



MANEO

ISSUE 26 • MARCH 2001

NEWSLETTER FROM THE PUBLIC ACCOUNTANTS' AND AUDITORS' BOARD
NUUSBRIEF VAN DIE OPENBARE REKENMEESTERS- EN OUDITEURSRaad

REPORT FROM THE CHIEF EXECUTIVE OFFICER

Our present

My report for the last four issues of *Maneo* have concentrated on the proposed new legislation for our profession and the strategic planning initiatives of the Board in anticipation of the changes.

Our history

It is interesting to note that the Draft Accountancy Professional Bill, 2001 coincides with the fiftieth anniversary of the Board which was formed in conjunction with the passing of the Public Accountants' and Auditors' Act No 51 of 1951.

The first official meeting of the Board was held in the Union Buildings, Pretoria. On 24 October 1951 the Honorable N C Havenga, concluded his address to the members of the Board:

"Gentlemen, I now leave the affairs of the accountancy profession in your hands with complete confidence in your ability to build up and maintain a service that will be a credit not only to the profession, but also to our country."

It is also interesting to note that the first funding of the Board was by way of a loan from government of 5000 pounds. The loan was granted on 26 November 1951 and was for a period not exceeding two years. The loan carried interest of 4,5% per annum, payable six monthly in arrears. The loan was made against the security of all present and future assets and funds of the Board in terms of a promissory note.

We trust that the loan was repaid and would be delighted to borrow funds

from government on the same terms and conditions!

What was certain in 1951 and will be certain under the new legislation is that the profession will continue to be self-funding!

Our future

In the next issue of *Maneo*, I shall discuss the present and possible future funding of the Board.

In conclusion, we must learn from the lessons of history in shaping our future and hopefully, the historic timing of our new dispensation will focus our endeavors continually to improve our

image and profile through excellence in the services we render. Undoubtedly, the greatest lesson we can take with us into the future is our failure in the past to harness and develop the talent of so many of our people.

The strategic planning initiatives of the Board that I have shared with you over the past four issues are not cast in stone and should clearly be dynamic to meet with the evolving challenges. Your thoughts and inputs will be highly appreciated. The profession needs your contribution to the strategic thinking that is required to shape our future. ■

Claude O'Flaherty

WEBSITE – www.paab.co.za

The Board's website has expanded substantially over the past few months and the traffic on the site is increasing daily. On 23 February 2001 we released the PPE results for the November 2000 examination on the website as well. The hit rate for that day was an astounding 147,749 hits and for the month of February the total visits to our site was 223,867 hits.

Visits to our site come from 25 countries, 47% of the hits being from South Africa, 47% from the United States and the remainder from amongst others the United Kingdom, Canada, Australia, Ireland, Thailand, Saudi Arabia, Switzerland, Belgium etc... The average hit rate per day is 3,589 and the most popular day, apart from Friday 23rd February, is a Monday. The most popular time to visit our site is between 2pm and 3pm.

On 27 February 2001 we also introduced a MEMBER SEARCH onto our website. A search of the Board's database can be done by way of an individual member's surname, the firm name or by city. We invite all members to visit our site and search their details to confirm that it is correct. If there are any changes to be made, please advise our Membership department.

We have also made provision for Firms to 'register' their own website address with ourselves. For a once off registration fee of your website address into our MEMBER SEARCH that will then hyperlink directly from your firm "results page" to your own website, please contact Liza Verburg at the Board.

We trust that this MEMBER SEARCH will not only be very helpful to Banks, the Law Society and Estate Agents' Board, who contact us constantly to confirm an individual's registration, but also to the general public in obtaining details of auditors, specifically in their area or by way of some other criteria.



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NEW APPOINTMENTS

Zarina Bassa is a partner in the Corporate Audit Division of Ernst & Young in Johannesburg. Zarina studied at the University of Durban Westville (UDW) and joined Ernst & Whinney, Durban in 1986. Upon completing her articles, Zarina was seconded to Ernst & Young in London, UK in 1989. Zarina returned to South Africa in 1992 and was appointed a partner at Ernst & Young in October 1996, the first black female partner to be appointed by a "Big 5" firm. Zarina has also had responsibility for co-ordinating Ernst & Young's operations in Sub-Saharan Africa for a period of two years and has gained extensive experience of doing business in Africa.

Zarina is keenly interested in education and training issues pertinent to the accountancy profession and has been extensively involved over a number of years in interventions impacting the

CHAIRMAN OF THE PAAB



Zarinna Bassa

education, training and advancement of black accountants at all levels of the profession. She has also been extensively involved in professional, educa-

tional and other activities aimed at promoting education and building capacity, particularly financial skills, in disadvantaged communities.

