



# MANEO

ISSUE 36 • SEPTEMBER 2003

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

## REPORT FROM THE CHIEF EXECUTIVE OFFICER

My March 2003 report dealt with the appointment by the Minister of Finance of a Review Panel to advise him, *inter alia*, on the appropriateness of the Draft Accountancy Profession Bill in the light of international developments and the debate around self-regulation of the profession. Full details concerning the composition of the Panel, its terms of reference and public comment received, including that of PAAB, can be viewed on the treasury website [www.treasury.gov.za](http://www.treasury.gov.za).

The terms of reference are widely drawn to address not only the regulatory framework for auditors, but other broader governance issues such as the system of accountability and relationship between an auditor and the directors and board of a client company. The terms also require the Panel to address, not only the liabilities and disciplinary procedures for auditors, but also of the management of client companies.

In our submission to the Panel, the PAAB expressed our view that achieving improved protection of investors and the public interest can only be attained by a partnership of government, the profession and other stakeholders, with each playing its part in an efficient and effective system of governance and regulation. It is therefore considered to be appropriate for the terms of reference to be widely drawn to encompass the overall

measures recommended to achieve these objectives.

The timetable set, was for the Panel to submit its recommendations to the Minister by the end of July and the desire is for a revised version of the Accountancy Profession Bill to be completed by year end. This is indeed an ambitious and commendable timetable. However, for the reasons expressed above, it is submitted that reform of the regulatory framework for auditors in isolation will not achieve the desired overall improvement in corporate governance and it is therefore imperative for the Companies Act reform process to be addressed with equal urgency.

The Star Business Report of 28 July announced the appointment by the Department of Trade and Industry of Tshepo Mongola, a senior lecturer in business law at the University of Natal, as the project manager for the review of the Companies Act as part of the long awaited plan to overhaul South Africa's corporate laws.

It is indeed welcome news that this long awaited process is to finally get off the ground. What is disturbing is that the article states that "the process is expected to be completed within the next three to four years" ■

– **CLAUDE O'FLAHERTY**  
*Chief Executive Officer*



The Education and Training Department of the PAAB was invited by the office of the Auditor General to exhibit at their regional symposium for audit trainers, held from 28 July to 1 August 2003, at the Wanderers Club in Johannesburg. Delegates from 22 African countries took part. The representative from the Education and Training Department made a presentation on the requirements of a recognised training programme.



# MANEO

## AUDITING STANDARDS

### AUDITING STANDARDS COMMITTEE (ASC)

The following International Federation of Accountants (IFAC) exposure drafts (EDs) have been issued for comment in South Africa:

- Quality Control (comment date: 15 August 2003).
- Review of Interim Financial Information (comment date: **15 September 2003**).

The Quality Control ED includes a proposed International Quality Control Standard (ISQC) 1, *Quality Control for Audit, Assurance and Related Services Practices* and a revised International Standard on Auditing (ISA) 220, *Quality Control for Audit Engagements*. The ISQC 1 and revised ISA 220 resulted from the split of the existing ISA 220 into quality control at firm level and quality control at engagement level.

The Review of Interim Financial Information ED covers reviews of condensed annual financial statements or financial statements covering less than a full year, as opposed to ISA 910, *Engagements to Review Financial Statements*, which covers the reviews of comprehensive annual financial statements.

### PRONOUNCEMENTS ISSUED BY SAICA

ED 163, *Framework for the Preparation and Presentation of Limited Purpose Financial Statements*, was issued in June 2003 for comment by **31 October 2003**. This ED was prepared by the Limited Purpose Financial Reporting Committee of SAICA and is intended for use by entities that qualify in terms of the Financial Reporting Bill to present financial statements that comply with Limited Purpose Financial Reporting Standards.

Circular 2/2003, *Status of Implementation Guidance for AC 133 – Financial Instruments: Recognition and Measurement*, was issued in May 2003.

Circular 3/2003, *Guidance for auditors: reporting in terms of the Central Securities Depository (CSD) Rules*, was issued in July 2003.

