN CAPITAL	FINANCIAL CAPITAL	INTELLECTUAL CAPITAL	MANUFACTURED CAPITAL	NATURAL CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL
- Increased • Number of IIA SA and Academy staff members who have gained more experience	**- Increased** • Amount spent on marketing, advertising and public relations	**- Increased** • Addressing professional conduct			**- Increased** • Society's perception of professional ethics

OUTPUT

IMPACT ON SOCIETY

Key to our advocacy efforts is to educate the stakeholders of internal audit as well as the general public on the mandate of internal audit and the value that it brings to the table. Why should the broader society be interested in the role of internal audit? This profession is one of the key pillars of governance. The stronger the pillar, the better it is able to contribute to the sustainability of the organisation and its ability to deliver on its mandate. The lack of understanding of the role and mandate of internal audit often translates into internal audit's ability to provide real value being hampered.

ADVOCACY

STAKEHOLDERS (OTHER THAN MEMBERS OF STAFF)	KEY CATEGORIES	MEANINGFUL INTERACTIONS WITH POSITIVE OUTCOMES	NUMBER OF NEW AGREEMENTS ENTERED INTO
Those who shape and have a profound impact on our context and future reality	• IIA Global • Regulators • Academic institutions offering internal audit degrees		
Those who may not shape our reality, but whose insights we need	• Professional bodies in the governance sphere • Other Academic Institutions	• Event attendance • Membership of various governance committees	
Those who are directly affected by the activities of the IIA SA Group and/or the profession	• Public sector • Private Sector	• National Treasury MoU • ACFE SA MoU	0
Those who take an interest in the profession and may influence those who shape our context	Media	• Radio and TV interviews • Newspaper articles	
Those who are oblivious to the importance of the profession, but are indirectly impacted upon by the profession's activities	General public	• Radio and TV interviews • Newspaper articles • Profession advertised to university leaders	

KEY DELIVERABLE:

PROTECTING THE INTEREST OF THE PUBLIC

OBJECTIVE:
Profession regarded as credible.

HUMAN CAPITAL	FINANCIAL CAPITAL	INTELLECTUAL CAPITAL	MANUFACTURED CAPITAL	NATURAL CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL
- Increased • Number of IIA SA and Academy staff members who have gained more experience		**- Increased** • Complexity and variety of cases			**- Increased** • Number of cases reported to the IIA SA

OUTPUT

IMPACT ON SOCIETY

For a professional body, protecting the public interest rests on two pillars:

1. Providing members with access to learning opportunities and ensuring their competence.
2. Taking disciplinary action against members who breach the code of ethics or other professional standards.

However, the Institute's ability to protect the public is limited by its membership base and the fact that internal audit is not yet a regulated profession. This means that non-members of the Institute pose a risk to the public because they are not accountable to any professional body.

PUBLIC INTEREST

SELF-REGULATION	BUILDING COMPETENCE
INCREASE KNOWLEDGE WITHIN THE PROFESSION	COLLABORATE WITH OTHER PROFESSIONAL BODIES

MEMBERS' NEEDS

COMPULSORY ETHICS TRAINING	ANNUAL CPD DECLARATION
HOLDING MEMBERS ACCOUNTABLE	PROFESSION PROACTIVELY RESPONDING TO CURRENT AFFAIRS

FINANCIALS

Content

MEMBERSHIP BENEFITS SUMMARY

The IIA SA offers a comprehensive range of membership benefits tailored for internal auditors in South Africa, empowering them with:

Recognition as Professionals:
IIA SA membership signifies a commitment to high standards and ethical conduct, earning respect and trust.

Certification Path:
IIA SA provides a clear career path and access to the globally recognised Certified Internal Auditor (CIA) and local Principal Certified Internal Auditor (PCIA) designation, defining professionalism in internal auditing.

Training and Development:
Members access diverse training opportunities to enhance their skills.

Technical Support:
Quick access to leading-edge information and resources for effective internal auditing.

Professional Standards:
Conformance advice on the International Standards for the Professional Practice of Internal Auditing, guiding, and enhancing internal audit activities.

Professional Advice and Guidance:
Expert guidance for addressing various professional challenges.

Technical Products:
Access to publications and thought leadership articles to stay informed and updated.

Quality Assessment Service:
Assurance of best practices and adherence to standards through external quality assessments offered by the IIA SA's Leadership Academy.

Advocacy and Influence:
IIA SA advocates on behalf of its members and collaborates with other professional bodies.

Community Building:
Membership fosters a sense of community among internal auditors, offering networking opportunities and professional interaction.