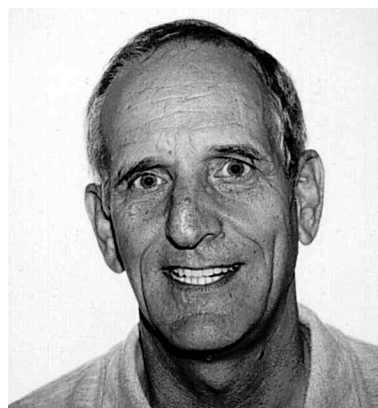
She is a past Chairman of the Johannesburg Branch of the Association for the Advancement of Black Accountants of Southern Africa (ABASA) as well as a past National First Vice President. She has also served on the Board of the South African Institute of Chartered Accountants (SAICA). She currently serves on the Board of the Northern Region of Chartered Accountants and on the National Board of ABASA, and is also a trustee of the Chartered Accountants' Education Endowment Trust (Eden Trust). She is also a trustee of the UNISA Trust and is a past director of The Women's Development Bank that provides micro lending to women in rural and disadvantaged communities. ■

Costa was born in Johannesburg in 1944 and, apart from a year overseas, has lived in Johannesburg his whole life. His schooling was at HA Jack Primary School and Hyde Park High School.

After matriculating, he worked for Barclays Bank for 18 months before joining Goldby, Panchaud & Webber as an articled clerk. He studied part-time at the University of the Witwatersrand and qualified with honours in 1969. Costa was admitted as a partner in 1972 and has been in the accounting profession ever since. A series of mergers resulted in his original firm now being part of Deloitte & Touche.

A large proportion of his professional life has involved auditing and related activities including computer auditing, technical research and development and training. At present Costa heads up his firm's national risk management activities.

VICE CHAIRMAN OF THE PAAB



Costa Qually

Involvement in professional activities has played a large role in his life and has seen him participate in regional and provincial societies, in SAICA and the Board. Currently Costa is chairman of the Practice Review Committee, a

member of the Auditing Standards Committee and on the Executive Committee of the PAAB.

On a personal level, Costa is married to Merriel and they have two children. He has always been keen on participating in sport and has played league tennis, hockey, soccer, cricket and badminton. For the past few years, he has played mainly tennis and done a small amount of target shooting. He has started to play golf and would very much like to move from being a hacker to a golfer.

Costa firmly believes that our profession can play an invaluable role in the economic development of South Africa. To achieve this, he believes Registered Accountants and Auditors will need to maintain and demonstrate high levels of integrity, competence and independence. In addition, he feels Chartered Accountants in commerce and industry should lead the way in improving the standards of corporate governance of companies. ■



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QUARTERLY REPORT FROM THE DIRECTOR: LEGAL

for the period 1 October 2000 to 31 December 2000

Investigation Committee

The Investigation Committee met once during this period and disposed of 9 cases as follows:

- Four cases were either withdrawn by the complainant, not prosecuted, or not proceeded with by the Committee, for various other reasons, including settlement.
- Three cases in terms of Disciplinary Rule 3.9.1 (the accused having given a reasonable explanation for the conduct).
- Two practitioners were fined. Both practitioners pleaded guilty, and were found guilty.
 - One matter related to accepting appointment as director of a company which was an audit client of the firm. The practitioner was fined R1000,00
 - The other arose out of practice review. The practitioner was fined R15 000,00 suspended for three years on conditions.

Disciplinary Committee

The special ad hoc Disciplinary Committee of the PAAB concluded its disciplinary hearings in regard to the affairs of the Masterbond Group of Companies. In all, six registered accountants and auditors were charged with improper conduct. One, Mr CR Liebenberg, was found guilty of 10 counts of improper conduct and sentenced to a fine as well as suspension from practice for a period, which suspension was suspended on conditions. The second and third were each found guilty on one count and fined. The fourth and fifth were acquitted. Disciplinary proceedings against the sixth were terminated on medical grounds.

This matter also formed the subject of

a commission of enquiry, The Commission of Inquiry into the Affairs of the Masterbond Group and Investor Protection in South Africa (“The Nel Commission”). The Nel Commission appointed a firm of investigating accountants to perform a ‘forensic audit’ of the books and records of the Group and in particular to report on whether the responsible firms of auditors were correct in issuing unqualified reports on the financial statements and in accepting that the companies were going concerns. The Board used this report comprising 81 volumes as well as the services of the firm to advise the pro forma complainant.

The Disciplinary Committee of the PAAB (‘the Committee’) sat on six separate occasions for a total of 16 days to hear the matter and incurred significant costs in its investigation and prosecution. These costs do not include the costs of time spent by the practitioners on the Committee, who are not reimbursed for this.

The Board retained the services of the Honourable Justice M Corbett, the retired chief justice of South Africa, to advise the Committee on matters of law, evidence and procedure. Judge Corbett sat through the entire hearing and advised the Committee as required.