These documents are available on the SAICA website.

### INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)

The IAASB met in New York from 11-13 May 2003 and 20-25 July 2003 when it approved the following pronouncements:

#### Meeting of 11 – 13 May 2003

- An exposure draft on Quality Control which includes a proposed International Quality Control Standard (ISQC 1 *Quality Control for Audit, Assurance and Related Services Practices*) and a revised ISA 220, *Quality Control for Audit Engagements*,

- An exposure draft on Review of Interim Financial Information

#### Meeting of 20 – 25 July 2003

- An exposure draft on the auditor's responsibility to consider fraud in an audit of financial statements. The proposed ED requires the auditor to respond to the presumed risk of improper revenue recognition and the risk of management override of controls.
- An exposure draft on planning the audit. The proposed ED provides new guidance on matters the auditor should consider prior to performing significant planning activities and also incorporates more specific guidance regarding planning considerations in initial audits.
- Preface to the International Standards on Quality Control, Auditing, Assurance and Related Services. The Preface includes new terms of reference for the Board and clarifies the IAASB's role as an independent standard-setting body under the auspices of IFAC, highlights its public interest responsibilities and emphasises its objective of achieving convergence of standards by working closely with national standard-setters.

At the above meetings the IAASB also considered the progress of task forces working on the following proposed pronouncements:

- a revised ISA 600, *Using the Work of Another Auditor*, plus an International Auditing Practice Statement (IAPS) on Group Audits,
- a revised ISA 700, *The Auditor's Report on Financial Statements*. It is proposed that the current ISA 700 be split into two standards, ISA 700 and ISA 701, dealing with unqualified and modified reports respectively,
- Proposed Audit Risk ISAs and amendment to ISA 200, *Objective and general principles governing an audit of financial statements*,
- A revised exposure draft on ISA 320, *Materiality*,
- A revised exposure draft on ISA 540, *Audit of Accounting Estimates*.

### NATIONAL STANDARDS-SETTERS MEETING

The fourth National Standard-setters meeting was held in New York on 24 July 2003. The objective of these meetings is to share information on current and future national and international projects in audit standard – setting and to identify areas for co-operation between national standard – setters and the IAASB.

Matters of international interest and for future development which were discussed included:

- Current status of adoption of ISAs by national standard-setters.
- The impact of prevention of money laundering and the role of auditors in the global scenario.



# MANEO

## AUDITING STANDARDS

### MONEY LAUNDERING GUIDE ISSUED BY PAAB

As mentioned in the June issue of *Maneo*, the PAAB developed a guide on Money Laundering Control specifically for Registered Accountants and Auditors.

The PAAB issued *Money Laundering Control: A Guide for Registered Accountants and Auditors* in June 2003. The guide is available on the PAAB website, together with an article written by Bernard Agulhas and Louis de Koker. The guide and the article re-emphasize the auditor's responsibilities in terms of SAAS 250, *Consideration of Laws and*

*Regulations in an audit of Financial Statements*, which will include consideration of Money Laundering legislation.

The PAAB has commenced with the process to raise awareness amongst its members by presenting workshops and will consider additional measures which it is required to implement in terms of the relevant legislation to enable it to comply with its responsibilities in its role of a supervisory body. ■

– BERNARD AGULHAS

## EDUCATION AND TRAINING

# CONTINUING PROFESSIONAL DEVELOPMENT

*“Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved.”*

WILLIAM JENNINGS BRYANT

The concept of lifelong education has been in vogue since the 1960s. The ideal being one of continual self development with the assumed goal of some form of self-actualisation.

The humanistic psychological views of theorists such as Maslow, Jung and Rogers underlie the premise of human development. Their positive and optimistic views of man have dominated educational philosophies since the 1980s. One of the consequences of this thinking has been the inclusion of educational and training programmes within many business and professional enterprises.