In summary, IIA SA membership empowers internal auditors with recognition, career advancement, education, support, and a sense of community, while ensuring conformance to professional standards and best practices in the profession.

MEMBERSHIP FEES

While we are continuously exploring new service offerings to the market, membership income remains our main source of revenue and critical to our financial sustainability.

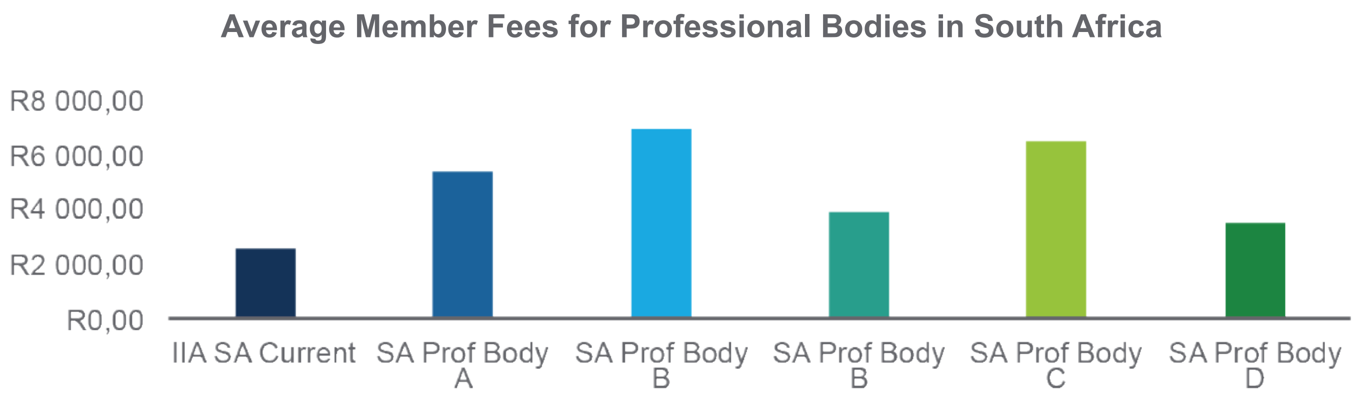
We offer a unique member value proposition

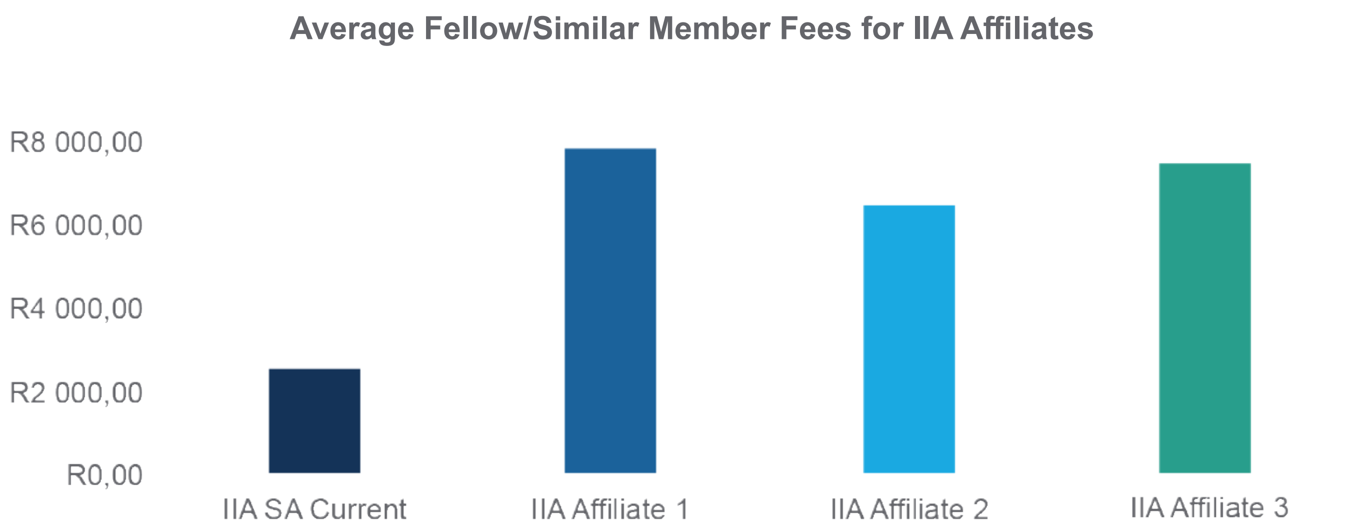
The IIA SA membership service offering is attractive in the market in that member fees provide you with many member benefits.