In accordance with the decision of the Committee the following summary is published. The full transcript is available from the PAAB.

FIRST ACCUSED:
Mr C R Liebenberg

VERDICT AND REASONS OF THE COMMITTEE

Mr C R Liebenberg (“the accused”), a registered public accountant and auditor, was charged with ten counts of

improper conduct. The charges arose out of his discharge of his duties as auditor of a company known as Masterbond Participation Bond Trust Managers (Pty) Ltd in respect of the financial years ending 28 February 1985 and 28 February 1986.

1st Count

The accused was found guilty as charged, of improper conduct regarding questions of formation costs; the use of “trust” funds to finance business expenditure; the recoverability of loans; loans from Masterbond Trust Investment Nominees to Managers; short term funds; own funds invested; recoverability of debts; and the going concern concept.

2nd Count

The accused was found guilty as charged, regarding the misuse of “trust” funds; the unsecured loan facility; the nominees’ loan account; the formation costs; the excessive interest charges; and the allotment of shares otherwise than for cash without complying with section 93(3) of the Companies Act.

3rd Count

The accused was found guilty as charged, regarding awareness of the existence of certain irregularities and undesirable practices, and of failing to report these to Managers and to the Registrar of Unit Trust Companies in terms of section 12(6) of the Participation Bonds Act.

4th Count

The accused was found guilty as charged, regarding awareness that at the date of the audit certificate addressed to the Registrar of Unit Trusts, dated 15 March 1984, the paid up share capital and non-distributable reserves of Managers did not amount to R20000,00, but that in fact the autho-



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rised share capital of Managers was only R4000,00 of which only R100,00 had been issued and there were no free reserves.

5th Count

The accused was found guilty, but only to the extent that at the date of the relevant certificate, Managers had not invested 10% of its own funds.

6th Count

The accused was found guilty regarding awareness that certain of the allegations made in the certificate dated 24 September 1985 addressed to the Registrar of Unit Trusts, were not true.

7th Count

The accused was found guilty as charged, of back-dating the audit report for the 1985 financial statements.

8th Count

The accused was found guilty regarding the 1986 financial statements, in respect of the misclassification of a loan; certain irrecoverable debts; monies incorrectly reflected as short-term advances and used to finance the activities of Managers; and the change in accounting policy.

9th Count

The accused was found guilty regarding the misclassification of a loan; the monies incorrectly reflected as short-term advances; the contraventions of section 7 of the Banks Act 23 of 1965; the investment of own funds.

10th Count

The accused was found guilty regarding the non reporting of certain irregularities to Managers and to the Registrar of Unit Trust Companies in terms of section 12(6) of the Participation Bonds Act.

In general, the Committee did not find the accused guilty of any dishonesty regarding the charges of which he had been convicted, but believed that in conducting these audits, he failed to

exercise the skill, care and vigilance reasonably to be expected of a registered accountant and auditor.

SENTENCE AND REASONS OF THE COMMITTEE

In considering an appropriate sentence regarding the offences of which the accused was found guilty, the Committee had to take into account the seriousness of the improper conduct. The Committee also gave due consideration to the time that had elapsed, and took into account the age and personal situation of the accused. The Committee imposed the following sentence:

- A fine of R10 000,00 (being the maximum applicable fine at the time the offences were committed);
- Suspension from practice for a period of two years, which suspension is suspended for a period of three years, on condition that he is not found guilty of contravening Disciplinary Rule 2.1.5 and/or 2.1.21 during that period.

The Committee also ordered that the name of the accused, but not the name of his firm, and the charges of which he has been found guilty and the sentence be published in *Maneo*, and ordered a contribution of R50 000,00 to the costs of the enquiry.

SECOND – FIFTH ACCUSED: Messrs 'A', 'B', 'C' and 'D'

VERDICT AND REASONS OF THE COMMITTEE

Four partners (referred to as A, B, C and D) in a firm of registered accountants and auditors which acted as auditors to certain companies in the Club Mykonos group were charged in terms of the PAAB's disciplinary rules with a number of offences. In the case of A, the engagement partner, there were 92 charges and in each of the cases of B, C, and D whose roles were more limited, there were 15 charges. The charges were based on the reports that were prepared for the Nel Com-

mission and formed much of the basis of the Nel Commission's findings in relation to the audit of the Club Mykonos group.

The only evidence led by the pro forma complainant was that of a former partner (referred to as X) in the firm of investigating accountants who had been responsible for the investigation and the report prepared by that firm, in so far as it applied to these four accused. The evidence of X was set out in a 259 page statement. Under cross-examination X was found to be an unconvincing witness. His auditing experience was slight and in the opinion of the Committee he was not really competent to express an authoritative expert opinion on certain issues.

