



**The Institute of
Internal Auditors
South Africa**

2008 Annual Report





**The Institute of
Internal Auditors
South Africa**

2008 Annual Report & Financial Statements

for the year ended 30 November 2008
Registration Number: 1985/003686/08



2008 Annual Report

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Approval and Statement of Responsibility

The Financial Statements which appear on pages 25 to 37 were approved by the Board of Directors on 13 March 2009 and signed on their behalf by:

Linda Yanta, President

25 March 2009

Date

Veronica du Preez, Chief Executive Officer

25 March 2009

Date



INDEPENDENT AUDITOR'S REPORT



INVESTOR IN PEOPLE

TO THE MEMBERS OF THE INSTITUTE OF INTERNAL AUDITORS SOUTH AFRICA

We have audited the accompanying annual financial statements of The Institute of Internal Auditors South Africa, which comprise the directors' report, the balance sheet as at 30 November 2008, the income statement, the statement of changes in equity and cash flow statement for the period then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 23.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements fairly present, in all material aspects, the financial position of the company as at 30 November 2008, and the results of its operations and cash flows for the period then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

SAB & T Chartered Accountants Incorporated
Registered Auditor
Per: B Adam
01 April 2009

119 Witch-Hazel Avenue, Highveld Technopark, Centurion • P.O. Box 10512,
Centurion, 0046 • Docex 15 • Tel: (011) 682 8800 • Fax: (012) 682 8801 • www.sab-t.co.za
Offices: Bloemfontein, Cape Town, Centurion, Durban, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg
London (UK)

Directors: R Rajah (CEO), *B Adam, A Darmalingam, B de Nil, Y M Hassen, *H Kajie, S Makamure, T M Mayet
*D R Nathoo, P L Popat, H Pretorius, K Rama, M Sinjee, Z Soupra, I Theron, *E Yuseph
H van der Merwe, P H van Zyl
*Executive Committee
Practising Consultant L A D Hoosen Associate Director, Y Amad, B Bhatam

SAB&T Chartered Accountants Incorporated
Co Reg no 1997/018869/21





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President's Report

Uncertainly and a very tough economic environment form the backdrop as I present to the members the review of the Institute's activities for the financial year.

The key challenges that the Institute had to address were as follows:

- Long term financial sustainability
- Hosting of the International Conference in May 2009
- Capacity to deal with more than 5800 members
- Capacity to service a diverse membership base
- Advocacy of the profession and meeting stakeholders' expectations
- Capacity to influence global professional developments
- Management and Board succession

LONG TERM FINANCIAL SUSTAINABILITY

The significant reduction in our net surplus compared to the previous year is primarily due to deferred revenue for CIA examinations still to be written, the subsidisation of the examinations and an unfavourable foreign exchange rate. In addition, in our last report we anticipated the appointment of additional staff to gear up capacity.

How healthy are our finances? As indicated in the annual report the Institute has a healthy balance sheet and has adequate reserves to cover committed costs and staff salaries for two years. We have also provided for all preparatory expenditure leading to the International Conference. This is indeed a healthy picture reflecting

prudent financial management by the Secretariat.

What are the prospects for the year ahead? The continuing downturn could pose some risk to revenue streams such as training and conferences. We expect the CIA revenue stream to be back on track as the transition to a computer-based testing system is finalised.

I believe that the Secretariat will continue to manage our finances and activities prudently, notwithstanding the risks and challenges that the Institute faces.

The Board reviewed our current membership fees in the light of the finances of the Institute and the impact of the current economic climate on members. The Board accepted the Secretariat's recommendation not to increase membership fees.

HOSTING OF THE INTERNATIONAL CONFERENCE IN MAY 2009

In May 2009 we will be hosting the first global IIA International Conference to be held in Africa. Preparations are now at an advanced stage as indicated in the Chief Executive's report. Again, we note that the conference is happening in the middle of the economic down turn which impacts the potential number of delegates (especially international delegates). I believe that our organising committee and Secretariat have ensured that we will host a great conference. As our

Chief Executive says: "the Institute invites you so that we welcome the world to Africa."

CAPACITY TO DEAL WITH MORE THAN 5800 MEMBERS

Our membership base continues to grow which necessitates a periodic scaling up of capacity. As detailed in the Chief Executive's report, the Institute made additional staff appointments in key areas of service delivery.

As I have mentioned in the past, it is important that the governance structures and the volunteer member participation at Board, regional and local levels continue to support the Institute. We continue to be indebted to the Chief Executive, Secretariat and the volunteer members for their contribution in this regard.

The Institute, especially the Chief Executive, continues to encourage members to form mutually beneficial groupings (by industry or other common interests) where knowledge or experiences can be shared. This can be an important mechanism to further leverage the capacity of the Institute.

CAPACITY TO SERVICE A DIVERSE MEMBERSHIP BASE

Our membership is really diverse. Maturing levels, experience, industry or sector, size of practice and geographic location are some dimensions of this

diversity. The Institute continues to provide a range of services that is utilised by this diverse base. At entry level we continue to see growth in the number of learnership candidates. We also continue to attract increasing numbers of delegates to our menu of training courses. At specific sectoral level we offered a number of courses to the public sector. At the top end, we are again planning to hold a CAE Forum (later in 2009) which brings together the leaders in profession. Our key conferences continued to showcase the ability of the Institute to put together top class events on a value for money basis.

ADVOCACY OF THE PROFESSION AND MEETING STAKEHOLDERS EXPECTATIONS

The Chief Executive's report sets out in detail the activities that are growing the visibility and stature of the Institute both locally and internationally. Some of these advocacy successes are a culmination of patient relationship building, very long hours, and frequent travelling by the Chief Executive and some Secretariat staff. We are truly building pivotal relationships with a wide range of key stakeholders.

Advocacy must be underpinned by competent and trustworthy professionals who operate at this heightened level of stakeholder expectation. This level of expectation is at both the individual members and the profession.

At the level of the profession the Institute continuously strive to have a Board of Directors that are competent,





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respected and also have integrity. Whilst the process of electing members is democratic the Board also assesses its composition and might decide to co-opt other candidates to strengthen collective capabilities. The Board has now entrenched the following practices (i) accountability of Board sub-committees (ii) discussing how best to support the Chief Executive and (iii) evaluation of the performance of the Board and its individual members (iv) strategy setting process and (v) risk management.

The Board has the following sub-committees:

- (i) Audit
- (ii) Nominations
- (iii) Remuneration
- (iv) Disciplinary and
- (v) Public sector

At individual member level, the Chief Executive's report has highlighted the continued effort to train and share knowledge through courses and conferences. In addition, the Board (through the Disciplinary Committee) is vigilant about the ethical behaviour of members and deals promptly and effectively with any matters that come to its notice.