What makes our membership package even more unique to others is that we also offer the following benefits at no additional charge to members:

- Local invoicing – for members within the Public Sector, we offer an opportunity to invoice and transact with us locally;
- Access to the Lexis Nexis;
- Access to CGF;
- Access to an online e-learning portal;
- Blockchain certificates;
- An opportunity for members to walk in and get the necessary support they need at our local offices; and so much more.

Given the above, one would expect our membership fees to be costly. Yet, our fees are significantly lower than our local professional body and international IIA Affiliate counterparts.





MEMBERSHIP FEES (continued)

Membership with IIA continues to provide value to the market

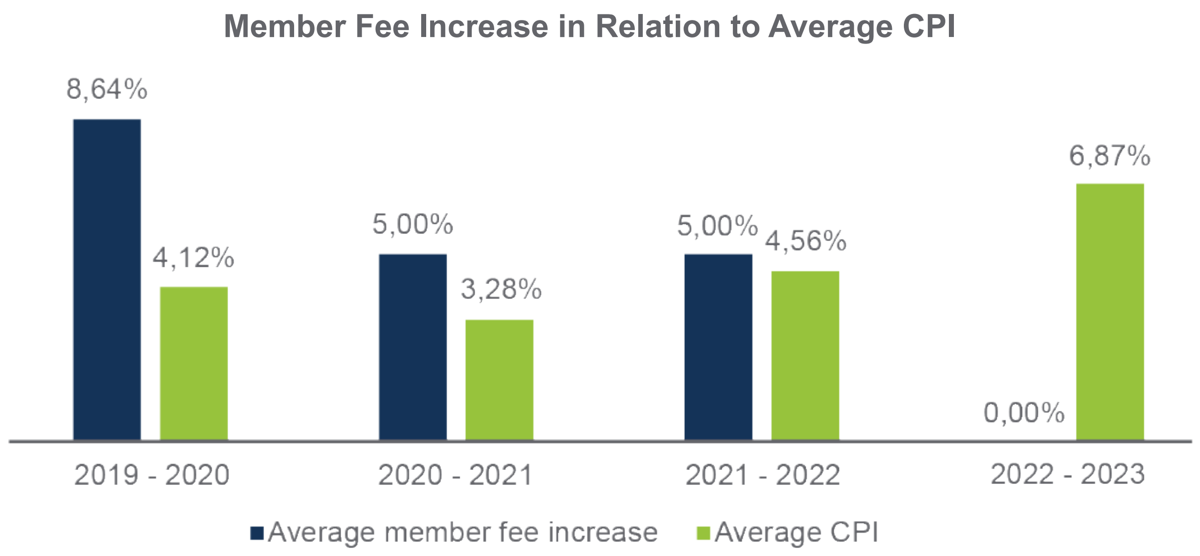
Some achievements of the IIA Global for the year:

- Dedicated resources and staff to Global Advocacy & Public Policy efforts
- Development of the new Standards,
- Release of the Global Risk in Focus regional reports
- Creation of the new Global Benchmarking tool,
- Expansion of our Certificates program
- Added Global Executive Membership benefits
- Launch of the Vision 2035 project
- New Student Membership Program

As the IIA Global services continue to grow, and they invest in the ongoing development of our global services, the IIA Global is increasing annual fees from $19 USD to $20 USD per member, effective January 1, 2024. IIA Global understand that this may be a significant change for some and did not make this decision lightly. However, have felt it necessary to enhance the quality and sustainability of services provided.

Our costs of providing services are increasing while our fees have remained the same

While our costs of providing services to members are increasing, our membership fee increase has not kept pace with the change. Over the past two years, 2021 and 2022, the IIA SA remained sympathetic to the plight of members and their employers; and refrained from any membership fee adjustments. We understand the importance of financial stability for our members and sought to ease the economic burden during this period.



However, as the IIA SA strives to remain at the forefront of our industry, we need to adjust our fees to adapt to the challenges of rising operational costs and inflation. A member fee increase is a necessary step to ensure the medium to long-term sustainability of IIA SA. It will empower us to continue serving our members effectively and to fulfil our strategic imperatives concerning the representation of the profession in South Africa. By adjusting the membership fee, we can safeguard the future of IIA SA, allowing us to maintain and enhance the benefits and services offered to our esteemed members.

We wish to thank our members for their unwavering dedication, understanding and support of the IIA SA, which without we will not be able to ensure a strong and prosperous future for our profession in South Africa.