At the conclusion of X's evidence the pro forma complainant closed his case and the defence applied for certain of the charges against A and all of the charges against B, C and D to be dismissed on the grounds that a prima facie case had not been made out. The Committee granted the application as to 66 of the charges against A and 12 of the charges against each of the others.

The remaining charges arose from allegations falling into the following categories:

- financial statements that did not achieve fair presentation;
- failure to report material irregularities;
- failure to obtain sufficient audit evidence to support an unqualified opinion;
- proper accounting records not having been kept;
- the consequences of the failure by the client to register a 99-year lease;
- awareness that the going concern concept was not applicable to companies in the Group and failure to qualify the audit report accordingly.

All four accused then gave evidence



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and were cross-examined. After hearing the evidence and argument the Committee concluded that the involvement of B and C with the audit was not sufficient to vest them with professional responsibility for it and they were found not guilty of all charges against them.

A and D were found not guilty of all charges except that relating to the going concern concept. In a majority decision A was found guilty of improper conduct on the grounds that the report on the financial statements was not qualified with regard to the going concern concept.

D who had acted in a technical consulting capacity to A and was responsible for a limited review of the work papers and to give advice on compliance with the firm's policies, was found by a majority of the Committee to have incurred professional responsibility in regard to the issue of going concern and was also found guilty of improper conduct.

SENTENCE AND REASONS OF THE COMMITTEE

The Committee heard evidence in mitigation and found that:

- In general the audit was conducted with care and skill;
- It was only in respect of the going concern concept that A and D had been found guilty, and in this connection they were aware of the issues and undertook certain audit procedures but did not pursue their enquiries in the manner and to the extent that they should have done;
- There was no question of any bad faith or even gross negligence. They were guilty of a culpable omission of a specific procedure in an extensive general enquiry as to going concern, but nevertheless failed to express an appropriate opinion;
- Both A and D had hitherto blameless professional records;
- A had appeared before the Nel Commission and had suffered from

harmful negative publicity in respect of many of the issues including ones relating to charges which had been dismissed by the Committee;

- D is a respected professional who had acted over a number of years with integrity and professionalism.

The maximum fine applicable to this matter (being the maximum applicable at the time the offences were committed) was R10 000,00. A was sentenced to a fine of R5 000,00 and D to a fine of R1 000,00. It was decided that their names should not be published. It follows that the name of their firm may not be published. No order was made for the payment of costs.

SIXTH ACCUSED: Mr 'E'

Disciplinary proceedings against the erstwhile auditor of the Masterbond companies (accused number six) were terminated after the introduction and consideration of medical evidence which rendered the continuation of the proceedings inappropriate. ■

– Jane O'Connor

INDIVIDUALS ADMITTED TO THE REGISTER OF THE PAAB

From 1 November 2000 to 28 February 2001

Aldrighetti *Giuseppina*
Bain *Sherene Lesley*
Bainbridge *Leigh Carol*
Baird *John Philip*
Bardien *Ebrahim*
Bosman *Melanie*
Burger *Pieter Hendrik Jacobus*
Chen *Su-Lan*
Clark *Dale Ross*
Coetzer *Daniel Petrus Uys*
Day *Patricia Lyn*
Dednam *Henry Broadley*
Denysschen *Alrika*
Dewar *Andrew John*
Dixon *Gerhardus*
Du Toit *Petra Alexandra*
Edy *Alexander George Bruce*
Erasmus *Carl Anthony*
Fourie *Riana*
Govender *Surein*
Hanner *Lana Joy*

Jager *Andrew James*
Jones *Kevin Anthony*
Kirsten *Luke*
Kritzinger *Johannes Christoffel*
Lehman *John Kingsley Heyns*
Liebenberg *Frederick Wynand*
Lourens *Dawie*
Lund *Tony Alan*
Maggott *Barrington Edward*
McCallum *Diane*
Meyer *Karin*
Mia *Zeyn Mohammed Ameen*
Mostert *Hermanus Lambertus*
Motaria *Abdul Basit*
Mparutsa *Takudzwa Brooks*
Mulder *Marieke*
Naidoo *Ugandra Ishvara*
Neocleous *Andriana Christalla*
Oosthuizen *Willem Albertus*
Parsons *Trevor John*
Patel *Bhasker*

Pohl *Jomarie*
Robison *Kathleen Agnes*
Sass *Michael*
Schoeman *Bernard Jurgens*
Schoeman *Jacob*
Spangenberg *Danielle*
Stafford *Ronald Robin*
Steyn *Hermanus Petrus*
Stone *Louise Gail*
Strickett *Carin*
Truluck *Lynn George*
Uys *Dirk Cornelius*
Van Der Walt *Coenraad Hendrik*
Van Der Walt *Tertius Nicolaas*
Verster *Tania Hildegard*
Vos *Daniel Malan*
Vosloo *Trudie*
Watts *Saskia Helene*
Wessels *Jacques*
Wesson *Julian*
Willemse *Daniel*