CAPACITY TO INFLUENCE GLOBAL PROFESSIONAL DEVELOPMENTS

The Chief Executive's report sets out details on how our Institute is represented on the global Board and its sub-committees. As I have indicated in the past we are punching above our weight but we need to use that

muscle to influence those issues that are important to us (IIA SA) and the profession in general.

At a global level our profession has not been immune to the tough economic conditions. The financial performance at the global level was certainly below par. At the same time the global Board has been grappling with its strategy. Included in these strategy deliberations are questions around how the IIA global should be governed and the respective roles of a head office and affiliates. To compound matters further there have been several changes in senior leadership of the global Secretariat. How the global Board responds to these challenges will have some implications for the future of the collective profession.

The above certainly calls for strong, non-partisan and decisive leadership. It is thus a duty of all the representatives to ensure that they influence, question and advise our global committees in this direction.

MANAGEMENT AND BOARD SUCCESSION

For close to a decade this Institute has been privileged to have in its service an individual with the pedigree of the current Chief Executive. The end of this era is now facing us with her impending retirement. It is always difficult to deal with a replacement of a highly effective chief executive. We can, however, report to our members that in the last few years the following has taken place:

- Board deliberations about the Institute's succession plan

- Identification and appointment of a potential successor to the Chief Executive
- A proper process of shadowing and handover (currently taking place)

As already indicated, the Board does spend time on reviewing the composition of its members. The evaluation of members' performance is also a standard feature of the Board's activities.

BOARD CHANGES

It is my pleasure to welcome Messrs Phillip Barton and Jacob Hlatshwayo who both joined the Board in April 2008.

We note that the terms of the following individuals have come to an end:

Members

Messrs Thienus Coetzee, Arno Vorster, Rob Newsome, Shirley Machaba, Andrews Keyreh, Phuti Semenya, Sikhungo Dube, Everhard Carstens and Liezel Samuels.

Senior Vice President

Ms Justine Kathan Mazzocco

Past Presidents

Messrs Andre Theron and Joe Lesejane

I wish to express my heartfelt gratitude to all these individuals for their contribution to the Board and the Institute.

Finally, my term as President has also come to an end. I am grateful that I have been afforded the opportunity to work and interact with many fine individuals within our membership, the Secretariat and the Board. I have grown from this experience and have enjoyed being in this role.

I have no doubt that the new President will be up to the task at hand. The Institute has a tradition of being particular about who it chooses for leadership positions.

CONCLUSION

As members we should be proud to be part of such a formidable institution. We have continued to grow in a financially sustainable manner and our impact on our stakeholders is visible. Yes, there are some real challenges to be tackled, but the Secretariat continues to judiciously allocate resources and effort in managing these.

I again wish to thank the Chief Executive and staff for the tireless effort and many hours they put in to make the business of this Institute a success. Equally important I must also thank my fellow Board members for their unwavering support and commitment. I also express my gratitude to all those volunteer members in our regional, local and other structures who selflessly take time to make our profession better.

L. Yanta
President



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Chief Executive Officer's Report

Members of the Institute, Mr President, it gives me much pleasure to present my report for the year under review.

2008 was one of the most challenging yet successful years in the existence of the IIA SA.

SECRETARIAT

During the year, the staff complement increased to 24. New appointments included a shared Personal Assistant for the CEO and COO, an Administrative Manager, a Courses Supervisor and a Regional and Events Administrator.

The financial statements reflect a significant increase in IIA staff salaries as a result of these appointments.

The strategic plan will be updated once the international plan, in development, has been approved by the global Board.

Preparations for the 2009 International Conference are at their peak and will continue to absorb staff capacity until at least the end of June 2009.

MEMBERSHIP

Membership numbers increased from **5264 (May 2007) to 5833 (May 2008)** fully paid up members – an increase of almost 12%. The total as at 24 March 2008 is **6159**. Current trends include registrations from smaller businesses and an increase in public sector involvement, as well as heightened mobility of members to different

employers, resulting in increased administration.

Of the members, currently **2767 (44,93%)** are female and **3392 (55,07%)** are male. No race statistics are currently maintained as an enhancement to the system is required, but a conservative manual estimate indicates approximately 50% are non-white, and this trend is escalating. Members should be advised that we will soon require racial classification to be recorded in order to comply with BEE and Employment Equity legislative requirements.

A matter of concern is that some government entities have reversed a decision to pay for membership fees resulting in several members suspending membership. A document emphasising the economic benefits of membership has been compiled and distributed.

The potential effect of the financial crisis on membership numbers is difficult to gauge and we plan to hold a CAE Forum later in the year to elicit leaders' views on the matter as well as any emerging risk to the profession.

EDUCATION AND TRAINING

Certification

The major switch to Computer Based Testing (CBT) for the CIA and specialty exams was launched in 2008. IIA Inc experienced severe problems and set-backs with the process, and the resultant effect on the IIA SA and other institutes around the world included:

- Implementation target dates promised to us by IIA Inc were continuously missed, causing IIA SA to lose credibility with members, escalated complaints;
- Poor site management by Pearson Vue; sites promised to us were not allocated timeously or at all. Some were unsatisfactory, some closed without warning etc
- Long communications processes ie IIA SA-IIA Inc-Pearson Vue and back again caused delays in solving problems
- IIA SA communication with members was shifted to Pearson Vue call centres and appointed sites; we therefore lost continuity of maintaining relationships
- Lack of information from IIA Inc to IIA SA meant that we had no visibility of who had registered, who had written etc
- Because of all the uncertainty, IIA SA deliberately withheld marketing the certifications as we had no guarantee that we could deliver
- Effectively the exam process was taken out of our hands.

In addition, the IIA SA had priced the exams at the beginning of the year, and the Rand had declined by at least 30% by the time exams were taken and funds had to be remitted to IIA Inc. Effectively certification had a serious effect on the revenues of the IIA SA during the year due to a decline in number of parts and candidates, and the fact that we absorbed the exchange rate increase as well as the increased fees due to CBT. The salient figures are as follows:

	Number of parts	Number of candidates
2007	3350	2113
2008	2689	1697
% Decrease	- 19.7%	- 19.7%

During the year we received no notification of qualified CIAs, and have only just been informed of 28 new CIAs. This is well below the annual pass rate, and pushes up the total number of CIAs registered with the IIA SA as members to 1004.

Other certifications results to date are as follows:

CFSA - 31 candidates, 13 passed (total qualified to date 31)
CGAP – 5 candidates, 1 passed (total qualified to date 21)
CCSA - 4 candidates, 1 passed (total qualified to date 272).

The advent of the CBT testing did however reflect an encouraging improvement in the pass rate per part taken. The respective percentage pass rates were:

Part 1: **64%**; Part 2: **70%**; Part 3: **32%**; Part 4: **67%**.

Members are assured that the IIA SA is doing everything in our power to ensure that the system will function properly in the future. We are currently examining the feasibility of opening a site at the IIA offices as a site provider registered with Pearson Vue.

