



# irba

INDEPENDENT REGULATORY BOARD FOR AUDITORS

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# NEWS

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L-R: Bob Garnett  
(World Bank Consultant);  
Gail Williams (IRBA);  
Bernard Agulhas (IRBA);  
Patrick Kabuya (World Bank); Matthew Richardson (IRBA);  
Zubaidur Rahman (World Bank).

## MESSAGE FROM THE

# CEO

As predicted in my message in the last edition, 2012 is making good on its promise to make this an exciting year, albeit that we are already half way there. Despite the numerous challenges created by factors outside of the profession, it continues to stand tall through a self-made infrastructure that has proven its mettle as in decades gone past.

But like any other structure, it needs cohesion, support and cooperation amongst the various parts.

Earlier this month, what appears to be yet another first in the world, the IRBA and Auditor General launched a joint guide to auditors on auditing in

the public sector. Preceding the launch, many hours were spent by stakeholders in the private and public sectors to develop a useful tool which will ultimately strengthen governance and financial management in the public sector. Although this may appear like a small victory, it laid down a blueprint for what can be achieved through cooperation, consultation and striving towards a common objective – the protection of the public interest. Any isolated efforts to deliver on such a monumental mandate will require much more than when skills, knowledge and experience are pooled and cleverly coordinated. This is no different to the theme running through the President's State of the Nation address delivered earlier in the year – South Africans must work together and support each other.

The World Bank has also just completed its Review of Standards and Codes (ROSC) for accounting and auditing in South Africa, its second review since 2003. The purpose of the ROSC is to make recommendations to government to improve practices and standards, thereby creating a credible profession on which investors can rely, and credible markets which

will stimulate international trade. Over a 3 week period, professional bodies, regulators, the profession and government provided inputs and responded to questions from a highly skilled team of consultants who will produce recommendations on further raising the bar in the profession, and hopefully yet again set South Africa at the forefront of auditing and accounting. Not surprisingly, stakeholders worked together to make the project a success, and I have no doubt that the final product, which is due at the end of the year, will cause a positive shift in the profession.

So we should seek opportunities to coordinate our efforts, and steer clear of actions that may dilute a common purpose. I have only referred to two examples which stood out in the last quarter, but no doubt there must be several others which demonstrate the power of collaboration, building partnerships, and ultimately the nation. While regulators and government must coordinate efforts to create the required infrastructure, the profession continues to fulfil a critical role in creating the necessary cohesion, whether it is between the private and public sectors, or the local and international markets.

If we continue to coordinate our efforts to set the benchmark for standards, quality and excellence, we would have earned our position in the global arena.

**Bernard Peter Agulhas**  
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## PUBLIC PRACTICE EXAMINATION 2011

On 4 April 2012 the Board, Education Committee and a number of guests from the firms, academia and other stakeholders gathered at The Westcliff in Johannesburg for the annual luncheon to honour the Top 10 students from the 2011 PPE. The top Support Programme candidate was also honoured at the function.

The guest speaker was entrepreneur and radio personality Pavlo Phitidis, who certainly left the guests with food for thought. The chairman of the Edcom, Mr Temba Zakuza,

congratulated the students and commended their parents and support structures for raising such fine young business leaders of the future.

A number of Top 10 and support programme candidates from years past were also present, to share their experiences with the new winners. Alastair Marais, the 2010 winner, handed trophies to the new winners, and gave them some insights into how his life had been affected by being a Top 10 student.



IRBA Chairman  
Willem van der Linde

# PUBLIC PRACTICE EXAMINATION 2011

CONTINUED



*Temba Zakuza, Chairman: IRBA Education Committee*



*The number 1 candidate for 2011, Tim Acker*



*The successful top 10 candidates with the IRBA CEO and Edcom Chairman*



*Neville Demaine,  
National School of Accounting and  
Yunus Suleman, IRBA Board member*



*Pavlo Phitides*

*Alastair Marais,  
2010 winner*



## WORKSHOP WITH JON GRANT



The IRBA was honoured to host Jon Grant, a long standing member of the International Audit and Assurance Standards Board (IAASB) on 9 May 2012, at a workshop with staff of the IRBA, Board members and CFAS members, at which Jon addressed the following topics:

### IAASB AND ITS STRATEGY FOR 2012 - 2014

The IAASB's medium term strategy is premised on the three key themes of 1) supporting global financial stability, 2) enhancing role, relevance and quality of assurance and related services in an evolving world and 3) facilitating adoption and implementation of standards. All current and potential projects stem from these objectives. The overarching considerations are to retain flexibility and capacity to respond to developments, and to engage stakeholders appropriately through communication in order to meet the public interest mandate.

### CLARITY ISAs AND ISA IMPLEMENTATION MONITORING

The Clarity Project has now been finalised: the Clarified ISAs are principles-based and emphasise the use of professional judgment and professional scepticism. The belief is that the Clarified ISAs are proportional to audits of all sizes. The Clarified ISAs are intended to be more robust, featuring strengthened requirements in risk assessment, materiality, audit evidence, using the work of others and auditor reporting and communications (including with those charged with governance). The Clarified ISAs are applied extensively around the world, with the top 24 global auditing networks' methodologies aligned.

On the ISA Implementation Monitoring Project, responses are to be presented to the IAASB in June 2013. The IRBA is one of 3 national auditing standard setters that will provide direct input into Phase 2 of this project.

### AUDIT REPORTING

The European Commission's Article 22 and Article 23 proposals for more informative auditors' reports and an additional report to the audit committee of public interest entities, lead global calls to improve audit reporting. Audit is valued, but the audit report is viewed as lacking communicative value. Users, mainly investors, want more relevant and decision-useful information about an entity and those audit reports that

only involve boilerplate language, are to be avoided. The key features of future audit reports are expected to be:

- Auditor commentary
- Going concern and other information conclusions
- Improved clarity / transparency
- More national flexibility (referred to as the Building Blocks approach)

An "Invitation to Comment" demonstrating substantial progress and innovative IAASB thinking on critical reporting issues is expected in June 2012. The exposure draft of the revised ISA 700, *Forming an Opinion and Reporting on Financial Statements*, is planned for the second quarter of 2013.

### OTHER IAASB PROJECTS

#### Recently completed projects

- Revised ISRS 4410, *Compilation Engagements*.
- ISAE 3410, *Assurance on Greenhouse Gas Statements*.
- Staff Q&A on *Professional Skepticism*.

#### Current projects

- ISRE 2400, *Engagements to Review Financial Statements*.
- Disclosures Discussion Paper (January 2011), with a Feedback Statement issued in January 2012: The IAASB will consider if a Disclosures Framework will be developed.
- The Audit Quality Framework.