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INDIVIDUALS REMOVED FROM THE REGISTER OF THE PAAB From 1 November 2000 to 28 February 2001

Abelson Harry Leon (<i>resigned</i>)	Goch Quinton Athol Charlston (<i>resigned</i>)	Nell Bruce (<i>emigrated</i>)
Albertyn Duncan Leonard (<i>resigned</i>)	Gordhan Yaswant Naroatham (<i>resigned</i>)	Oxley John Norman Carlyle (<i>resigned</i>)
Allibone Frederick (<i>resigned</i>)	Griffiths Andrew Vaughan (<i>emigrated</i>)	Penn Gary Stephen (<i>emigrated</i>)
Baker Richard King (<i>resigned</i>)	Harris John Brian (<i>deceased</i>)	Pokroy Edward Louis (<i>resigned</i>)
Barnard Johannes Lodewiekus (<i>resigned</i>)	Harvey Gerald Arthur (<i>resigned</i>)	Potgieter Gary Montgomery (<i>resigned</i>)
Barnett Patrick Alan (<i>deceased</i>)	Hawes Justin Alexander (<i>resigned</i>)	Redelinghuys Linda (<i>resigned</i>)
Blom Anthony (<i>resigned</i>)	Hayat Muneeb (<i>emigrated</i>)	Rossetti Mark Vincent (<i>emigrated</i>)
Boodhram Dharshan (<i>resigned</i>)	Hayter John (<i>resigned</i>)	Rossouw Wynand Hendrik (<i>resigned</i>)
Bosch Jan Willem (<i>resigned</i>)	Hodnett David Wayne Preston (<i>resigned</i>)	Rubin Michelle (<i>emigrated</i>)
Bowles Cecil Alexander Royden (<i>deceased</i>)	Jack Barrie Heath (<i>resigned</i>)	Sacks Gerald (<i>resigned</i>)
Boyers Robert Stuart (<i>emigrated</i>)	Jansen Hendrik Johannes (<i>resigned</i>)	Schumann Eckhard Friedrick (<i>emigrated</i>)
Brand Rodney Nolan (<i>resigned</i>)	Jenvey David James Ellis (<i>resigned</i>)	Scott Timothy Lee Burn (<i>emigrated</i>)
Bruwer Hendrik Jakobus (<i>resigned</i>)	Jocum Brian (<i>emigrated</i>)	Setzen Morris (<i>resigned</i>)
Burt Stuart David (<i>resigned</i>)	Johnston Pieter Arnold (<i>resigned</i>)	Smit Johannes Christoffel (<i>deceased</i>)
Carpenter Rodney Donovan (<i>resigned</i>)	Joubert Deon Alexander (<i>resigned</i>)	Smith Desmond Albert Lindsay (<i>resigned</i>)
Cherry Glen Douglas (<i>resigned</i>)	Judelson Nathan (<i>deceased</i>)	Spamer Frederik Jacobus (<i>resigned</i>)
Christian Trevor Graeme (<i>resigned</i>)	Katzeff Gerald Saul (<i>resigned</i>)	Taute Matthias Gysbert (<i>deceased</i>)
Clur Lindsay Mark (<i>resigned</i>)	Keys Derek Lyle (<i>resigned</i>)	Theron Petro (<i>resigned</i>)
Collier Hugh Donovan (<i>resigned</i>)	Kirk Jeanette (<i>resigned</i>)	Thompson Trevor Noel (<i>resigned</i>)
Coombe Anthony Crawford (<i>resigned</i>)	Kirkman Stuart Murray (<i>resigned</i>)	Van de Voort Jo-Anne Elizabeth (<i>emigrated</i>)
Croome Beric John (<i>resigned</i>)	Kritzinger Larry Olivier (<i>resigned</i>)	Van Der Vyver Mattheus Louwrens (<i>resigned</i>)
Davies Jeffrey Brian (<i>resigned</i>)	Lagler Kari Ann (<i>resigned</i>)	Van Heerden Hercules Christiaan (<i>resigned</i>)
De Beer Dion Louis (<i>resigned</i>)	Lewis Ian Drysdale (<i>resigned</i>)	Van Wyk Magiel Frederik (<i>resigned</i>)
Dreyer Jacob Hendrik (<i>resigned</i>)	Lewis Mitchell Alfred (<i>resigned</i>)	Verster Leonard Henry (<i>resigned</i>)
Du Toit Johan George (<i>resigned</i>)	Lombard Ferdinand Stephanus (<i>resigned</i>)	Visagie Leanda (<i>resigned</i>)
Du Toit Morne Jaco (<i>resigned</i>)	Low Wallace Barrie (<i>resigned</i>)	Wilkins Andrew David (<i>resigned</i>)
English Montague John (<i>resigned</i>)	Lubbe Ettienne Marius (<i>resigned</i>)	Williams Peter John (<i>resigned</i>)
Fair Robert Alan (<i>resigned</i>)	Lyons Clifford John (<i>resigned</i>)	Woods Michael John (<i>resigned</i>)
Feinberg Hymie (<i>resigned</i>)	Marais Rodney (<i>resigned</i>)	Woodthorpe Peter Crispin (<i>emigrated</i>)
Fielding David Hope (<i>resigned</i>)	Marx George Frederick (<i>resigned</i>)	Young Robert (<i>resigned</i>)
Flax Solomon Maxwell (<i>resigned</i>)	McQuaide Sean Michael Steven (<i>resigned</i>)	
Futter Clive Walter (<i>resigned</i>)	Minnaar Philippus Christiaan (<i>emigrated</i>)	
Gillan Mark Haydn (<i>deceased</i>)	Murphy Anthony Rex (<i>resigned</i>)	
Glutz Ivor Henry (<i>resigned</i>)		

INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE PAAB From 1 November 2000 to 28 February 2001

Brits Jan Dirk Johannes	Erasmus Philippus Lodewikus	Stavridis Michael John
Bhula Yusaf	Janse van Rensburg Petrus	Vorster Johannes Paulus George
Egleton Derek Mervyn	Suleman Yunus Goolam Hoosen	Zandt Manuela Carola



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EDUCATION AND TRAINING

OFFICIAL STATEMENT ACCOMPANYING THE RELEASE OF THE RESULTS

November 2000 Public Practice Examination

A record 63% of the candidates who wrote the Public Practice Examination (PPE) passed this year.

Particularly noteworthy are the 205 black candidates who passed the examination – the most ever. The increase in the pass rate among black candidates has been gradual over the years, but this year is marked by a significant improvement of some 20% to 57%. This increase is higher than the overall increase in the pass rate of 17%. The Public Accountants' and Auditors' Board (PAAB) is committed to increasing the number of black Registered Accountants and Auditors (RAAs) in South Africa and this year's results are a significant and pleasing milestone towards achieving our targets.

Out of the 1809 candidates that wrote, 1144 (63%) passed overall. This is 17% higher than in 1999 and the highest pass rate recorded for the auditing examination ever! This pass rate is even more noteworthy when one considers that 69% of the candidates who entered the examination for the first time (835 in total) passed this year. This is 20% higher than the first-time entrants to the November 1999 examination.

Six candidates were awarded honours for the examination, a remarkable achievement.

The following candidates were awarded the top ten positions:

- 1 **Mr Robert Kelso**
(Deloitte & Touche) with Honours
- 2 **Ms Liezl Beukman**
(Deloitte & Touche) with Honours

- 3 **Mr Ivan Shapiro** (Grant Thornton Kessel Feinstein) with Honours
- 4 **Mr Matthew Mallach**
(Arthur Andersen) with Honours
- 5 **Mr Nicolaas Paraskevas**
(Arthur Andersen) with Honours
- 6 **Mr Nicolaas Smuts**
(KPMG) with Honours
- 7 **Ms Theresa Divov**
(Deloitte & Touche)
- 8 **Ms Joelene Nicolette Isaacs**
(KPMG)
- 9 **Mr Charles Higgins**
(Fisher Hoffman Sithole)
- 10 **Mr Kevin Griffith**
(Ernst and Young)

The increase in the number of black accountants is a matter of national priority and the PAAB is working actively towards ensuring that programmes are put in place to advance the black auditor in SA. The PAAB, through its National Education Fund, sponsored black candidates to attend a special course presented during July 2000 designed specifically for repeat black candidates entering the November 2000 examination. Eight (8) of the candidates who attended the course passed the examination.

In 1999, the PAAB adopted a Recognition Model whereby it recognised the programmes of professional institutes, currently the South African Institute of Chartered Accountants (SAICA), for enabling admission to the examination. The PAAB monitors the quality of the institute's programmes against its own recognition standards.

Under this new system, candidates may only enter the examination after having completed 18 months of a recognised training contract and after successful completion of a recognised education programme, the auditing specialist course. This course is conducted whilst in training and helps the candidate to integrate practical experience with theory. In addition the candidate must have passed a recognised core-assessment programme, being Part I of the Qualifying Examination of SAICA.

This recognition structure, which differentiates the responsibility between the provision of the programme and assessment of quality, has proved successful. It recognises the autonomy of professional bodies who are in the best position to interact with providers of the programme. This in turn provides the leverage necessary for the PAAB to continually monitor standards on an objective basis.