Learnerships

The learnership program continued to grow, particularly among public sector entities. There were three General



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Internal Auditor (GIA) programs presented in 2008 – two of which in the public sector. During the year there were no fewer than 20 Internal Audit Technician (IAT) programs running, 14 of which in the public sector – the area of largest growth, with more than half of all registered trainees in this sector. A further 131 trainees qualified at the IAT level in 2007, bringing the **Total number of qualifiers to 279**, since the program launch in 2003. To date, 12 have qualified at the GIA level.

The economic downturn has impacted negatively on the presentation of new programs and three IAT and one GIA programs have been confirmed to start during the 2009 year, while there are at least two more in the pipeline. Once again the majority are in the public sector domain. The Institute continues its active participation with SETAs, standard setting bodies, and other relevant education and training initiatives.

Late in 2008 a forum of all involved in presenting Learnership modules was held. This proved to be most beneficial for the standardization of module presentations and also fruitful for exchange of ideas. The number of qualified Assessors who are able to conduct final assessments on behalf of IIA SA has grown to five.

Tertiary institutions

There are now three Internal Audit Education Partnership (IAEP) institutions and IIA SA continued to serve on the advisory boards of Pretoria University, UNISA and Tshwane University of Technology, the latter receiving accreditation during 2008.

Other

The IIA SA supported a research (Ikuthu) project being conducted by several academics to determine the demand for internal auditors in the marketplace. The results are expected early in 2009.

TECHNICAL

Technical Committee

Commentary issued on the following drafts:

- New IPPF
- Companies Bill
- The SA response to OECD Instruments on Combating Bribery

The Technical Committee met 3 times during 2008.

Technical queries reduced slightly in 2008, however the complexity of the queries has increased from relatively straight-forward requests to those requiring some research and consultation prior to issuing comment. There was an increase in telephonic requests where debate and advice was required around ethical issues.

Quality assessments

10 QA's were completed during the 2008 financial year. 5 "Generally Conforms" and 5 "Partially conforms" ratings were attained. An increased appreciation and application of Standards has been noted.

Other

The Technical Manager represented the IIA SA at the Audit Committee Forum, joint SAICA meetings and the Afrosai-E technical forum.

COURSES AND CONFERENCES

Demand for IIA SA courses increased during the year – a larger variety of courses was offered, and requests for in-house courses increased. Almost 600 delegates attended a Risk-based Auditing course arranged in conjunction with National Treasury.

The Quality Assessment course was again sold out, with five courses offered and 125 delegates trained.

There was no increase in course fees for the eighth consecutive year.

The number of attendees in **2008** was **2921**, and **171** courses were held.

The Annual National Conference at the Sandton Convention centre continues **to be the second largest event for internal auditors in the world**. The format of the conference was changed to accommodate more tracks in preparation for the 2009 International Conference, increasing the number of speakers to **46**. More than **1300** delegates attended from throughout Africa.

The **Fraud Conference** in association with the ACFE was again very successful – with **325** delegates. The conference generated an enormous amount of media

interest and interviews were broadcast on several radio stations and in the press.

2009 INTERNATIONAL CONFERENCE

Work on the International Conference escalated significantly in 2008 and will dominate IIA SA staff activities until well into June. In July 2008 the IIA SA was in the spotlight at the San Francisco Conference, where we had a stand and the promotional video was launched. During the year we had stands or a presence at UFAI in Paris, GAM in Washington, SOPAC in Brisbane, the India National Conference in Bangalore, ECIIA in Berlin and ACIIA in Indonesia.

The Steering Committee has met several times under the Chairmanship of Anton van Wyk, as did the Program, Operations, Finance, Marketing, Social and Volunteer Committees. Risk and Project Management has been continuous and a breakeven budget stands at 1400. The impact of the financial crisis will no doubt have a detrimental effect on registrations, which as of writing are currently in excess of 1000. A Destinations Management Company has been appointed to manage hotel reservations, and tours for delegates. The contract with IIA Inc has been signed – IIA SA and IIA Inc will share in any surplus/loss at a ration of 62.5%/37.5%.

The program is complete, and planning is well underway for the many other events which will take place at the same time, including:

- Global Council
- Chief Staff Officers' meeting
- Workshop for the formation of an African Federation



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- International AGM
- International committee meetings
- Quality Forum
- Educators Forum
- IT Symposium
- Public Sector Forum

This event will showcase South Africa to the world and we thank all the members and volunteers for their support.

REGIONAL INTERACTION

New Regional Governors and Committees were elected in the Gauteng, Johannesburg, and the North-West Province. Work is well underway also to establishing Lesotho, Swaziland and Namibia as independent institutes, with the IIA SA appointed as their administrator. The voluntary efforts of Regional committees are much appreciated. Regional Governors met on three occasions with the CEO.

During the year, the CEO and/or senior staff visited most of the regions. The new Regional Events Administrator who was appointed to assist resigned, and a new person has since been appointed.

INTERNATIONAL

South Africa's international visibility continues to grow:

- o Representation on international committees of The IIA Inc:
 - o Board – Anton van Wyk
 - o EXCO of the International Board – Rob Newsome
 - o International Relations Committee – Justine Kathan

Mazzocco

- o Ethics Committee – Thienus Coetzee
- o Professional Issues Committee – Debbie Loxton, Charles Nel
- o Government Relations Committee – Sikhungo Dube
- o Standards Board – Riaan Thiar
- o Committee on Quality – Judy Grobler
- o Board of Regents – Glenn Ho
- o Board of Education and Research Advisers – Linda Yanta
- o Academic Relations Committee – Andrew Kyereh and Philna Coetzee
- o International Conference Committee – Anton van Wyk, Veronica du Preez
- o Chief Staff Officers – Veronica du Preez
- o Board of Trustees, IIA Research Foundation - Liezel Samuel
- o Membership Committee - Shirley Machaba
- o Advanced Technology Committee – Jacques Lourens
- o International Conference Chairman – Anton van Wyk

Nominations for further committee representation in 2009 include Communications Advisory Group, and the Global Advocacy group. **Members should note that all nominations received from members are forwarded to the global body for consideration.**

- o The CEO served on several global project committees during the year, and staff participated on standards, competency model, computer-based testing and international conference teams;
 - The IIA SA hosted the international Chief Staff

Officers and IIA Inc leaders at Sandton and Kwa-Maritane for their annual meeting. This was a great success and these leaders then acted as ambassadors in their own countries to promote the International Conference. The Technical Director of the IIA UK and Ireland then visited Cape Town and gave a presentation on the latest Standards Update to the Western Cape members;