Continuing education is the further development of human ability after entry into employment. A simple definition of continuing professional education given by Griffiths (1985) is useful “...a subspecialty of continuing education that focuses on programming for persons who have earned their professional qualifications in some field and who have subsequently sought additional educational experiences to remind them of what they once knew and have forgotten, to acquaint them with knowledge that has developed since they earned their qualification, and to help them solve personal and professional problems of various kinds.”

Continuing Professional Education (CPE) is therefore the systematic updating and enhancement of skills, knowledge and competence which takes place throughout working life. The need for CPE within the accountancy profession is supported by the changes in the environment in which accountants must operate. These include changes in accounting standards, new legislation and regulation affecting the profession, increasingly complex tax systems and rules, and the on going development and greater use of sophisticated financial instruments.

Accountants are not only faced with an increase in the amount of knowledge they are required to assimilate, they are

also faced with an increase in public expectations about the quality of work they produce. It is the profession's capacity to satisfy these demands that determines its value to society.

In today's changing and increasingly complex environment accountants cannot possess the knowledge required to render professional services of a high quality if they do not recognise the need for, and obtain, continuing professional education appropriate to their circumstances. This is not to suggest that CPE in itself provides assurance to society at large that all members will provide every professional service with high quality. Doing so involves more than maintaining and updating technical and general knowledge; it involves applying that knowledge with professional judgment and an objective attitude in the real-life situations found in today's environment of socio-economic change.

Also, there cannot be complete assurance that every person who participates in a CPE programme will obtain the benefits of that programme, because of variances in individual commitment and capability. Nevertheless, it is certain that members who are not up-to-date with current technical and general knowledge applying to their work cannot provide professional services competently. Therefore, notwithstanding the inherent limitations of any CPE program, an effective programme of continuing professional education can and should be an important element in preserving the standards of the profession and maintaining public confidence.

It is the professional duty of members of any profession not only to maintain professional competence, but also to strive continually to improve their competence. ■

*(Adapted from the IFAC Continuing professional education document)*

– LAINE KATZIN



### QUARTERLY REPORT FROM THE DIRECTOR: LEGAL

for the period 1 April 2003 to 30 June 2003

#### INVESTIGATION COMMITTEE

The Investigation Committee met once during this period and disposed of 18 cases as follows:

- Eight matters were not proceeded with:
  - ◆ Three were withdrawn by the complainant;
  - ◆ In one matter the accused passed away;
  - ◆ In another matter the accused was convicted in a criminal court such that he was automatically permanently debarred from registration with the PAAB rendering it unnecessary to continue with the disciplinary proceedings;
  - ◆ In three matters the committee was unable to proceed because of an absence of evidence.
- Two cases in terms of Disciplinary Rule 3.9.1 (the accused having given a reasonable explanation for the conduct).
- One case in terms of Disciplinary Rule 3.9.2 (the conduct complained of not constituting unprofessional conduct).
- Three cases in terms of Disciplinary Rule 3.9.3 (there being no reasonable prospect of proving the accused guilty).

Four practitioners were found guilty and punished, by consent, as follows:

- One practitioner was reprimanded; the matter related to independence.
- Three practitioners were fined. The matters were as follows:
  - ◆ one related to negligence. (R10 000)
  - ◆ another also related to negligence (R20000 of which R10 000 was suspended on conditions)
  - ◆ One related to an attorney's trust account audit (R25 000).

#### DISCIPLINARY COMMITTEE

The Disciplinary Committee met five times during this period, and heard five cases.

#### FIRST MATTER

Die Komitee het op 3 April 2003 die saak teen Mnr H gehoor. Hy was teenwoordig, maar nie verteenwoordig nie. Daar was een klag teen hom voorspruitend, waaraan hy skuldig gepleit het, en skuldig bevind was.