AUDIT RISK & FINANCE COMMITTEE

Key Deliverables of the Year

During the 2022/23 fiscal year, our committee achieved several key deliverables that have had a substantial impact on IIA SA's operations. These achievements include:

1. **Capacitated the Audit, Risk and Finance Committee:** We focused on strengthening the capacity of the Audit, Risk and Finance Committee to ensure its effective operation.
2. **Appointment of a CEO for IIA SA:** We successfully appointed a Chief Executive Officer for IIA SA, providing the organization with strong leadership and guidance.
3. **Appointment of the CEO for the Academy:** The appointment of the CEO for the Academy represents a critical step in enhancing the Academy's operations and achieving its objectives.
4. **Appointment of a Group Chief Audit Executive (CAE):** We appointed a Group Chief Audit Executive to establish the Internal Audit Function and lead the Combined Assurance model, which is a significant step forward.
5. **Improvements in the Financial Position of the Academy:** Notable improvements were observed in the financial position of the Academy, contributing to its sustainability.
6. **Achieved an Unqualified Audit Opinion for the IIA SA Group:** We are proud to report that IIA SA received an unqualified audit opinion, reflecting our commitment to sound financial management.

Key Risks

However, along with our achievements, we also identified and monitored several key risks that require attention and mitigation:

1. **Financial Sustainability of the Academy:** The Academy is not yet financially sustainable as a single entity, and we continue to work towards this goal.
2. **Intercompany Loan Servicing:** The Academy has not yet started to service the intercompany loan due to the Institute, which is an area of concern.
3. **Challenges in Growing the QAR Business:** We faced challenges in growing the Quality Assurance Reviews (QAR) business.
4. **High Trade Receivables:** The balance sheet displayed high trade receivables due to the slow collection of membership fees.
5. **High Cost-to-Income Ratio:** We noted a high cost-to-income ratio, which requires optimization.

MEMBERS:

THOKOZANI SIHLANGU
Chair

ALEC SAAYMAN

NOMBINA TSHAKA-ZIBANE

TENDAI NDEMERA

XOLA LINGANI

AUDIT RISK & FINANCE COMMITTEE (continued)

Key Risks

6. **Performance Issues with QARs and Learnerships:** The Quality Assurance Reviews (QARs) and Learnerships revenue streams experienced inadequate performance.
7. **Non-compliance with POPIA:** Non-compliance with the Protection of Personal Information Act (POPIA) is a significant risk.
8. **High Technology Costs:** The organization incurred high technology costs, which necessitate scrutiny.
9. **Weak Control Environment:** We identified weaknesses in the control environment and reactive risk management practices.

Action Plan

To address these risks and enhance our performance, the following action plan has been put in place:

1. Since the appointment of the CEOs for IIA SA and the Academy, both organizations are reviewing their strategies, performing a comprehensive organizational re-design, and conducting capability assessments to drive performance.
2. An Information Officer has been appointed, and a roadmap is being developed to ensure compliance with POPIA.
3. We are committed to improving the control environment and strengthening the effectiveness of governance frameworks, including structures and policies.
4. The risk management and compliance landscape have been made a standing agenda item for the Audit, Risk, and Finance Committee meetings.

Opportunities

In addition to addressing risks, we also recognize the opportunities that lie ahead:

1. Continuing discussions with key stakeholders on regulating the Internal Audit profession will unlock opportunities for the Academy in the field of QARs.
2. The appointment of the Group Chief Audit Executive (CAE) will enable focused attention on providing assurance and strategic advice on Risk, Control, and Governance matters.
3. Timely performance contracting and the implementation of balanced scorecards for staff and Executives will further enhance our operations.

FINANCIAL ANALYSIS

TOTAL REVENUE

↑39%

at **R62 353 506**

2022 - R44 918 508

GROSS PROFIT

↑25%

at **R36 560 546**

2022 - R 29 179 492

INTEREST INCOME

↑82%

at **R932 752**

2022 - R513 230

TRADE CREDITORS

↑242%

at **R5 339 112**

2022 - R1 561 133

Note on increase: Factors impacting the significant increase is the increase in the Global IIA fees payable (including exchange rate impacts) and the Academy creditors being paid post year end

TRADE RECEIVABLES

↑43%

at **R18 650 109**

2022 - R13 073 750

Direct billing and group billing was high at year end and related collection was deferred to 2024

CASH BALANCE

←0%

at **R12 533 961**

2022 - R12 577 060

Cash balance largely remained the same

OTHER EXPENSES

↑33%

at **R39 192 063**

2022 - R29 389 305

The Institute of
Internal Auditors
South Africa

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