The objective of the examination is to assess the professional competence of the candidate. The Public Practice Examination is just that, an assessment of the candidate's ability to enter the public practice environment, and requires more than a mere theoretical grasp of auditing. Candidates must demonstrate in the 5-hour written examination that they are able to solve multi-topic practical problems likely to be encountered in the public auditing environment. To do so, they must analyse and interpret information and provide viable alternative solutions to address client needs.

The PAAB is confident that successful candidates have demonstrated a degree



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of professional competence that will enable them to make a positive contribution to the profession and to the economy of South Africa.

The PAAB's examination continues to be afforded both local and international

recognition and we wish to congratulate our successful candidates on their achievement.

The Public Practice Examination is the culmination of a long process of academic, education, training and

assessment programmes aimed at developing professional competence. We wish to acknowledge the significant contribution made by various education institutions, training officers and SAICA towards the success of the candidates. ■





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EDUCATION AND TRAINING



Twenty-four year old Robert (Rob) Kelso awaited his PPE results at his firm in Durban with only one aim in mind, and that was to determine whether he had passed the exami-

TOP CANDIDATE

nation. Imagine his surprise when discovered that he was the top candidate in the November 2000 exam, and that he was awarded honours as well. His colleagues were not that surprised though, as Robert has a record of success. He was awarded the third position in the SAICA Part I examination during 1999 which is a prerequisite for entry into the PPE.

Robert matriculated from Westville Boys High School, completed his CTA at the University of Natal Durban, and attended the APT Audit Specialism Programme through his firm, Deloitte & Touche in Durban. Robert spent the weekend celebrating with family and friends. He says that his advice to other candidates would be to work hard at staying motivated,

as motivation is the key to diligent study. He also feels that the support of family and his colleagues in the firm was invaluable.

Robert ensures that life is not all work by going to the gym and participating in action cricket and touch rugby with friends. He also enjoys playing golf, and has recently started fly-fishing, an activity that he enjoys immensely, and which gives him the opportunity to leave the city smog for the cold streams of the Drakensberg. He also enjoys reading what he describes as "lightweight material to give the grey matter a break from working and studying."

The PAAB congratulates Robert on his achievement and wishes him continued success in his career. ■

HISTORY REPEATS ITSELF

Liezl Beukman proves that auditing runs in the family! In 1975, her father, Chris, was the top candidate and was awarded honours in the PPE. In November 2000 she proved that she could hold her own by achieving the second place in the PPE, also with honours.

Liezl was born and bred in Pretoria, where she received her CTA from the University of Pretoria, and where she is currently completing her training contract with Deloitte & Touche. She attended the APT Specialism programme, and was eight in the SAICA Part I examination. Liezl

says that she is definitely planning on staying in the profession once qualified, and she would like to make use of the opportunity to work overseas through her firm. She says however that she could never leave Pretoria permanently, as she simply can't imagine living without the lovely Jacaranda trees. To those students who still have the PPE ahead of them she simply says that you have to be well prepared by simply sitting down and studying as much as possible, and then keeping calm while writing



Liezl and father Chris

that five-hour examination!

The PAAB congratulates Liezl with her achievement. We are sure she will still have a long and successful career in the shade of her beloved Jacarandas! ■



MANEO

EDUCATION AND TRAINING

NOVEMBER 2001 PPE

The Public Practice Examination of the PAAB is to be conducted on Friday, 16 November 2001.

COMMENT ON 2001 EXAMINATION INVITED FROM FIRMS

Invitation to comment

In terms of current examination procedures, the examination paper and suggested solution for the Public Practice Examinations (PPE) is drawn up and finalised by members of the PAAB's Examinations Committee. As soon as the candidates have written the examination, the question paper and suggested solution are forwarded to providers of the recognised academic (CTA) and education (Auditing Specialism Course) programmes who may provide the committee with written comment. All comment received is considered at a further meeting of the Examinations Committee and where appropriate, adjustments are made to the suggested solution and mark plans. Only once all comment has been considered, are markers instructed to commence with the marking process.

As from 2001, the PAAB wishes to extend this invitation to comment on the PPE to firms of Registered Accountants and Auditors.

Given the practical nature of the assessment, it is appropriate that firms be given the opportunity to comment. The comment received will be considered by the PAAB's Examinations Committee and where appropriate, adjustments to the suggested solution and mark plans will be made prior to marking commencing. Such comment can only enhance the assessment process and thereby benefit the profession.

Should your firm wish to participate in the process, please apply in

writing to our communications manager, Mrs L Verburg. Also, forward the name and e-mail address of the person specifically nominated by your firm to compile the comment.

Given the nature of our professional examination, you will appreciate the sensitivities involved in distributing the mark plans to a wide range of persons. Accordingly, the mark plans and suggested solutions will be distributed only to specific persons nominated by the particular firm and then only for the purpose of participating in the comment process.