- The CEO was invited to attend the Board meeting of AFROSAI-E in Botswana and gave a presentation to all English-speaking Auditors-general on the Role of Internal Auditing. The visit was very successful as she was then invited to lead one of the three streams for the AFROSAI General Assembly later in the year, during which time the South African Auditor-General was appointed as Chairman of AFROSAI;
- o The IIA SA was requested to take the lead in forming an African Federation of Internal Auditors. Following the National Conference, a workshop was held and attended by leaders from eight African countries and the World Bank. This will culminate in a further workshop at the International Conference to finalise the form of Federation;
- o Several African and other IIA leaders attended the IIA SA's Annual Conference;
- o Assistance was given to several countries to grow their IA institutes. These included interaction with Botswana, Ghana, Mauritius, Zimbabwe, India, Indonesia, Singapore and Malaysia;
- o The CEO was invited to speak at a special gala dinner in Gaborone, the IIA India conference in Bangalore, at a members' event in Kuala Lumpur, and met with the Board of IIA Singapore after hosting a stand at

the IIA Indonesia Conference. The Chief Operating Officer visited the IIA France and attended to the marketing stand at the UFAl conference;

- o More than 80 South Africans attended the international conference in San Francisco. Several South Africans were speakers;
- o The CEO represented South Africa on the Chief Staff Officers committee at meetings in San Francisco, Johannesburg and Orlando;
- o The Chairman and CEO attended the Global Council in Costa Rica, where the main objective was to workshop the new global strategic plan.

Other ventures:

- A Leaders Forum was held at Sun City for CAEs and input obtained for our future CAE program and strategic plan. Because of the financial crisis, it will be necessary again to arrange a forum later in 2009;
- The CEO and Chief Operations Officer represented the IIA SA at the National Anti-Corruption Forum;
- King III – the IIA SA is represented by Anton van Wyk and several Board and senior members of the IIA;
- Interaction with other bodies, committees: SAIPA, ACFE, IRMSA, IOD, SAICA, FASSET, IPFA, ABASA, World Bank, etc. Memoranda of Understanding were signed with IMFO, ACCA and ISACA;
- The Chairman, Senior VPs, CEO, Chief Operating Officer and Technical Manager gave presentations at regional events, to company internal audit workshops and audit committees;
- Various events and initiatives by the Regional Committees.



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CHALLENGES FOR THE COMING YEAR

2009 International Conference

Much of the IIA SA capacity for the coming year will be committed to ensuring the success of the 2009 International Conference.

IIA SA infrastructure

The consolidation and strengthening of the IIA SA infrastructure to ensure a solid platform going forward will continue after the International Conference. Significant recruitment was done during 2008 to ensure the sustainability of the institute. The nature of the business has matured from purely growth-driven and entrepreneurial to that of a larger enterprise requiring a more stable internal environment on which to base future development.

The staff structure, Board induction and development, internal audit, IT, finance and membership systems, website, secretarial support and administrative functions will all receive significant attention towards the latter half of 2009.

Support of the Public Sector

Support of internal auditors in the Public Sector will again be a key area for the coming year. Initiatives will include focused training and learnerships to develop competencies. Methods will be investigated to provide technical advice and support particularly to ensure the development of effective internal audit functions

at all three levels of government. The Public Sector Committee will play a crucial role in advising the IIA SA and assisting these efforts. It is also important to ensure the certification of public sector members and to support candidates in this regard.

Computer-based testing

The IIA SA is in the process of investigating the possibility of implementing its own test-site. Success will depend on the terms required by Pearson Vue to certify the facilities and operations. We will continue to negotiate with IIA Inc for better processes and higher interactivity with candidates, and will endeavour to market the certifications far more rigorously.

Regional infrastructures

Because of membership growth in particularly the Gauteng, Johannesburg and Pretoria Regions it has become more and more difficult for volunteers to cope with administrative burden of arranging and hosting events. The Regional Events Administrator will ease this burden and ensure that best practice is consistently applied to all events nation-wide.

Methods will also be sought to ensure greater stability of the committees and support of Regional Governors particularly in smaller regions.

We will also work with Lesotho, Swaziland and Namibia to finalise the independence of their institutes.

Creating awareness and understanding of internal auditing in the corporate world and the public sector

Although much improved since King II and coming King III, there is still a general lack of understanding of internal auditing in both the private and public sectors. It is imperative that key individuals on Boards, Councils, governing bodies and in decision-making positions be educated as to internal auditing as a value-adding discipline, and this will be a major focus area for the CEO specifically in the latter part of 2009.

Global interaction and African Development

IIA HQ has experienced great difficulty because of the financial crisis and has had to lay off approximately 20% of staff in addition to a significant financial loss on their reserves because of declining investment value. As a result, the IIA SA Board has resolved to support the development of institutes in Africa and is working on a plan to take to members for approval. The initial interaction will be to run a Workshop for the formation of an African Federation of Internal Auditors. We will table a draft constitution and action plan for discussion, and the meeting will also be attended by the World Bank. The meeting will be opened by the Auditor-General of South Africa, who is currently the Chairman of AFROSAI. The IIA SA hosted the international Chief Staff Officers meeting in South Africa in February 2008.

The IIA SA is now represented on almost every global committee and efforts to ensure that these representatives accurately reflect the views of our members and influence the direction of the profession on the international platform will be continued. The South African leaders on the global Board especially play a very important role in shaping the future of the profession.

CONCLUSION

In a time when the profession's members are faced with the financial crisis, it is heartening to note that the Annual Report and Financial Statements testify to the stability and stature that the IIA SA has achieved over the past seven years. This success can be attributed largely to the selfless commitment and dedication of the IIA secretariat's staff, the members of the Board and all the volunteers on the various committees, both nationally and in the regions. I would like in particular to thank our members for their faith in us and for their support and enthusiasm – hopefully they will agree that the results speak for themselves, and that this is truly a professional body to be proud of. I have no doubt that the year ahead will continue to see the IIA SA recognised locally, in Africa and internationally as a benchmark of excellence.

Veronica du Preez
Chief Executive Officer



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Directors' Report

The directors have pleasure in presenting their report for the year ended 30 November 2008.

NATURE OF BUSINESS

The Institute of Internal Auditors South Africa is a professional association of individuals involved in the practice of internal auditing.

The Institute's mission is:

To enhance the integrity, relevance and standing of the profession and the Institute to the benefit of society and to provide outstanding service and valued products to its members.

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 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 ensuring compliance with the King II report on corporate governance, as far as it is applicable to the IIA SA; and
- The preparation 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 that the assets are safeguarded and that transactions are performed and recorded in accordance with IIA SA policies and procedures.

GOVERNANCE STATEMENT

The IIA SA Board fully subscribes to the principles of sound corporate governance as per the King II Report. During the year Audit, Remuneration, Nominations and Disciplinary 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 recognizes 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 which were reported to the Disciplinary Committee were promptly and fairly investigated.

RISK MANAGEMENT

The IIA SA maintains a risk register along with documented internal controls. At least annually, the Board reviews and rates the top risks of the Institute. The IIA SA's Audit Committee provides oversight of the risk management at secretariat level as well as risks that may affect the profession within the South African context.

Statement on Sustainability

The IIA SA has continued to experience growth in most of the key areas in 2008, as reflected in the table and graphs below.