#### Die klag

Die praktisyn was skuldig bevind (op 'n alternatiewe klag) aan 'n oortreding van dissiplinêre reël 2.1.2 deurdat hy bepalings van die Prokureurswet en die Prokureursordereëls, waaraan dit sy plig was om te voldoen in sy hoedanigheid as rekenmeester en ouditeur van die prokureursfirma, of by die verrigting van werk van 'n aard wat gewoonlik deur 'n geregistreerde rekenmeester en ouditeur gedoen word, oortree of versuim het om daaraan te voldoen, deurdat -

- Hy, in die uitvoering van 'n plig wat op hom gerus het in verband met werk van 'n aard wat gewoonlik deur 'n praktisyn gedoen word, 'n ongekwalifiseerde verslag gedateer 31 Augustus 1999 uitgereik kragtens reël 70 van die Prokureursordereëls vir die twaalf maande tydperk geëindig 28 Februarie 1999, aan die raad van die Prokureursorde verskaf het;
- In paragraaf 4 van die ouditeursverslag het hy verslag gedoen dat hy die lys van trustsaldo's soos in trustrekening in die grootboeke van die prokureursfirma aangetoon op die betrokke datum en ook op minstens een ander datum deur hom gekies gedurende die verslagtydperk, naamlik 31 Augustus 1998, met onderskeie grootboekrekeninge vergelyk het, en dat op elkeen van sodanige datums die firma aan die bepalings van reël 69.3 voldoen het.
- In werklikheid, en in teenstelling met die ouditeursverslag, het die prokureursfirma nie aan sekere artikels van die Prokureurswet, en aan sekere van die Prokureursordereëls, voldoen nie en wel in die volgende opsigte -
  - ◆ Artikel 78(1) van die Prokureurswet en reël 69.3 van die Prokureursordereëls deurdat voldoende trustfondse nie te alle tye in die trustbankrekening, ter betaling van die trustverpligtinge gehou was nie. Aan die einde van Februarie 1999 was die trusttekort ten minste die bedrag van R76 149,01.
- Die praktisyn was bewus van die trusttekort, maar het nogtans 'n ongekwalifiseerde verslag uitgereik.

#### Uitspraak

Die voorsitter, Adv W van der Linde, het die klagtes teen die praktisyn opgesom. Hy het verder die getuienis gelewer deur die pro-forma klaer sowel as die aangeklagde opgesom. Daarna het hy die verhoë gelewer (versagkend sowel as verswarend) ten opsigte van straf, saamgevat. Die voorsitter



# MANEO

## LEGAL

het vervolgens kortliks herhaal welke strawwe die Komitee bevoeg was om op te lê. Hierna het die voorsitter die uitspraak van die Komitee gelewer. Alhoewel omslagtig, word die volledige uitspraak in geheel gepubliseer, om goeie kommunikasie te verseker.

“Hierdie is die uitspraak van ’n komitee wat aangestel is ingevolge Artikel 10(1) van die Wet op Openbare Rekenmeesters en Ouditeurs, 80 van ’91. Ingevolge Reël 4.1 van die dissiplinêre reëls, het ’n verhoor plaasgevind nadat [prokureur], ’n klag teen [praktisyn], ingedien het.

Die klag spruit daaruit voort dat [praktisyn] vir die finansiële jaar geëindig 29 Februarie 1999 ’n verslag ingevolge Reël 70 van die reëls toe geldend, van die prokureursorde van Transvaal ingedien het op 31 Augustus 1999 en daarin voorgestel het dat hy die lys van trustsaldo’s soos in die trustrekening in die grootboeke van die firma met die onderskeie grootboekrekeninge vergelyk het op ’n toetsbasis op die jaareinde en op 31 Augustus 1998, en dat die balanse op daardie datums voldoen het aan die bepalings van Reël 69.3. Hy het ook geskryf dat hy die verslag met geen voorbehoude nie, indien.