## COMMITTEE FOR AUDITING STANDARDS (CFAS)

### CHANGES IN COMMITTEE MEMBERSHIP

It is with regret that we bid farewell to Frank Timmins who has provided leadership as Chairman of the CFAS since the promulgation of the Auditing Profession Act in

2005 and establishment of the CFAS and its predecessor the, Auditing and Assurance Standards Board (AASB). We thank him most sincerely for his sound leadership and clear guidance for more than ten years, that has seen South Africa recognised by the World Economic

Forum Global Competitiveness Report as the No. 1 Auditing Standard Setter out of 139 countries for the past two years. Frank continues to serve the IRBA as a member of the IRBA Board.

We welcome Michiel Engelbrecht, Technical Director at PwC, and a long standing member of the CFAS and AASB, who succeeds Frank as the new Chairman. Michiel has been appointed by the Board for a term of three years. He has also served the IRBA for many years on the Education Committees. We wish him well in leading the CFAS to meet the challenges ahead of the IRBA and the auditing profession and assure him of the support of the CFAS members and the Standards Department staff.

We also bid farewell to Derek Spavins, long standing member of the CFAS and AASB for approximately ten years. Derek's expertise in audit reporting and his excellent working knowledge of the ISAs and other assurance developments has guided the debates throughout the years. As Chairman of the Reports Standing Committee (RSC) he has been largely responsible for the development of the SAAPS 2 *Financial Reporting Frameworks and the Auditor's Report* and SAAPS 3 *Illustrative Reports* and has contributed to the many regulatory reports developed and issued by the IRBA that have provided valuable implementation guidance for auditors. Derek continues to provide consultant services to the IRBA Standards and Legal Departments, so we continue to benefit from his expertise and experience.

Lastly we welcome Steven Louw, the Managing Partner in KPMG's Department of Professional Practice (DPP) and a member of KPMG's Global ISA Panel, who has been co-opted to CFAS. He chairs the Regulatory Contact Partner Group of the large firm networks in South Africa and has already served on certain committees for the IRBA.

#### CURRENT PROJECTS

##### Proposed South African Preface and Proposed Due Process

Following the issue of the IAASB's Amended Preface to the *International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*

in December 2011, the CFAS approved a proposed South African Preface that establishes the status and authority of the *Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements* developed and issued by the IRBA.

The CFAS also approved a proposed *CFAS Due Process* that reflects the process followed by the CFAS, its standing committees and task groups, in exposing and adopting IAASB Engagement Standards and in developing and issuing national pronouncements. Both will be issued during June 2012 for public comment for 60 days.

The existing SAAPS and Guides will be reviewed during the course of 2012 to assess whether these will be re-issued as non-authoritative *South African Practice Notes* (SAAPNs, SAREPNs, SAAEPNs or SARSPN) or Guides that relate to legislative requirements of regulators and government departments in South Africa.

#### CFAS REPORTS STANDING COMMITTEE (RSC)

*SAAPS 3 (Revised), Illustrative Reports* (SAAPS 3) has been approved for issue and is due to be released during June 2012. SAAPS 3 has been revised to take account of the following:

- changes to the ISA reporting standards arising from the clarity project of the IAASB,
- changes for subsequent revisions of the International Standards on Auditing (ISAs) and International Standards on Review Engagements (ISREs), and
- to address the requirements of the Companies Act, 2008 (as amended) (Companies Act), and the Companies Regulations, 2011, pursuant thereto.

SAAPS 3 also incorporates for the first time the reporting requirements of the Public Audit Act (PAA) and the applicable requirements of the Auditor-General of South Africa (AGSA).

Practitioners will find the illustrative reports very useful.

The wording of the auditor's report relating to "other information" included in the "audited annual financial statements" as required by section 29 of the Companies Act, was discussed at a meeting between the IRBA and the Companies and Intellectual Property Commission (CIPC) to establish the expectation with regard to the auditor's responsibilities to report thereon. The reports include, where applicable, for individual companies and close corporations:

- the director's report (section 30(3)(b)),
- the audit committee's report (section 94(7)(f)); and
- the company secretary's certificate (section 88(2)(e)).

It was agreed that the auditor's responsibility for these reports is covered by the requirements in ISA 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements (ISA720)*, namely to read the other information contained in the reports to identify any material inconsistencies, if any, with the audited financial statements. Auditors are reminded that when the auditor reads the other information, the auditor does so in the light of the knowledge the auditor has acquired during the audit. Where material inconsistencies are identified, the auditor follows the requirements in ISA 720 to address such inconsistencies.

Consequently, the auditor's report on audited financial statements of a company or close corporation will reflect:

- The *auditor's report* on the audited financial statements, prepared in accordance with the relevant financial reporting framework; followed by an
- "Other matters required by the Companies Act" paragraph after the opinion paragraph dealing with the auditor's findings from reading the other information in the relevant reports that are bound in with the audited financial statements.

The other matters paragraph included in the illustrative reports in SAAPS 3 is aligned with developments internationally, where similar such reports are bound in with audited financial statements, due to a legislative or regulatory requirement.

The updated SAAPS 2 (Revised) *Financial Reporting Frameworks and the Auditor's Report* containing minor amendments for the changes arising from the Companies Act was also approved for issue by the CFAS, due during June 2012. Once issued, SAAPS 2 and SAAPS 3 will be available for download from the IRBA website in both a Word and pdf version.

A CFAS JSE Task Group is working on the *Guide for Registered Auditors: Reporting on Financial Information contained in Interim, Preliminary, Provisional and Abridged Reports*. It is expected that the updated Guide will be issued during the third quarter of 2012. The JSE Task Group will also deal with the updating of the auditing aspects in the other JSE Guides for reporting on profit forecasts, presently contained in the existing SAICA Guides. The Task Group will also work on the alignment of the Listing Requirements to enable auditors to comply with

the recently issued ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. An illustrative reporting accountant / auditor's report similar to the one in ISAE 3420 has been prepared to reflect the specific requirements of the JSE and SA legislative requirements.

#### CFAS PUBLIC SECTOR STANDING COMMITTEE (PSSC)

The PSSC has played an important role in facilitating the development of useful guidance for registered auditors engaged in public sector audits. The first of the joint Guides:

- *Guide for Registered Auditors Auditing in the Public Sector* and
- *Guide for Registered Auditors in the Audit of Pre-determined Objectives*

were printed in a ring bound booklet and issued, together with the AGSA Directive for 2012, at a well-attended function at the Sandton Convention Centre on 6 June 2012. The CEO, Bernard Agulhas, the AGSA Executive, Jan van Schalkwyk, and the AG-SA, Terence Nombembe all stressed the advantages and importance of the joint collaboration, unique in the world, to develop guidance for private sector auditors auditing in the public sector to enhance the quality of audit and reporting in the public sector in South Africa.

The CFAS approved the next two projects that the PSSC will be developing Guides on:

- *Guidance on Performing Audits on behalf of the AGSA;* and
- *Guidance where the AGSA has opted not to Perform the Audit of a Public Sector Entity.*

These two joint guides will further assist private sector auditors in understanding the additional

communication, risk management and audit methodology to be followed and the relationship with the AGSA and when auditing in the public sector in these two different circumstances.