Practical nature of the assessment

The objective of the PPE is to assess the professional competence of a candidate appropriate for registration as an RAA, i.e. a candidate's readiness to practice at entry level to the registered profession.

In determining the desirable level of professional competence that should be achieved, the following attributes are to be demonstrated in the examination:

- The ability to apply concepts and principles of a defined technical body of knowledge and intellectual and technical skills in an integrated and analytical manner to complex situations that are likely to be encountered in the multi-disciplinary public practice environment.
- The ability to draw on skills developed as a result of practical experience

to solve problems related to the function of a Registered Accountant and Auditor.

- The ability to apply professional judgement in assessing alternatives and recommending solutions to situations that reflect the public practice environment.
- The ability to communicate effectively by formulating appropriate arguments and recommendations in a concise and logical manner appropriate to the specific user and particular level of assurance required.
- The ability to demonstrate and apply to public practice situations, a comprehensive understanding of professional values of the profession in general and the ethical requirements specific to the practice of an RAA.
- The ability to continue to learn and adapt to change through an awareness of current developments shaping the future of our profession.

The assessment is not limited to a re-assessment of the technical knowledge, skills and professional values developed in the recognised academic programme and assessed in the recognised core assessment programme. It assumes that a candidate has already developed and successfully demonstrated an appropriate level of core competence and candidates are expected to draw on that competence when demonstrating professional competence.

– Angela Vest Louw



MANEO

PRACTICE REVIEW

New Practice Reviewer

Marthie Claassens joined the department on 1 December 2000. We welcome her and wish her many happy years as a reviewer. After completing her traineeship, Marthie spent some time as a training manager. She also lectured accounting and auditing for two and a half years at the University of the North West. Marthie then spent 20 months as an internal auditor with a large corporation.

Practice Review Reports

The report issued on the findings of a review notes all areas of non-documentation identified by the reviewer. All findings reported require the practitioner's undertaking to implement corrective action. However, all findings do not necessarily lead to a re-review. The Practice Review Committee has established a list of re-review criteria. If any one of the review findings is considered to be a significant risk in terms of the re-review criteria checklist, a re-review

will result. A full list of the re-review criteria can be found on our website.

Signing of Reports

The person who signs the audit report takes responsibility for the audit. This implies that the person signing has reviewed the file and is satisfied that the working papers support the audit opinion. SAAS 700 paragraph .02 states "The auditor should review and assess the conclusions drawn from the audit evidence obtained, as the basis for the expression of an opinion on the financial statements."

Client Lists

Practitioners are required to present the reviewers with comprehensive client lists from which the reviewers will choose files for review. We review individual practitioners and not practices. A practitioner's client list should therefore include all attest function assignments that they are responsible for.

Practice Review Presentation

The primary objective of the department is to monitor compliance with the auditing standards and the secondary objective is to assist practitioners to improve their standards. In order to implement this secondary objective a three-hour interactive presentation was put together in January 2000, and in the past fourteen months forty-eight presentations have been made. It is in your best interest to contact us about attending this presentation. We list some of the points that made an impact on course attendees:

- The logical broad picture.
- Systematic approach.
- The importance of planning.
- Risk identification.
- Materiality assessment.
- Necessity of documenting all work done.
- Going concern.
- Quality control manual.
- Requirements for reviews.
- Auditing can be nice!

– Jillian Bailey

Practice Review – 3 Hour Interactive Discussion Groups

SUBJECT MATTER

- Risk based auditing with particular emphasis on the owner-managed business.
- Quality control procedures to reduce risk in your practice.
- Understanding the practice review process and criteria.

PARTICIPANTS

12 – 20 persons.
Individual firms/groups of firms/small practitioner forums.

TARGET AUDIENCE

Partners and audit staff.

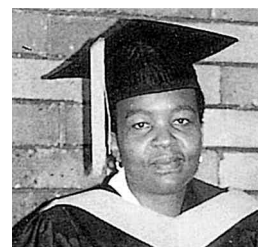
COST

R260 plus VAT per participant.

CONTACT

ELAINE BELJON
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OUR STAFF EXCEL



Maria Maganedisa started a course in Bible studies at the Glory to God Bible College in 1998 and had successfully completed the course at the end of last year. Congratulations on obtaining your diploma, Maria and best of luck for the further studies you have enrolled for this year.



MANEO

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Moses Maruping – Transport/Mail Room Clerk

GOLDEN OLDIE

Mr Harry Leon Abelson, the second person to be registered with the PAAB on 17 March 1952, has resigned his membership at the end of last year, due to age and no longer being in practice. We wish him well after 49 years of service, and a deserved rest.

NEW APPOINTMENT

The Education and Training department welcomes Tshepo Maganedisa to their department as Administrative Assistant, with effect 12 February 2001.

PLEASE SEND ALL CORRESPONDENCE TO:

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