Na aanleiding van hierdie klag wat ingedien is, het die Raad besluit om ’n dissiplinêre verhoor teen [praktisyn] in te stel en op 5 Maart 2003 hom kennis gegee om hierdie verrigtinge by te woon. Die klag wat teen hom gelê is, is geformuleer in terme van ’n klagstaat wat aangeheg is by die kennisgewing en daardie klagstaat het bevat ’n hoofklag en drie alternatiewe klagtes. Die hoofklag was dat hy skuldig is aan onbehoorlike gedrag soos bedoel in Reël 2.1.4 van die dissiplinêre reëls deurdat hy oneerlik was in die uitvoering van werk of pligte wat op hom gerus het in verband met werk van ’n aard wat gewoonlik deur ’n praktisyn gedoen word. Die drie alternatiewe klagtes kom voor op bladsy 80 en 81 van ’n bundel dokumente wat by ooreenkoms tussen die partye ingehandig is. Dit dien slegs vermeld te word dat die eerste, tweede en derde alternatiewe klagtes elk gestel is nie net in die alternatief tot die hoofklag nie, maar ook in die alternatief tot die onmiddellik voorafgaande klag. Die effek daarvan is dus dat ’n skuldig pleit op byvoorbeeld die tweede alternatiewe klag, tot gevolg sou hê dat die derde alternatiewe klag wegval en so ook die eerste en tweede alternatiewe klag indien die pro forma aanklaer dit sou aanvaar.

Die verhoor het vanoggend plaasgevind. [Die praktisyn] het nadat die klag gestel is, skuldig gepleit op die eerste alternatiewe klag en die pro forma klaer het die pleit op daardie klag aanvaar. Daardie klag lees dat die praktisyn skuldig is aan onbehoorlike gedrag soos bedoel in Reël 2.1.2 van die dissiplinêre reëls deurdat hy bepalings van die prokureur-swet en die prokureursorde reëls waaraan dit sy plig was om te voldoen in sy hoedanigheid as rekenmeester en ouditeur van die prokureursfirma, of by die verrigting van werk van

’n aard wat gewoonlik deur ’n geregistreerde rekenmeester en ouditeur gedoen word, oortree of versuim het om daaraan te voldoen.

Nadat vrae aan [die praktisyn] gestel is deur die dissiplinêre komitee om die komitee tevrede te stel dat hy inderdaad skuldig is aan die eerste alternatiewe klag, is die praktisyn skuldig bevind aan ’n oortreding van Reël 2.1.2 in die terme waarin die eerste alternatiewe klag geformuleer is.

Hierna het die pro forma klaer twee getuies geroep en [die praktisyn] self het getuig. Die eerste getuie was Mnr F, wat reeds sedert 1961 ’n toegelate en geregistreerde geoktrooierde rekenmeester en ouditeur is.

Hy het in opdrag van die toepaslike prokureursorde op 8 November 2000 die boeke inspekteer van [die prokureur] om te sien of daar ’n oortreding was van die vereiste om ’n trustrekening te hou wat balanseer met die rekeningboeke van die firma.

Hy het ’n verslag uitgebring wat die periode 1 Maart 2000 tot November 2000 gedek het en dit sal onmiddellik opval dat hierdie verslag dus gefokus het op ’n periode wat twee finansiële jare na die finansiële jaar wat hier ter sprake is, gedek het. Hy het egter dit kon regkry om die trustbalans soos wat dit moes wees op 29 Februarie 1999 te rekonstrueer en om die gevolgtrekking te maak dat daar ’n trust tekort was soos op daardie datum van R76 149,01.

Hy het getuig dat die prokureursorde elke trust tekort as ernstig hanteer en het gesê dat die Getrouheidswaarborgfonds op risiko is as gevolg daarvan. Daarmee het hy bedoel dat die Getrouheidswaarborgfonds regtens verplig is om in geval van diefstal van trustgelde so ’n eis te betaal. Die Getrouheidswaarborgfonds is nie aan enige risiko onderwerp nie tensy daar diefstal was, en dus geld dit natuurlik nie noodwendig dat in elke geval van ’n trust tekort, die Getrouheidswaarborgfonds op risiko is nie.