#### CFAS SUSTAINABILITY STANDING COMMITTEE (SSC)

The SSC Task Group met on 5 April 2012 to develop an illustrative sustainability assurance report as well as an illustrative engagement letter. It is expected that the illustrative sustainability assurance report and illustrative engagement letter will be issued during the third quarter of 2012.

The SSC will continue with its research into assurance by auditors on integrated reports.

#### CFAS B-BBEE ADVISORY COMMITTEE (BAC)

The BAC is finalising the South African Standard on Assurance Engagements (SASAE) 3502 *Assurance Engagements on B-BEE Verification Certificates* which contains the requirements and guidance for B-BBEE approved registered auditors, providing such assurance services. It is expected that the SASAE 3502 will be issued in the third quarter of 2012.

We congratulate those registered auditors who have successfully completed the prescribed B-BBEE MDP programme and have registered with the IRBA as B-BBEE approved registered auditors. To date 50 auditors have been registered to provide B-BBEE verification certificates and may undertake such engagements and issue B-BEE verification certificates from the date of their registration. A list of the B-BBEE approved registered auditors can be found on the IRBA website at [www.irba.co.za/index.php/ra-search-mainmenu-119](http://www.irba.co.za/index.php/ra-search-mainmenu-119).

**SOME USEFUL DO'S AND DON'TS:**

Pending the finalisation of the SASAE 3502, auditors are advised to follow the guidance in the Proposed SASAE 3502, especially with regard to the format of certificates issued by them:

- Please note that the DTI's Statement 005 provides that only B-BBEE approved registered auditors, and SANAS accredited verification agencies, are permitted to issue valid B-BBEE verification certificates.
- Attention should be paid to the format of the certificate as well as the unique identification number that should be allocated to each certificate:
  - B-BBEE approved registered auditors are not permitted to use the IRBA logo on any such certificates issued by them.
  - The use of the SANAS logo is only permitted for SANAS accredited verification agencies and it is a criminal offence for a B-BBEE approved registered auditor to use the SANAS logo on their certificates.
- It is also important to recognise the reliance placed on the credibility of certificates issued by B-BBEE approved registered auditors to correctly reflect the B-BBEE status of the measured entity for submitting for tenders or to customers.
- Auditors planning to extend their assurance services to provide B-BBEE verification certificates to their audit and non-audit clients are required to ensure their engagement teams are adequately trained and competent to provide such services.
- The DTI requires all B-BBEE verification certificates to be uploaded timeously to the DTI portal. The IRBA is working with the DTI on arrangements to simplify access for the uploading

of certificates to the portal and will communicate this in due course.

- Incorrect certificates may arise from the application of the incorrect Code or Sector Code to the measured entity, or an incorrect calculation of the score for individual scorecard elements. Where the B-BBEE approved registered auditor becomes aware that an incorrect certificate has been issued, steps must be taken as soon as possible to:
  - withdraw the certificate immediately, correct it and re-issue to the client affected as soon as possible thereafter; and
  - must request the client to distribute the corrected certificate to all users to whom the certificate has already been distributed; and
  - the amended certificate will need to be uploaded on the DTI portal and the original certificate issued withdrawn.
- In line with the Preferential Procurement Regulations 10 (1), Exempt Micro Enterprises (EME) certificates and start-up businesses at a Level 3 or Level 4 contributor status, may be issued by **any registered auditor** and any professional accountant who is a member of one of the eight professional institutes, approved in terms of the Close Corporation Act, whose members may be appointed as an **accounting officer**. The definition of "**Accounting Officer**" can be found in the Close Corporation Act 1984 section 60(1), (2) and (4). A registered auditor should follow the guidance in the proposed SASAE 3502 when providing EME Certificates or those for a start-up business.

If you have any further questions please contact the Director: Standards at 087 940 8871 or the Professional Managers in the Standards Department.

**ACTIVITIES OF THE INTERNATIONAL AUDIT AND ASSURANCE STANDARDS BOARD (IAASB)****National Standard Setters Meeting**

The Director: Standards and Senior Professional Manager attended the annual meeting of the IAASB for National Standard Setters in New York on 24 and 25 April 2012. Matters discussed included:

- Feedback on IAASB activities during the past year;
- Standard setting and convergence initiatives in other countries present: Japan, Australia, Germany, Brazil, Russia, France, United States, New Zealand, Norway, Netherlands, United Kingdom, Canada and China;
- Update on the reporting project of the IAASB to meet global demands for more informative auditor's reports and the building blocks approach of the IAASB Reports Task Force; and
- Arrangements for the post implementation review of the clarified ISAs.

**Plan for a Post-Implementation Review of the Clarified International Standards on Auditing**

The IAASB's post-implementation monitoring review plan was issued in October 2011. South Africa is one of three countries who

have agreed to participate and responses for this stage are due to be submitted by October 2012. The implementation review also includes:

- a survey of audit committees, due to be submitted by June 2012;
- the provision of further information about the main differences (if any) between the clarified ISAs and national auditing standards; and
- a survey of small and medium practices (SMP survey) that has already been initiated.

### Other current projects of the IAASB

Details of progress on other projects, including comments received can be found at [www.ifac.org/IAASB/Projects.php](http://www.ifac.org/IAASB/Projects.php)

### The following IAASB pronouncements are approved for adoption and use by registered auditors by the IRBA Board:

- The non-authoritative International Auditing Practice Note (IAPN) 1000 *Special Considerations in Auditing Financial Instruments* provides practical guidance to auditors on auditing financial instruments.
- International Standard on Assurance Engagements (ISAE) 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus* deals with reasonable assurance engagements undertaken by a "practitioner"<sup>1</sup> to report on the "responsible party's"<sup>2</sup> compilation of pro forma financial information included in

<sup>1</sup> Only those practitioners who are registered auditors or reporting accountant specialists accredited by the JSE may undertake assurance engagements to report on pro forma financial information.

<sup>2</sup> The responsible party will generally be the issuer listed on the JSE Limited Securities Exchange, who might also have a dual listing on a foreign Securities Exchange.

a "prospectus"<sup>3</sup>. The ISAE applies where:

- Such reporting is required by securities law or the regulation of the securities exchange in the jurisdiction in which the prospectus is to be issued; and
- This reporting is generally accepted practice in such jurisdiction.

While the reporting accountants' responsibilities are largely addressed in ISAE 3420, additional specific guidance referring to the JSE Listing Requirements and Companies Act, requirements, including illustrative reports to be issued in South Africa by reporting accountants, is being developed and will be issued as soon as possible. ISAE 3420 will apply to reports issued after 31 March 2013.

### The following IAASB pronouncements have been recommended by CFAS to the Board for adoption and will be prescribed for use by registered auditors:

The IAASB's *Amended Preface to the International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements* was issued to establish the status and authority of the pronouncements issued by the IAASB. The IAASB Engagement Standards are issued following the IAASB's stated due process and comprise the "authoritative pronouncements".