	2004	2005	2006	2007	2008
Net surplus	R 2,050,136	R 3,398,971	R 2,168,656	R 4,051,875	*R 1,508,765
Capital & Reserves	R 6,933,473	R 10,332,444	R 12,501,103	R 16,552,970	R 18,206,997
Paid-up Membership	3,034	3,800	4,622	5264	5819
CIA Exam (Parts written)	2,088	3,003	3689	3902	**1956
CIA Candidates	1,283	1,290	1594	2040	**865
Conference delegates	1,553	1,433	1,550	1581	***1563
Course delegates (including in-house courses)	780	1113	1308	1806	2326
Learnership candidates	64	218	349	638	715
Number of Staff	12	16	19	20	24

* The decrease in the net surplus was significant due to deferred revenue for CIA exams still to be written, subsidization of the exams, an increase in the exchange rate of 30% which was absorbed by the IIA SA and the appointment of additional staff.

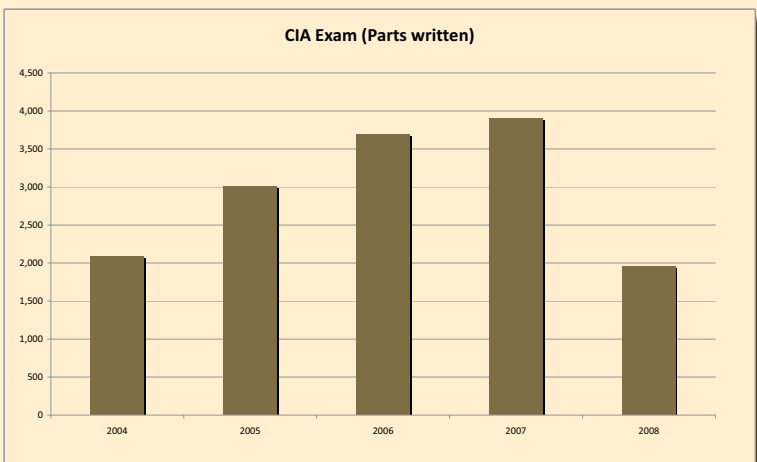
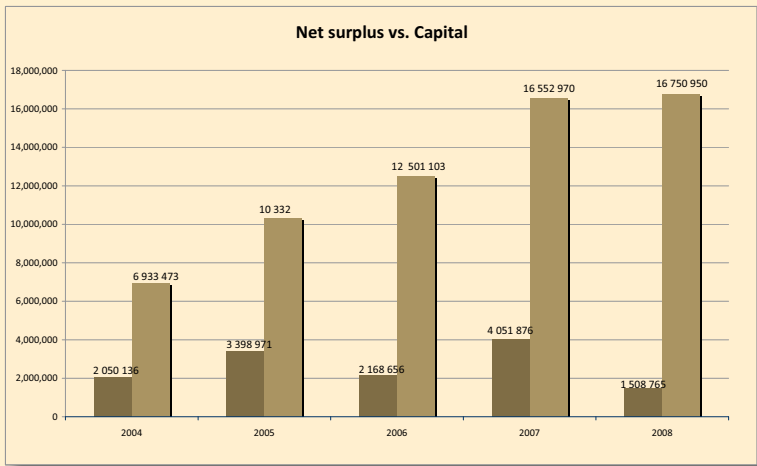
** During the transition from paper based examinations to computer based examinations in 2008 administrative difficulties were experienced by the IIA Inc. This has resulted in a reduction in the number of CIA candidates in 2008 compared to previous years. Furthermore, a number of the candidates (648) who registered in 2008 are only scheduled to write the exam in 2009, resulting in those numbers being deferred to 2009.

*** The Corporate Governance conference was not held in 2008.

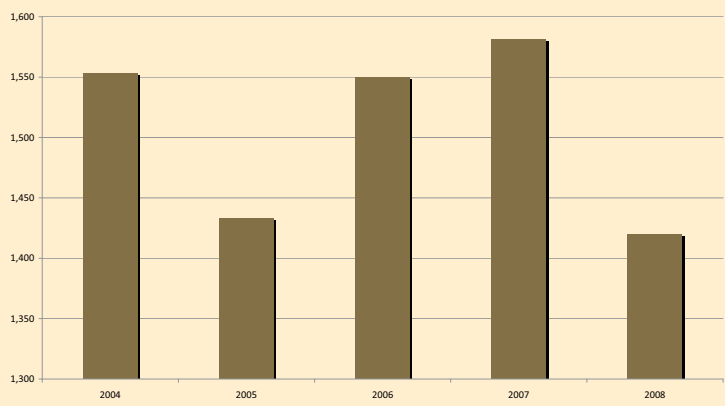


2008 Annual Report

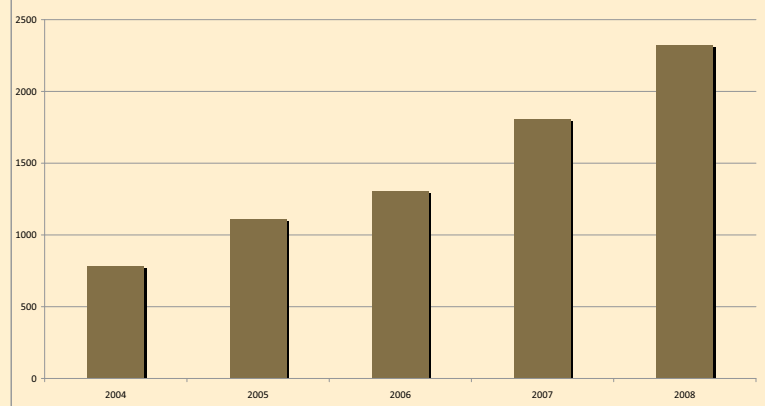
The Reserves are adequate to cover the staff salaries and committed costs for the next two years, as well as a provision for expenditure leading up to the International Conference in May 2009.



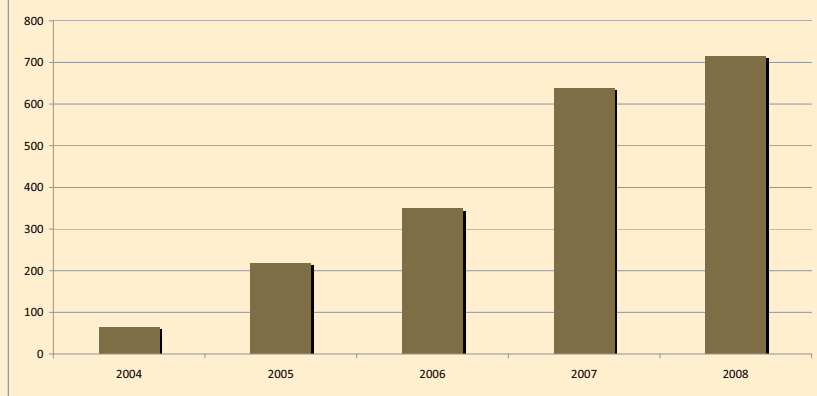
Conference delegates



Course delegates (including in-house courses)



Learnership candidates





2008 Annual Report

Director's Emoluments

Remuneration of the Executive Director amounted to R 1,082,925 (See note 9 for a full breakdown). The Executive Director is not bound by a Director's Service contract nor are Director's Fees or benefits paid.

