



AUDIT AND RISK AND COMMITTEE

REPORT TO MEMBERS

2019/20 FINANCIAL YEAR

DATE: 31 MAY 2021

On behalf of the Audit and Risk Committee (ARC), I hereby wish to present the following report to the Members of the Institute of Business Advisors Southern Africa (IBASA) for the 2019/20 financial year. The disruptions brought by the global pandemic COVID-19 (also known as Corona Virus), led to the global economic shutdown and forced many countries around the world including South Africa, to close their ports of entries as part of the precautionary measures to contain the spread of the virus and save human lives. We also saw a high staff turnover in the organization with no written systems to ensure auditors have access to accounting records. It is with this background and other internal organisational factors that the audit of **Annual Financial Statements (AFS) for the year ended 31 March 2020** was delayed. Despite the above mentioned factors, the ARC is pleased to finally present its report to the members of IBASA with the following key considerations.

MEMBER OF THE RISK AND AUDIT COMMITTEE

- The Current Audit and Risk Committee (ARC) members consist of:
 - Ms. Precious Mvulane (Chairperson)
 - Mr. Mwendabai Kalaluka (member)
- However, during the 2019/20 financial year, the ARC consisted of the following members:
 - Mr. Tumelo Tsotetsi (Chairperson)
 - Mr. Mwendabai Kalaluka (member)
 - Mr. Vinod Kalicharran (observer)

Address : Institute of Business Advisors Southern Africa
Local Economic Development
Room 101
101 Old Nederlands Bank Building
Church Square, Pretoria 0001
PO Box 7346
Pretoria 0001

Address : Ekurhuleni Business Facilitation Network
20 Voortrekker Rd, Kempton Park Cbd, Kempton Park, 1619

Tel : 012 323 1001
Email : info@ibasa.org.za



AUDIT OPINION:

The audit outcome is an Unqualified opinion, with no material findings. However, there were several housekeeping issues which the ARC and Board will be following up to ensure controls are implemented and effective.

FINANCIAL

The audit for the year 2019/20 only commenced after a Special ARC Meeting, which take place on the 21 January 2021. The audit fees increased by 5% from the previous financial year to R 45 257. Summarized financial results for the year 2019/20 are outlined below.

- **Revenue** for the 2019/20 financial year generally declined by **31%** from R3 212 972 to R2 191 483. The main contributing factor is Critical Skills Visa (CSV) which declined by **36%**. This demonstrates an urgent need for IBASA to reduce reliance of CSV revenue and explore a diversified funding model that will ensure long-term sustainability of the organisation.

Description	2020 Rand Value	2019 Rand Value	% Variance
Critical Skills Revenue	R1 554 528	R2 435 262	(36%)
Membership Subscription	R 588 738	R 767 245	(23%)

- **Expenditure** for the 2019/20 financial year was R3 764 083, this represents **18%** decline from the 2018/19 financial year total expenditure of R4 617 345. Despite the decline in total expenditure, the declining total revenue remains a challenge and continues to have a negative impact on the overall profitability of the organisation. Intensified cost containment measures supported by an aggressive membership acquisition and retention plan with a unique value proposition incorporating in the diversified funding model will definitely add value to the current financial position of IBASA and change the current business trajectory for the better.

Address : Institute of Business Advisors Southern Africa
 Local Economic Development
 Room 101
 101 Old Nederlands Bank Building
 Church Square, Pretoria 0001
 PO Box 7346
 Pretoria 0001

Address : Ekurhuleni Business Facilitation Network
 20 Voortrekker Rd, Kempton Park Cbd, Kempton Park, 1619

Tel : 012 323 1001
Email : info@ibasa.org.za



Description	2020 Rand Value	2019 Rand Value	% Variance
Training	R 94 409	R 44 048	114%
Advertisement, Marketing and branding	R120 525	R365 791	67%
Webinar Education and marketing	R205 956	R136 250	51%
Employees Costs	R1 395 104,00	R1 241 927	12%
Meeting expenses	R475 228	R1 003 207	(52%)
Annual General Meeting	R 102 238,00	R350 469,00	(70%)

RISK MANAGEMENT

It is the responsibility of the Board to provide oversight over governance and risk, however certain elements are delegated to the Audit and Risk Committee. The year under review continued to expose serious governance and leadership challenges existing within IBASA.

Some of the biggest organisational risks identified include but not limited to the following;

- Lack of a clear strategic direction and leadership accountability that continues to create unnecessary disruptions at the operational and Board level.
- Increasing staff and Board turnover.
- Conflict of interest by Board members and increasing operational interference.
- Inadequate capacity resources to support operational efficiencies.
- The continuous declining in revenue and membership which affect organisation performance.
- No proper IT System and infrastructure to support operations efficiencies this compromised service delivery initiatives and data integrity.

Address : Institute of Business Advisors Southern Africa :
Local Economic Development :
Room 101 :
101 Old Nederlands Bank Building :
Church Square, Pretoria 0001 :
PO Box 7346 :
Pretoria 0001 :

Address : Ekurhuleni Business Facilitation Network :
20 Voortrekker Rd, Kempton Park Cbd, Kempton Park, 1619 :

Tel : 012 323 1001 :
Email : info@ibasa.org.za :



IBASA

INSTITUTE OF
BUSINESS ADVISORS
SOUTHERN AFRICA

GOVERNANCE AND COMPLIANCE

Major governance challenges include:

- No approved Strategic Plan and Business Plan in place.
- Poor/ insufficient implementation Board Resolutions.
- Non- compliance with the Constitution (MOI)

GOING CONCERN

IBASA remains a going concern, which implies that it must be able to continue operating on a long-term basis and be able to carry out its commitments, obligations, and objectives. It is reassuring to note IBASA has developed a 3-year Strategic Plan aimed at **Repositioning IBASA for Substantial Scaling, Impact and Sustainability**. This strategy is really focused on delivering value to members and building a sustainable organization. The ARC will be analyzing and monitoring the risks to ensure improvement of both controls and performance. The Strategic Plan will be supported by a comprehensive Business Plan and both these essential planning tools are designed to enable IBASA to deal with cash flow challenges, industry competition, identify market growth opportunities and proactive address market disruptions that might affect its operations in the short, medium, or long-term period.

Despite the abovementioned challenges, the ARC is satisfied that it has fulfilled its responsibilities in accordance with the terms of reference during the 2019/20 financial year.

REAPPOINTMENT OF AUDITORS

We recommend the reappointment of the auditors.

Signed by: Precious Mvulane CA(SA), RA

Chairperson of the Audit and Risk Committee - IBASA