The former *International Auditing Practice Statements* (IAPSS) are now referred to as *International Auditing Practice Notes* (IAPNs), and are issued as "non-authoritative"

<sup>3</sup> A prospectus includes a pre-listing statement, circular or an offering document reflecting pro forma financial information as provided for in the JSE Limited Securities Exchange Listing Requirements (LR) and the South African Companies Act, 2008. (LR Section 8.15 to 8.34, the SAICA Guide - "Guide on Pro Forma Financial Information, 2005 and Companies Act, 2008).

guidance to provide practical assistance to auditors. IAPNs do not impose additional requirements on auditors beyond those included in the ISAs, nor do they change the auditor's responsibility to comply with all ISAs relevant to the audit. The amendments seek to establish a clear distinction between the *authoritative engagement standards* of the IAASB and *non-authoritative material* issued by the IAASB to assist practitioners. The existing IAPSS have been withdrawn and have not been re-issued.

- The CFAS has recommended the adoption of the IAASB *Amended Preface to the International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements* to the Board for issue in South Africa.
- ISA 610 (Revised), *Using the Work of Internal Auditors* and consequential changes to and ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment* is effective for audits of financial statements for periods ending on or after 15 December 2013.
- ISRS 4410 (Revised), *Compilation Engagements* is effective for compilation engagement reports dated on or after 1 July 2013. Auditors providing accounting officers' reports for close corporations that do not require an audit or independent review will find the guidance in ISRS 4410 useful.

### IAASB Engagement Standards issued subsequently

ISAE 3410 *Proposed Assurance on a Greenhouse Gas Statement* was issued by the IAASB in June 2012 and is effective for assurance reports covering periods ending on or after 30 September 2013. ISAE 3410 will be considered at the CFAS meeting in August 2012 for approval to recommend to the Board for issue in South Africa.



The CFAE Chairman and Director: Standards attended the annual meeting of the National Standard Setters – *International Ethics Standard Board for Accountants (IESBA)* in New York on 23 April 2012. Matters discussed included:

- Comments received on the proposed changes to the independence requirements arising from *conflicts of interest* that will be considered further by the IESBA before proposing any amendments to the Code; and
- Draft proposals for inclusion in the IESBA Code with requirements for professional accountants in practice and in business to report illegal acts, given concerns regarding the increasing extent of fraud and corruption globally and a view that professional accountants and auditors may become aware of such instances, and seek guidance regarding their ethical responsibilities in such circumstances. We provided input from the IRBA's experience of auditors dealing with reportable irregularities requirements in South Africa.

Comments have also been submitted to the IESBA on the following proposed change to the definition of an engagement team that seeks to make it clear that internal auditors are not part of the engagement team:

*Engagement team* – All partners and staff performing the

*engagement, and any individuals engaged by the firm or a network firm who perform assurance procedures on the engagement. This excludes external experts engaged by the firm or by a network firm. It also excludes individuals within an audit client's internal audit function providing direct assistance on the engagement in accordance with ISA 610 Using the Work of Internal Auditors.*

The proposed change is intended to align with paragraph 9 of the ISA 610 (Revised), *Using the Work of Internal Auditors* issued by the IAASB in March 2012, which clarifies the external auditor's responsibilities for the audit, as follows:

*The external auditor has sole responsibility for the audit opinion expressed, and that responsibility is not reduced by the external auditor's use of the work of the internal audit function on the engagement. Although the function may perform audit procedures similar to those performed by the external auditor, neither the internal audit function nor the internal auditors are independent of the entity as is required of the external auditor in an audit of financial statements in accordance with [paragraph 14 of] ISA 200. This ISA, therefore, defines the conditions that are necessary for the external auditor to be able to use the work of internal auditors.*

CFAE task groups are considering a revision of the IRBA Circular 1/2006 *Giving Second Opinions* and to incorporate additional guidance for B-BBEE approved registered auditors who are requested to provide a B-BBEE verification certificates where another B-BBEE approved registered auditor has already issued such a certificate and where the client seeks to get another auditor to provide a B-BBEE verification certificate with a more favourable score in questionable circumstances.

### ETHICS WORKSHOPS

Earlier this year the IRBA hosted ethics workshops around the country, presented by Uli Schäckermann (CA (SA) and RA) and Professor Martin Prozesky (Ethicist). The implications of the independence requirements were illustrated by way of case studies in the South African multicultural environment encountered by auditors daily. Due to demand, the IRBA is planning further workshops for October 2012 in Johannesburg, Pretoria, Durban and Cape Town. A communiqué with further details will be issued by e-mail and on the IRBA website as soon as dates and venues are finalised.

For further information on professional ethical issues you may contact the IRBA by email to [standards@irba.co.za](mailto:standards@irba.co.za) or by telephone on 087 940 8800.

## REPORTABLE IRREGULARITIES

Work continues on the revision of the Reportable Irregularities Guide to update for changes arising from the Companies Act, 2008 and Regulations pursuant thereto including:

- guidance for independent reviewers when reporting irregularities to CIPC;
- legal advice regarding the interpretation of a part (c) of the definition: *“represents a material breach of a fiduciary duty owed by such a person to the entity or any partner, member, shareholder, creditor or investor of the entity under any law applying to the entity or the conduct or management thereof”*; and
- to provide further illustrative examples of reportable irregularities.

	Total YTD 31 March 2012	
Number of reports received and files closed within 40 days	637	82%
Number of 2nd reports received late (after due date)	140	18%
<b>Total number of RIs received 2012</b>	<b>777</b>	<b>100%</b>
<b>Total number of RIs received 2011</b>	<b>820</b>	<b>100%</b>

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## INSPECTIONS

### NEW FIRM FEES BASIS FOR INSPECTIONS

From 1 April 2012, for all firms categorised as high or special risk (categories A and B), inspections will be billed twice a year based on a percentage of the total audit and other assurance work invoiced by the firm, and declared every calendar year by the firm for each Registered Auditor (RA).

In principle, high and special risk assurance work (categories A and B) will therefore be subject to a three year inspection cycle and billed on a bi-annual basis at a percentage of the total audit fee base declared.

Low risk assurance work (category C) may be inspected on a reactive basis. This means that the IRBA may inspect this work if any information comes to the attention of the IRBA where it is deemed appropriate or necessary to perform an inspection.

These inspections will be billed on a cost per hour recovery basis at a rate prescribed by the IRBA.

Re-inspections under categories A and B will also be billed separately on a cost per hour recovery basis at a rate prescribed by the IRBA. The prescribed fee for the 2012 financial year is R1285.

The following percentage on the high risk audit fee declared for the financial year 2012 was approved by the Board and published in the Government Gazette:

Total High Risk Audit Fee Declared CATEGORIES	Percentage inspection fee to be charged and payable in two instalments
>R500 000 000	0.17%
>R50 000 000	0.55%
>R30 000 000	0.90%
>R15 000 000	1.17%
>R4 500 000	1.98%
>R43 000	2.34%
<R43 000	0%

The first invoice will be sent by e-mail on 20 June 2012 and posted to the firm's address as per the database contact details.