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

Statement on Employment Equity

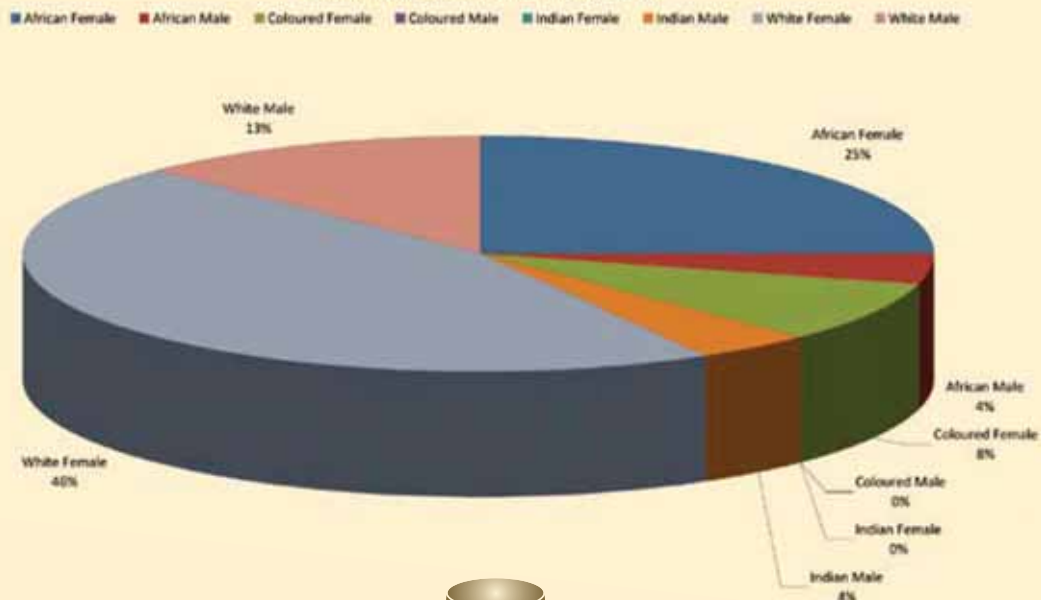
The IIA SA fully supports the spirit and intent of Employment Equity legislation. An Employment Equity policy has been in place and implemented since November 2001.

As a designated employer, the IIA SA has submitted an Employment Equity Plan and progress report to the Department of Labour in October 2008. There was one resignation in 2008.

2008 staff statistics are as follows

GENDER BREAKDOWN		EE PROFILE	
Male	5	PDI employees	21
Female	19	White male employees	3

Employee Demographic Profile



Directorate

Below is a list of all the directors who held office during the year. All non-executive Directors are appointed or re-appointed at the AGM, which this financial year was held on 2 April 2008.

Name	Position	Board Committees served on	Date appointed (mm/yy)	Status	Board meetings attended
Linda Yanta	President	-	04/05	Active	6/7
Justine K Mazzocco	Snr Vice President	Remuneration Committee	04/05	Active	6/7
Joe Lesejane	Past Past President	Audit Committee Remuneration Committee	03/01	Active	1/7
Phillip Barton	Vice President	-	04/08	Active	4/5
Everhard Carstens	Vice President	-	04/07	Active	4/7
Thienus Coetzee	Vice President	Disciplinary Committee	06/06	Active	5/7
Sikhungo Dube	Vice President	Disciplinary Committee	04/05	Active	4/7
Veronica du Preez	Chief Executive Officer	-	04/01	Active	7/7
Jacob Hlatshwayo	Vice President	-	04/08	Active	2/5
Andrews Kyereh	Vice President	-	04/07	Active	4/7
Shirley Machaba	Vice President	Audit Committee	04/05	Active	5/7
Rob Newsome	Vice President	-	08/95	Active	4/7
Rudzani Rasikhinya	Vice President	-	04/06	Term expired 04/08	1/2
Liezel Samuel	Vice President	Disciplinary Committee	04/07	Active	6/7
Phufi Semanya	Vice President	Audit Committee Nominations Committee	04/07	Active	1/7
Thandi Sibanyoni	Vice President	-	04/06	Term expired 04/08	0/2
Andre Theron	Co-opted Member (Past President)	Nominations Committee	02/08	Active	5/7
Arno Vorster	Vice President	-	04/05	Active	7/7

The Board met 7 times during the year



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International Representation

The IIA SA has representatives on most of the international committees as well as representation on the international Board.

International Committee representation	Name	Status
Board	Anton van Wyk Rob Newsome (Exco)	Active Active
Academic Relations Committee	Andrews Kyereh Philna Coetzee	Active Active
Advanced Technology Committee	Jacques Lourens	Active
Board of Regents	Glenn Ho	Active
Board of Research and Education Advisers	Linda Yanta	Active
Chief Staff Officers	Veronica du Preez	Active
Committee on Quality	Judy Grobler	Active
Ethics Committee	Thienus Coetzee	Active
Government Relations Committee	Sikhungo Dube	Active
International Conference Committee	Anton van Wyk Veronica du Preez (non-voting)	Active Active
International Relations Committee	Justine Mazzocco	Active
Membership Committee	Shirley Machaba	Active
Professional Issues Committee	Debbie Loxton Charles Nel	Active Active
Research Foundation Board of Trustees	Liezel Samuel	Active
Standards Board	Riaan Thiar	Active

SECRETARY

The secretary of the company is T Coetzee, whose business and postal address is:
Unit 2, Bedfordview Office Park
3 Riley Road
Bedfordview
2008

AUDITORS

SAB & T Incorporated were the auditors for this financial year.