Where firms operated as different legal entities under the same name as so-called network firms, the fees were added together and the invoice will only be sent to the main firm.

## THE IRBA LENDS A HELPING HAND IN ZIMBABWE

The World Bank launched projects worldwide to increase financial reporting quality and audit standard compliance. Consequently the IRBA was contracted to provide technical assistance to the Public Accountants and Auditors Board of Zimbabwe while it implemented a regulatory function. Inspectors from the IRBA have spent more than five weeks at the offices of the Zimbabwe PAAB since February 2012, training prospective inspectors.

The enthusiasm of the role players in Zimbabwe was evident from the start. The targets and goals set were uncompromising, and training had to be of the highest standard to be relevant. The Zimbabwe Stock Exchange and the Auditor General of Zimbabwe gave their commitment to the Zimbabwe PAAB to only accept or contract auditors who have been approved by the regulatory process. The Zimbabwe offices of Ernst & Young, BDO, PKF, as well as small practitioner STC

volunteered to be part of the on-the-job training.

Chartered Accountants of the highest calibre were contracted by the Zimbabwe PAAB, and sacrificed most of their available time, for no remuneration, to participate in the training phases of the project. A very tight schedule of formal training, practical training at the Zimbabwe PAAB offices, and on the job training at firms volunteering for the process, was followed.

We were privileged to work with such a dedicated team at the Zimbabwe PAAB, and the cooperation of the participating firms was well beyond the call of duty. Together with the Zimbabwean hospitality we experienced, it made for an unforgettable experience. We wish the Zimbabwean PAAB all the best with its endeavours and are confident that its regulatory process will be of exceptional standard.

**Paul van Helden**  
 Director: Inspections  
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## LEGAL

### QUARTERLY REPORT FROM THE DIRECTOR: LEGAL FOR THE PERIOD 1 JANUARY 2012 TO 31 MARCH 2012

#### INVESTIGATING COMMITTEE

The Investigating Committee met twice during this period and referred 14 matters to the Disciplinary Advisory Committee with recommendations. One matter was resolved at the Investigating Committee stage.

#### DISCIPLINARY ADVISORY COMMITTEE

The Disciplinary Advisory Committee met once during this period and disposed of 9 matters, as follows.

##### Decisions not to charge

- one matter in terms of Disciplinary Rule 3.5.1.1 (the

respondent is not guilty of unprofessional conduct; this includes the situation where the conduct in question might be proved but even if proved does not constitute unprofessional conduct);

- three matters in terms of Disciplinary Rule 3.5.1.2 (the respondent having given a reasonable explanation for the conduct);
- one matter in terms of Disciplinary Rule 3.5.1.5 (being that in all the circumstances it is not appropriate to charge the respondent with improper conduct).

### Decision to charge and matter finalised by consent

Two practitioners were fined:

- one matter related to breaches of the Auditing Profession Act, 2005 and the Companies Act, 1973 (repealed) (R75,000 of which R25,000 was suspended on conditions);
- one matter related to negligence in performing the audit of an

attorney's trust account and the audit of a Law Council (fine of R50,000 was imposed).

### Decision to charge and matter referred to the Disciplinary Committee

Two matters were referred to the Disciplinary Committee for disciplinary hearings.

## DISCIPLINARY COMMITTEE

The Disciplinary Committee sat twice during this period (28 February to 2 March 2012 and 26 – 28 March 2012). Both matters are part heard

and both are set down for a further number of days. This is an indication of the breadth and complexity of cases which are heard by this

Committee, as well as a tribute to the commitment of the senior people who serve on it.

## LEGISLATION

### SECTIONAL TITLES ACT 95 OF 1986

When the Sectional Titles Act was published and the Sectional Title Regulations were published in Government Gazette No. 11034 on 30 November 1997, the profession noted with concern the provisions of Annexure 8 (the management rules of the Body Corporate) and particularly Rule 40 thereof which deal with the appointment of an auditor to a Body Corporate. The paragraph provides that "where a scheme comprises less than 10 units, **an accounting officer may be appointed to perform the duties of an auditor**". In paragraph 2(b) of Annexure 8, "accounting officer" is defined as "a person who in terms of Section 60(2) of the Close Corporations Act, 1984, is qualified to perform the duties of an accounting officer.

The profession immediately objected to this and voiced its objections to the Director General: Department of Public Works and Land Affairs

(the Ministry which at that stage was responsible for this legislation) and the Registrar of Financial Institutions. The Board suggested that if the members of the Body Corporate specifically decided that they do not require an audit, that this option be granted to them in terms of the Regulations, if a scheme comprised less than 10 units. From the very outset the Board was opposed to the concept of an "accounting officer" performing an audit.

The Registrar of Financial Institutions supported the objections of the profession (SAICA and the then PAAB) on the basis that they were a contravention of Section 22 of the Public Accountants and Auditors' Act (the erstwhile "holding out" section) and requested that the matter be re-investigated with the view to considering an amendment of the offending Regulation. In the event, the Department of Public Works

and Land Affairs was persuaded by a legal opinion which they had obtained to the effect that Section 22 did not preclude such legislation being promulgated. Reliance was placed on sub-sections 22(b) (iv). This opinion was no doubt technically correct but that being said, did not address the concerns of the profession. Consequently, the legislation went ahead.

The profession responded to this by proposing another alternative (to the previous proposal, namely that a scheme comprising less than 10 units could elect to do away with an audit altogether) and this was that a scheme comprising less than 10 units could elect to have an **accounting officer provide duties similar to those of an accounting officer in terms of the Close Corporations Act** (rather than an accounting officer performing an audit). This proposal, likewise, did not find favour.

This culminated in a meeting in January 1989 held between officials of the PAAB and various State officials; the PAAB was at pains to stress the difference between a chartered accountant /auditor, and an accounting officer, emphasizing particularly the highly specialised training that is required by a chartered accountant (auditor). At the end of that discussion it was generally agreed that an equitable solution would be for a Body Corporate, where the number of units is 10 or less, **to be permitted to decide for itself whether or not to appoint an auditor.**

It was suggested that the Board write directly to the Sectional Titles Regulation Board motivating such an amendment. This was done. The correspondence was acknowledged by the Chief Registrar of Deeds, who appeared to communicate on behalf of the Sectional Titles Regulation Board, who invited proposed wording for an amended Rule 40. A proposal was submitted immediately as follows:-

**"AUDIT  
40.**

At the first General Meeting and at every Annual General Meeting, the Body Corporate shall appoint an auditor to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting; Provided that where a scheme comprises less than 10 units, it shall not be compulsory to appoint an auditor and the Body Corporate may elect not to appoint an auditor."

The PAAB understood that the proposed amendment had found favour with the Regulations Board.

In fact when the amended Rule was promulgated it did not remotely resemble the proposed amended Rule, as suggested by the profession; the new rule was no different from the original rule, the only difference

being that **the words "perform the duties of an auditor" were replaced with the words "for that purpose"**.