Financial Statements

INCOME STATEMENT

For the year ended 30 November 2008

	NOTE	2008	2007
		R	R
Revenue	6	23,678,188	23,243,207
Interest received	8	1,323,308	846,342
Gross income		25,001,496	24,089,549
Expenditure		23,492,731	20,037,673
Surplus for the year	7	1,508,765	4,051,876

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BALANCE SHEET

At 30 November 2008

	NOTE	2008 R	2007 R
Assets			
Non current assets			
Property, office furniture & equipment	2	3,736,354	3,744,540
Intangible assets	3	36,703	59,868
		3,773,057	3,804,408
Current assets			
Inventories	4	341,623	459,277
Trade and other receivables	12.1	6,208,322	4,161,016
Cash and cash equivalents	13.2	15,749,069	13,372,019
		22,299,014	17,992,312
Total assets		26,072,071	21,796,720
Equity and liabilities			
Capital and reserves			
Distributable reserve		17,206,997	15,552,970
General reserve		1,000,000	1,000,000
		18,206,997	16,552,970
Current liabilities			
Trade and other payables		1,832,455	1,423,604
Deferred revenue	14	4,682,597	2,951,893
Unidentified direct deposits		177,285	138,994
Provisions	5	1,172,737	729,259
		7,865,074	5,243,750
Total equity and liabilities		26,072,071	21,796,720

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2008

	General Reserve	Distributable Reserve	Total
Balance at 01 December 2007	1,000,000	15,552,970	16,552,970
Net surplus for the year	-	1,508,765	1,508,765
Adjustments		145,262	145,262
Balance at 30 November 2008	1,000,000	17,206,997	18,206,997

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2008

	NOTE	2008	2007
		R	R
Cash flows from operating activities			
Cash receipts from customers		22,796,358	21,130,440
Cash paid to suppliers and employees		-21,657,409	-19,109,261
Cash generated by operating activities	13.1	1,138,949	2,021,179
Interest received		1,323,308	846,342
Foreign exchange gain		-4,482	-
Net cash from operating activities		2,457,775	2,867,521
Cash flows from investing activities			
<i>Expenditure to maintain operating capacity</i>			
Net property and equipment acquired		-80,725	-101,822
Increase in cash and cash equivalents		2,377,050	2,765,699
Cash and cash equivalents at beginning of the year	13.2	13,372,019	10,606,320
Cash and cash equivalents at end of the year	13.2	15,749,069	13,372,019



2008 Annual Report

NOTES TO THE FINANCIAL STATEMENTS

AT 30 NOVEMBER 2008

1. Basis of preparation

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property and equipment when appropriate.

1.1 Revenue recognition

Interest is recognised on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held. Revenue comprises subscription income, book sales, conference fees, educational course fees, certification fees, learnership fees and other ancillary income. Subscription income is accounted for on the accrual basis.

1.2 Property, office furniture and equipment

All are initially recorded at cost and any impairment in value.

Depreciation is calculated on the straightline method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category are:

Buildings	0%	Computer equipment	33.33%
Office furniture and equipment	20%	Computer software	33.33%

Land is not depreciated as it is deemed to have an indefinite life.

The carrying values of property, office furniture and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exist and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

1.3 Intangible assets

Expenditure on acquired patents, trademarks and licences is capitalised and amortised using the straightline method over their useful lives. Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary. The amortisation rates applicable to intangibles assets is 33.33%.

1.4 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a first in, first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective inventories.

1.5 Provisions

Provisions are recognised when the IIA SA has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation, and a reliable estimate of the obligation can be made

1.6 Retirement benefits

Short term employee benefits

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service. The provision for employee entitlements to wages, salaries, annual and sick leave represents the amount that the IIA SA has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provision has been calculated at undiscounted amounts on the current salaries and wage rates.

Retirement benefits

The IIA SA contributes to a defined contribution plan for two employees only (historic) and contributions are charged against income as incurred.

1.7 Translation of foreign currencies

Transactions

Foreign currency transactions are recorded, on initial recognition in Rand, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.

At each balance sheet date:

- (a) foreign currency monetary items are reported using the closing rate,
- (b) non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction and,
- (c) non-monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

Disclosure about financial instruments to which the IIA SA is a party, is provided in note 12 to the annual financial statements.

1.8 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, trade creditors, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.9 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Institute unless otherwise stated.

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2. PROPERTY, OFFICE FURNITURE AND EQUIPMENT

	2008 Cost / valuation	2008 Accumulated depreciation	2008 Carrying Value	2007 Cost / valuation	2007 Accumulated depreciation	2007 Carrying value
	R	R	R	R	R	R
<i>Owned Assets</i>						
Land and Buildings	3,553,135	-	3,553,135	3,553,135	-	3,553,135
Furniture and Fittings	591,243	488,232	103,011	546,596	424,392	122,204
Computer Equipment	356,568	293,990	62,578	320,032	258,336	61,696
Computer Software	105,383	87,753	17,630	87,841	80,336	7,505
	4,606,329	869,975	3,736,354	4,507,604	763,064	3,744,540

The carrying amounts can be reconciled as follows:

2007	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
	R	R	R	R	R
<i>Owned Assets</i>					
Land and Buildings	3,553,135	-	-	-	3,553,135
Furniture and Fittings	165,419	25,287	-	-68,502	122,204
Computer Equipment	48,920	63,152	-9,026	-41,349	61,697
Computer Software	7,320	6,910	-	-6,726	7,504
	3,774,794	95,349	-9,026	-116,577	3,744,540

2008	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
	R	R	R	R	R
<i>Owned Assets</i>					
Land and Buildings	3,553,135	-	-	-	3,553,135
Furniture and Fittings	122,204	44,648	-	-63,841	103,011
Computer Equipment	61,697	36,535	-	-35,654	62,578
Computer Software	7,504	17,542	-	-7,416	17,630
	3,744,540	98,725	-	-106,911	3,736,354

The land and Building consist of

Building	3,123,135				
Land	430,000				

Unit 2, Bedfordview Office Park, Bedfordview Ext 928 & 328. This property is un-bonded

3. INTANGIBLE ASSETS

	2008 Cost / valuation	2008 Accumulated depreciation	2008 Carrying Value	2007 Cost / valuation	2007 Accumulated depreciation	2007 Carrying value
	R	R	R	R	R	R
Intangible assets- non-operating computer software	65,879	29,176	36,703	83,879	24,011	59,868

2007

	Carrying value at beginning of year	Additions	Reduction in Carrying Value	Depreciation	Carrying value at end of year
	R	R	R	R	R
Intangible assets- non-operating computer software	48,186	15,499	-	-3,817	59,868

2008

	Carrying value at beginning of year	Additions	Reduction in Carrying Value	Depreciation	Carrying value at end of year
	R	R	R	R	R
Intangible assets- non-operating computer software	59,868	-	-18,000	-5,165	36,703

4. INVENTORIES

The amounts attributable to the different categories are as follows:

	2008	2007
	R	R
Regalia	13,374	13,434
Books	328,249	445,843
	341,623	459,277

5. PROVISIONS

The amounts attributable to the different categories are as follows:

	Carrying amount at beginning of year	Movements: Increase / (decrease)	Carrying amount at end of year
	R	R	R
VAT	468,054	210,522	678,576
Leave pay	241,205	232,956	474,161
Bursary fund	20,000	-	20,000
	729,259	443,478	1,172,737

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6. GROSS REVENUE

Gross revenue comprises turnover, which excludes value-added tax and represents the invoiced value of membership fees and services supplied as well as donations and sundry income.