The Board again requested the Chief Registrar of Deeds to reopen the debate in this regard. This invitation was not accepted and the Department of Public Works and Land Affairs made it clear that as **the Regulations per Regulation 30(4) contained a mechanism whereby the rules in Annexure 8 (which included the controversial Rule 40) could in any event be added to, amended or repealed**, no further amendment to Rule 40 was considered necessary.

In the event, the Deputy Minister was not convinced, and the matter was dropped.

In June 1995 this matter was raised again with the Registrar of Deeds referring to the fact that encroachment into the auditing sphere by "accounting officers" was indeed taking place and highlighting and further concern of the profession. This was that Regulations 30(1) and 30(4) in fact render the entire debate academic as Regulation 30(4) permits a Body Corporate to substitute the management rules in their entirety, including the rules which it was not competent for a developer to substitute, and which include the "audit" rule. **Accordingly, on a strict reading of the legislation, a Body Corporate of a scheme comprising any number of units could elect to do away altogether with the requirement for an audit.**

As of today, we are not certain of the scale on which this has occurred, if at all.

The discussion and debate around this issue died down until fairly recently when the question was raised as to **which accounting framework**

should be used when auditing a Sectional Title Body Corporate. With the increasing technical requirements of audits and the increasing number standards which must be applied, it is simply inconceivable that an "accounting officer" who does not necessarily have any training in auditing whatsoever, should be in a position to audit these accounts.

### COMPANIES ACT, 71 OF 2008

We reproduce hereunder, with their permission, the content of an 'e-alert' received from Webber Wentzel attorneys on the topic of the registered office of a company, as it is of interest to RAs. The judgement to which it makes reference, and of which paragraph 12 commencing at page 7 is of particular relevance, is available from us on request – simply send an e-mail to [board@irba.co.za](mailto:board@irba.co.za).

*The Western Cape High Court recently considered the issue of the 'residence' of a company under the new Companies Act (the '2008 Act') in the matter of Sibakhulu Construction (Pty) Ltd v Wedgewood Village Golf and Country Estate (Pty) Ltd.*

*The judgment highlights the changes introduced by the 2008 Act relating to a company's registered office as well as the impact of these changes on the court having jurisdiction over proceedings involving the company in certain circumstances.*

Judge Binns-Ward found that under the 2008 Act:

- a company's registered address must be the address of its office;
- if the company has more than one office, its 'principal office' must be its registered office in accordance with section 23(3). The term 'principal office' is not defined in the 2008 Act. Looking at the 2008 Act's requirements as to what must be kept at its registered office (sections 24 and 28), the court concluded that the principal office should be the place where "the company's general administration is centred" in other words where the "administrative business of the company is principally conducted";

- the transitional provisions in Schedule 5 of the Act do not deal with a pre-existing company's registered office and accordingly section 23(3) applies equally to such companies (a 'pre-existing company' is a company that was incorporated before 1 May 2011 under the Companies Act 1973); and
- the place where the company's registered office is situated determines where a company resides and therefore which court has jurisdiction in proceedings affecting the status of a company, such as liquidation and business rescue proceedings. (Before the 2008 Act came into effect, it was possible for a company to reside at more than one place and one could elect to institute

proceedings using, for example, either the place of its registered office or its principal office.)

It is important to note that:

- Company management should ensure that CIPC's records reflect the company's registered office as its address. If there is more than one office, then the address of the principal office should be used;
- It will no longer be possible for a company to use an address chosen for convenience (e.g. of its auditors) as its registered address; and

A company can change its registered office by filing a notice of change of registered office with the CIPC. There is no filing fee payable.

## TRENDS

### TRUSTS

It has been a practice amongst certain practitioners, for some time now, to issue Letters of Acceptance of Appointment of Auditor, in situations where new trusts are being founded. We wish to caution practitioners against this practice and suggest that any practitioners who are still doing this, desist immediately. The common situation is to issue a letter for the Master along the following lines.

"We confirm that we accept and undertake to advise the Master that:

1. We are appointed as auditors to the above Trust;
2. Should we cease to act as auditors, we shall advise the Master of the High Court immediately;

3. Should we be aware of the name of the new auditor, we shall immediately inform the Master of the High Court accordingly;
4. Should the trust not have been administered in accordance with the terms and conditions of the Trust Deed we shall immediately inform the Master of the High Court accordingly;
5. Should any substantial addition to the capital of the Trust and the value thereof alter, we shall advise the Master of the High Court immediately;
6. Annual financial statements will be drawn up and same will be lodged at the Master of the High Court."

These letters were frequently granted to attorney colleagues who were in the throes of forming a trust for a client.

Clearly the practitioner in question has no way of knowing the details of the trust if he has not been furnished with a copy of the Trust Deed and, ideally, met the parties.

Practitioners should desist from this process of issuing "blanket" Letters of Acceptance of Auditor to trusts and going forward should only issue these letters once the trust has been formed and they have established what their actual obligations are in terms of the Trust Deed. It is then incumbent on the auditors to ensure that they perform in terms of any letter of undertaking issued.

### COMPANIES

On a similar note practitioners are cautioned against routinely accepting appointment as auditor of a shelf company. This has also been a common practice in the past

and, whilst not so open to abuse, can nevertheless cause difficulties for the auditor if the company is onwards sold and the new owners do not appoint a new auditor. We would urge practitioners to keep a register of companies in which they have accepted "shelf company" appointments and to check on a regular, perhaps annual, basis with the shelf company originator whether those companies have been onwards sold or not. If they have been onwards sold it would be in the practitioner's interests to

make contact with the new owners, particularly as they are still on record as the auditors of the company in question.

IRBA has seen an increase in complaints against auditors of both trusts and companies in the situations outlined above where the original auditors of record are not in fact performing any audit functions for the entities, and the entities have become the subject of public scrutiny.

Queries: **Jane O'Connor**  
Director: **Legal**  
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Facsimile: **087 940 8873**  
E-mail: **legal@irba.co.za**



## REGISTRY

As a Regulator, the IRBA is not always top of the popularity stakes. However, it is always heartening to get this kind of resignation letter from a Registered Auditor.

Registry  
IRBA  
PO Box 8237  
GREENSTONE  
1616

(Via E-mail: cgarbutt@irba.co.za)

30 May, 2012

Attention: Caroline Garbutt

*I refer to our conversation this morning and confirm my intimation to you to the effect that after thirty six years as a Registered Auditor it is my request to stand down as a Registered Auditor with immediate effect.*

*I want to take this opportunity of thanking the Board and its predecessor, PAAB for their professional support and encouragement that has been my experience during my tenure as a practitioner. I also wish the Board, comprising its various Committees and support personnel going forward, everything of the best in your well known efforts to present IRBA as a body dedicated to high professional conduct and dedicated integrity.*

*Yours faithfully,*

**Note from editor:**  
We also wish to thank Registered Auditors for their cooperation when required, and their contribution to the recognition attributable to the South African auditing profession (see CEO's message)

## REGISTRY

CONTINUED

### INDIVIDUALS ADMITTED TO THE REGISTER OF THE BOARD From 1 JANUARY To 31 MARCH 2012

**Kotze** Leonie  
**Maluleke** Tsakani  
**Maseko** Mokgadi Portia  
**Setshedi** Rachel  
**van der Post** Willem  
**van der Walt** Leana

### INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE BOARD From 1 JANUARY To 31 MARCH 2012

**Cousins** Alan Roland  
**Gernetzky** Chantelle  
**Mabokela** Lucky Lesiba  
**Nayager** Ratha Krishman  
**Nhleko** Vusimuza Ronald

**Oosthuizen** Charles Stewart  
**Sathekge** Samuel Mathaba  
**van der Westhuizen** Julian

### INDIVIDUALS REMOVED FROM THE REGISTER OF THE BOARD From 1 JANUARY To 31 MARCH 2012

**Bainbridge** Leigh Carol, Deceased  
**Bekker** Sandra Annette, Resigned  
**Brehm** Leonard, Resigned  
**Cooper** Clive Vivian Dunn, Resigned  
**Cumming** Tracy, Resigned  
**Gcabashe** Tsediso Zwelethu, Deceased  
**Lubbe** Jan, Resigned  
**McGregor** Stephen, Resigned  
**Mdutshane** Khanyisa, Resigned  
**Mostert** Jacob Johannes, Resigned  
**Musona** Precious, Emigrated  
**Nel** Hendrik Erath, Resigned

**Omar Carrim** Yacoob, Resigned  
**Ortlepp** Maria Margaretha, Resigned  
**Paterson** Shelley, Resigned  
**Reynolds** Philil Wardel Moorrees, Resigned  
**Spencer** Gerald Carson Anthony, Resigned  
**Stoltz** Deon, Resigned  
**Swemmer** Michael Robert, Resigned  
**van Staden** Jacobus, Deceased  
**Vietri** Christopher, Resigned  
**Williams-Jones** Peter John, Resigned

**Caroline Garbutt**  
Manager: Registrations  
Telephone: 087 940 8800  
Facsimile: 087 940 8873  
E-mail: registry@irba.co.za

## COMMUNICATIONS

In the interests of improved communication with Registered Auditors and other stakeholders, a list of Communiqués sent by bulk e-mail during the period January to May 2012 is set out below. These communiqués may be downloaded from the IRBA website, under the various "News" tabs.

5 January	IESBA issues Proposed Changes to the Code of Ethics for Professional Accountants "Addressing Conflicts of Interest"
8 February	Documents required for Change in the Method of Recovery of Cost for Inspections Performed by the IRBA Extension of deadline
17 February	FIC - ACAMS SA Chapter Learnership Event
17 February	Ethics Workshops for Registered Auditors - Research Regarding Additional Dates and Venues
24 February	2011 Public Practice Examination Results Official Statement Accompanying the Release of the Results of the Public Practice Examination 2011
30 March	Annual Fees for 2012/13
30 March	Enterprise Investment Programme: Manufacturing Investment Programme or Tourism Support Programme - Revised Factual Findings Report
10 April	Reminder of Submission Deadline for Documents Required for Change in the Method of Recovery of Cost for Inspections Performed by the RBA
20 April	Invoices and Annual Returns for 2012
24 April	Registration for the 2012 IRBA Support Programme
25 April	SA Auditor Required to represent the country on AU Board of External Auditors
17 May	Application of Section 90(2) of the Companies Act - Further Extension Granted



## ROAD SHOW 2012

You are invited to attend one of the training and information sessions that will be hosted throughout the country by the IRBA CEO directors. The sessions will comprise a broad overview of developments and changes in the profession as they affect you, the Registered Auditor, including:

- Companies Act
- Amendments to the Auditing Profession Act
- European Union Green paper
- B-BBEE
- New delivery model
- Funding model

Please see the schedule below for dates and venues. The cost of the information session will be R505 per delegate. Attendees will receive a certificate for 3½ hours of Continuing Professional Development.

### Programme:

Registration and welcome tea, coffee	09h00
Session starts	09h30
Session ends	13h00

### Workshop capacity

We have limited the number of attendees per session, in order to make the most of the presentation and discussions. Please check the capacity for your preferred venue when booking. If that particular session is full you will be advised to select an alternative date/time.

For further information go to [www.irba.co.za/roadshows](http://www.irba.co.za/roadshows). Online bookings can be made at [www.irba-training.co.za](http://www.irba-training.co.za)

Date	Venue
Tues 21 Aug	<b>Johannesburg 1</b> Sandton Convention Centre, Maude Street, Sandown Tel: 011 779 0000
Weds 22 Aug	<b>Cape Town</b> CTICC, Convention Square, 1 Lower Long Street Tel: 021 410 5000
Thurs 23 Aug	<b>Cape Town 2</b> Zevenwacht Conference Centre, Langverwacht Road, Kuils River Tel: 021 900 5700
Fri 24 Aug	<b>George</b> Protea Hotel King George Tel: 044 874
Mon 27 Aug	<b>East London</b> Garden Court East London, Cnr. John Baillie & Moore St, East London Tel: 043 722 7260
Tues 28 Aug	<b>Port Elizabeth</b> Summerstrand Hotel, Marine Drive, Summerstrand Tel: 041 583 3131
Mon 3 Sept	<b>Pretoria 1</b> CSIR Convention Centre, Meiring Naude Road, Brummeria Tel: 012 841 3822
Weds 5 Sept	<b>Durban</b> Riverside Hotel Conference Centre, 10 Northway, Durban North Tel: 031 563 0600

Thurs 6 Sept	<b>Pietermaritzburg</b> Protea Hotel Hilton, 1 Hilton Avenue, Hilton Pietermaritzburg Tel: 033 343 3311
Fri 7 Sept	<b>Pretoria 2</b> CSIR Convention Centre, Meiring Naude Road, Brummeria Tel: 012 841 3822
Mon 10 Sept	<b>Johannesburg 2</b> Sandton Convention Centre, Maude Street, Sandown Tel: 011 779 0000
Tues 11 Sept	<b>Nelspruit</b> Emnotweni Sun, 15 Government Boulevard, Riverside Park Ext.1 Tel: 013 757 3000
Weds 12 Sept	<b>Polokwane</b> Fusion Boutique Hotel, 4 Schoeman Street, Polokwane Tel: 015 291 4042
Fri 14 Sept	<b>Potchefstroom</b> Willows Garden Hotel, 82 Govan Mbeki Drive, Potchefstroom Tel: 018 297 6285
Fri 21 Sept	<b>Bloemfontein</b> Protea Hotel Willow Lake, 101 Henry Street, Willows Tel: 051 412 5400

## ETHICS WORKSHOPS FOR REGISTERED AUDITORS

If you missed the Ethics Workshops in January and February of this year, we are pleased to be able to offer a few more workshops to interested RAs.

cont.....