7. OPERATING SURPLUS

Operating surplus is stated after:

	2008	2007
	R	R
Income		
Bad debts recovered	3,947	2,050
Expenditure		
Auditor's remuneration	52,000	6,472
Depreciation	106,911	116,577
Amortisation of Intangible Assets	5,165	3,817
Contribution to post retirement benefit plan	48,380	44,229
Theft of Laptop	-	9,026

8. INTEREST RECEIVED

	2008	2007
	R	R
Interest received	1,323,308	846,342

9. DIRECTOR'S EMOLUMENTS

	2008	2007
	R	R
Services as Executive Director		
- Salary	965,600	915,829
- Bonus	50,000	35,000
- Travel allowance	-	12,000
- Medical Aid	17,325	14,520
- Retainer: International Conference	50,000	-
	1,082,925	977,349

10. RELATED PARTIES

	2008	2007
	R	R
The IIA South Africa is affiliated to the IIA Inc.		
Payments to IIA Inc.	1,397,040	1,340,766

11. TAXATION

No provision has been made for 2008 taxation as the IIA SA is exempt from paying income tax in terms of section 10(1)(d)(iv)(bb) of the Income Tax Act of 1962 (Act No. 58 of 1962).

12. FINANCIAL INSTRUMENTS

Foreign exchange risk

It is the policy of The Institute of Internal Auditors South Africa (Association incorporated under section 21 of the Companies Act) not to take out cover on foreign transactions. Gains and losses arising on transactions are credited to or charged against income.

Credit risk

The company only deposits cash surpluses with major banks of high quality credit standing. Accounts receivable consists mainly of outstanding membership fees. As far as possible, the necessary steps are taken to follow up on outstanding monies and to encourage members to retain their membership with the Institute. The granting of credit is made on application and is approved by Management. At year end, the IIA SA did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

Interest rate risk

The Institute's activities expose it primarily to financial risk of changes in interest rates. It is the Institute's policy to deposit short-term cash investments with major banks and financial institutions with strong credit ratings.

12.1 Trade and other receivables

Based on past experience, management believes the provision for doubtful debts is adequate.

	2008	2007
	R	R
The ageing of debtors at the reporting date was:		
30 days	3,733,344	2,364,182
60 days	122,548	204,300
90 days	218,180	395,226
120 days	678,849	62,123
Closing balance	4,752,921	3,025,831
Debtors - regions	153,016	64,973
Prepayments	50,066	215,755
Prepayments - International Conference	871,552	290,385
Debtors with credit balances	430,767	614,072
Provision for bad debts	-50,000	-50,000
	6,208,322	4,161,016

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13. NOTES TO THE CASH FLOW STATEMENT

13.1 Cash generated by operating activities

	2008	2007
	R	R
Net surplus	1,508,765	4,051,876
Adjustments for:		
Depreciation	110,933	120,393
Interest received	-1,323,308	-846,342
Write off of redundant inventory	11,440	-
Exchange gain	-4,482	-
Movements in working capital		
Decrease in inventories	117,654	-78,510
Increase in accounts receivable	-1,466,139	-1,972,220
Increase in prepayments: International Conference	-324,163	-
Movements in provisions	443,478	224,203
Increase in accounts payable	2,065,346	521,779
<i>International Conference</i>	303,005	-
<i>Unidentified deposits</i>	38,291	-
<i>Deferred revenue</i>	1,315,199	-
<i>Accounts payable</i>	408,851	-
Adjustments	-575	-
	1,138,949	2,021,179

13.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement, comprise the following balance sheet amounts:

15,749,069	13,372,019
------------	------------

14 DEFERRED REVENUE

	2008	2007
	R	R
Fees received in advance - Membership	2,753,912	2,663,167
- Learnerships	245,665	288,726
- Exam fees	1,267,515	-
- International Conference*	415,505	-
	<u>4,682,597</u>	<u>2,951,893</u>

*Deferred revenue of R415,505 and deferred expenses of R871,552 for the International Conference have been included under pre-payments.

The net surplus / deficit resulting from the International Conference will accrue as follows:

IIA Inc: 37,5%

IIA SA: 62,5%

Should the conference not take place, the IIA SA is in the process of acquiring insurance to cover all committed costs including the expenses already incurred.

15 AUDITOR'S REMUNERATION

	2008	2007
	R	R
Audit fees	52,000	6,472
Other fees	-	-
Tax and secretarial services	-	-
	<u>52,000</u>	<u>6,472</u>

2008 Annual Report

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2008

	2008	2007
	R	R
Gross revenue from operations	23,678,188	23,233,157
Add: International Conference income	390,300	
Less: Costs	14,890,025	13,004,135
Less: Regional capital applied	-	10,470
Less: International Conference capital applied	846,347	-
Gross surplus	8,332,116	10,218,552
Other income		
Interest received	1,323,161	846,342
Interest received: International Conference	147	
Bad debts recovered	3,947	2,050
Sundry revenue	6,507	4,518
Surplus arising out of an insurance claim: Stolen laptop	-	3,482
Regional contribution	63,248	-
	1,397,010	856,392
Total income	9,729,126	11,074,944
Administration & General Expenditure (Refer to page 37)	8,602,706	7,023,068
Net surplus	1,508,765	4,051,876
Re-allocation of International Conference expenses	93,454	-
Adjustment to Region's opening balances	-11,440	-
Contribution from Regions	63,248	-
Retained surplus at the beginning of the year	15,552,970	11,501,094
	17,206,997	15,552,970
Made up as follows:	-	
Central	16,842,771	15,229,708
Regions	364,226	323,262
Balance at the end of the year	17,206,997	15,552,970

ADMINISTRATION AND GENERAL EXPENDITURE

	2008	2007
	R	R
Auditor's remuneration	52,000	6,472
Bad debts	28,127	28,250
Bank charges	70,938	97,372
Consulting fees	3,800	-
Depreciation	110,933	113,864
Electricity and water	125,805	98,342
Entertainment	2,899	7,166
Office expenses	40,906	32,598
Insurance	64,443	55,229
Library costs	26,413	17,773
AGM Costs	13,820	10,527
Sundry Expenses	95,953	13,725
Recruitment	135,149	5,062
Postage	32,703	25,463
Printing and stationery	92,169	86,728
Marketing Expenses	44,942	364
RSC Levies	-	1,200
Repairs and maintenance	125,536	113,202
Salaries	6,140,513	5,428,932
Leave Pay	375,759	153,562
Office refreshments	37,513	32,527
Sponsorship	104,700	50,500
Telephone and fax and internet	230,535	216,561
Training	75,625	31,836
Travel - Local	105,715	101,520
Travel - Overseas	225,440	205,261
Travel - Overseas: Committee members	89,540	37,441
Wages: Temporary staff	150,829	51,592
Total expenditure	8,602,706	7,023,068



**The Institute of
Internal Auditors
South Africa**

**Unit 2
Bedfordview Office Park
Bedfordview
2008**

Tel: +27 11 450 1040 • Fax: +27 11 450 1070