**Workshop content**

This practical and interactive ethics workshop will expose participants to the application of the fundamental ethical principles in practical situations when evaluating threats and identifying and applying safeguards in terms of the conceptual framework.

The ethics workshops will cover various aspects of the Code including:

- Providing context to the development of the new IRBA Code;
- Approaching ethics multi-culturally;
- Setting out the conceptual framework of the Code and threats and safeguards;
- Discussing independence issues for audit, review and other assurance engagements and giving examples of actual case studies;
- Provide information on current topics such as 'public interest' and 'key audit partner'; and
- Dealing with recurring ethical challenges that affect the auditing profession.

Through this workshop it is hoped that the ethical decision making skills of registered auditors and their staff will be improved and an understanding gained of the practical implementation of the Code in their firms and engagements.

**Workshop format**

Each workshop will be limited to a maximum of 50 delegates per group, booked on a first-come, first served basis.

**Programme**

Registration commences at 09h00, 30 minutes before the session starts. Workshops will commence at 09h30 and run until 13h00, with a tea break mid-session.

**Dates and venues**

Date	Workshop	Venue
Monday 15 October	Cape Town 5	CTICC Convention Square 1 Lower Long Street Tel: 021 410 5000
Tuesday 16 October	Durban 3	Suncoast Conference Centre Suncoast Boulevard North Beach, Durban Tel: 031 328 3357
Thursday 25 October	Johannesburg 5	Sandton Convention Centre Maude Street, Sandown Tel: 011 779 0000
Tuesday 30 October	Pretoria 5	CSIR International Convention Centre Meiring Naude Rd, Brummeria Tel: 012 841 4615

**Cost**

R700 per person

**Continuing Professional Development**

The training will contribute to 3.5 hours of CPD and certificates will be issued to attendees afterwards. This will form part of the 9 hours of compulsory ethics CPD required in a 3 year cycle with a minimum of 2 hours per annum.

**Presenter/s**

The presenters of these ethics workshops will be Prof. Martin Prozesky and Mr. Uli Schäckermann.

**Bookings** can be made at [www.irba-training.co.za](http://www.irba-training.co.za)

For further information telephone Joanne Johnston on 087 940 8780/8800 or e-mail [johnston@irba.co.za](mailto:johnston@irba.co.za).

**GENERAL NEWS****BOARD MEMBER APPOINTED**

Mr Hussan Goga, an attorney, notary and conveyancer from Durban, has been appointed to the Board of the IRBA.

Mr Goga holds B Comm and B Proc degrees, as well as an Aipsa

Diploma in Insolvency Law and Practice. He has served for two 5-year periods as a member of the Special Board for the Hearing of Tax Appeal, and is also a member of the Property Law Committee of the KwaZulu-Natal Law Society.

Mr Goga has experience as both a Conveyancing Examiner and a Notarial Examiner, and is a member of the Law Society of South Africa's Standing Committee on Property Law. He serves as an alternate member of the Sectional Titles

Regulation Board of South Africa, and is a member of the Deeds Registries Regulation Board of South Africa.

Hussan is also the chairman of the Law Society of South Africa's

Standing Committee on Deceased Estates, Trusts and Planning. He has also served as a member of the IRBA's Disciplinary Committee for several years.

The Board is honoured to have such a highly experienced individual join bring his knowledge and skills to the committee.

## WORLD BANK REPORT ON THE OBSERVANCE OF STANDARDS AND CODES (ROSC) – ACCOUNTING AND AUDITING REVIEW, SOUTH AFRICA



As mentioned in the report by the CEO on page 1, the IRBA recently assisted the World Bank with the secretariat functions for this very important visit.

The review was carried out from 21 May to 1 June 2012, in order to determine the extent to which recommendations in the 2003 ROSC report were implemented, and also to identify any systemic practices that require further strengthening.

The review assesses the strengths and weaknesses of institutional frameworks that underpin the accountancy profession, namely:

- the adequacy of the existing accountancy profession's

- statutory and regulatory framework;
- the quality of education and training qualifications for professional accountants;
- the level of compliance with applicable accounting and auditing standards;
- the capacity of the accountancy professional organisations in South Africa to support the profession and comply with International Federation of Accountants Statements of Membership Obligations; and
- the adequacy of capacity and mechanisms to monitor and enforce compliance with the applicable accounting and auditing standards by regulators.

The findings and recommendations of the review will enable the World Bank to design and implement

accountancy related policy reforms that will further strengthen the framework and ultimately contribute to the country's growth and competitive agenda; especially by strengthening institutions linked to the profession and developing more technical and professional accountants who can serve in both private and public sectors.

The review process involved detailed interviews between the review team and the country's stakeholders interested in accounting and auditing.

Special thanks go to Matthew Richardson, Gail Williams and Pamela de Klerk from the IRBA, for providing the secretariat support to the World Bank for this project.

## SAICA FREE STATE ANNUAL DINNER



(L-R) Azim Omar (SAICA); Bernard Agulhas (IRBA); Lorenzo Borelli (Sponsor); Donovan van Straaten and Kobus Swanepoel (outgoing and incoming chairman, respectively).

SAICA's Central Region held its Free State Annual Dinner on Friday 18 May 2012, at the Kopano Nokeng Country Lodge & Conference Centre. Guests for the evening were entertained by the talented Elvis Blue. The IRBA's CEO, Bernard Agulhas, was present to congratulate the newly appointed President of the Central Region, Kobus Swanepoel.

### ANNOUNCEMENT OF RETIREMENT

It is with sadness that we announce the retirement of the Director: Inspections, Mr Paul van Helden, at the end of 2012. Paul is a CA(SA) and RA who, before joining the Board, was an Audit Partner at Deloitte & Touche in Kimberley.

He joined the IRBA in 1997 as a Practice Reviewer and was promoted to Manager in 2007. Paul took over the role as Acting Director: Practice Review from December 2008 and was appointed as Director from March 2009.

He will be sorely missed, and we wish him everything of the best for the next few months and for whatever lies ahead thereafter.

### INTERNATIONAL FORUM OF INDEPENDENT AUDIT REGULATORS



On 16-18 April 2012, 32 independent audit regulators, including the IRBA, participated in the eleventh meeting of the International Forum of Independent Audit Regulators (IFIAR), which was hosted by Korea's audit regulators (the Financial Supervisory Service, FSS, and the Financial Services Commission, FSC).

Highlights of the meeting:

- IFIAR Members shared findings of recent audit inspections and discussed recent audit policy developments;
- IFIAR exchanged views with investor representatives from Asia about audit quality;
- IFIAR agreed to respond to a request from the Financial Stability Board to identify common findings from Members' inspections of the audits of major financial institutions; and
- IFIAR agreed on priorities for initiatives to improve IFIAR's internal and external communication activities

Regulators from Belgium and Gibraltar became Members of IFIAR just prior to the Busan meeting, bringing the number of Members to 43.

For more information on IFIAR visit [www.ifiar.org](http://www.ifiar.org)

### CONTACT INFORMATION

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