Hy het getuig dat die Prokureursorde steun op ’n ouditeur wat ’n verslag ingevolge Reël 70 indien. Hy het gesê dat vanuit die perspektief van ’n prokureur, is ’n trust tekort waarskynlik een van die mees ernstigste onreëlmatighede waarmee hy in sy praktyk te doen kan kry. Hy het gesê dat hy uit hoofde van sy ondersoek nie tot die gevolgtrekking kom dat daar enige oneerlikheid was nie, en dat wat hom aanbetref, die trust tekort die funksie was van ’n sisteem onreëlmatigheid. Na sy mening was die redelikheid van die praktisyn se optrede om op sy kliënt se weergawe te gesteun het, op versoek van [die prokureur], dat hy ’n skoon verslag uitbring in die rangorde van 1 tot 10, in die orde van 2 tot 3.

Die volgende getuie was [die prokureur klaer] self. Hy is sedert 1964 ’n prokureur op [klein dorpie] en die praktisyn was sy ouditeur sedert 1983. Hy het sy beëdigde verklaring wat hy ingedien het by die Raad en waarvan ’n afskrif

CONTINUED ►



# MANEO

## LEGAL

voorkom ter bladsye 3, 4 en 5 van die bundel bevestig. Hy het getuig dat [die praktisyn] bewus was daarvan dat die Reël 70 verslag verkeerd was, juis omdat toe die verslag ingedien was die tekort reeds opgespoor is.

Hy het gesê dat [die praktisyn] die tekort vermeld het aan sy boekhouer en dat sy boekhouer hom daarvan vertel het. Hy het gesê dat [die praktisyn] self hom nie daarvan vertel het nie en hy het getuig dat [die praktisyn] uit eie beweging teenoor die boekhouer later gesê het dat hy 'n skoon verslag ingevolge Reël 70 sou indien. Volgens [die prokureur], in ieder geval in sy getuienis in hoof, het [die praktisyn] nie die feit van 'n trust tekort as ernstig beskou nie.

Hy het gesê dat hy self beslis besef het dat die kwessie van 'n trust tekort 'n wesenlike probleem is, veral inaggenome die feit dat die orde syfer van R70 000 'n wesenlike gedeelte uitmaak van trustkrediteure van nagenoeg R300 000.

Dit was die getuies wat die pro forma klaer aangebied het.

[Die praktisyn] het self getuig. Hy het gesê dat op die keper beskou was wat gebeur het 'n groot oordeelsfout wat hy begaan het om iemand anders te help. Hy het gesê dat sy praktyksinkomste nagenoeg tans R160 000 per jaar belasbare inkomste beloop, dat hy twee kinders op universiteit het, dat hy in sommige gevalle fooie aan hom verskuldig moet invorder en dat hy 'n eenmanspraktyk te [klein dorpie] bedryf.

In sy praktyk beslaan nagenoeg 'n kwart van sy inkomste ouditwerk. Bykomstig daartoe doen hy spesiale ondersoeke en ook belastingwerk. Op 'n vraag van die pro forma klaer het hy gesê dat hy geen verskoning vir sy optrede kan aanbied nie anders as dat hy iemand anders wou gehelp het en in die proses 'n oordeelsfout begaan het.

Die pro forma klaer het beide verswarende en versagtende omstandighede onder die komitee se aandag gebring, waarvoor ons hom dank verskuldig is. Hy het onder verswarende omstandighede genoem dat die Raad 'n plig het om seker te maak dat standaard gehandhaaf word en ons aandag daarop gevestig dat daar velle kritiek teen die professie tans ingebring word. Hy het verwys spesifiek na wêreldgebeure soos die Enron debakel, na gebeure plaaslik soos die Nel Kommissie en Masterbond saga, na kommentaar van die Minister van Finansies en na die Wetsgenootskap se uitgesproke siening met betrekking tot Reël 70 verslae.

Hy het tweedens beklemtoon dat mens te doen het met 'n ernstige oortreding en derdens, dat [die praktisyn] bewus was van die tekort, maar nietemin bereid was om die verslag ongekwalifiseerd te teken.

Onder die versagtende omstandighede waarop hy ons aandag gevestig het, tel eerstens die feit dat [die praktisyn] die kliënt, vir 'n geruime tyd geken het. Tweedens, dat hy

gesteun het op [die prokureur kliënt] se versekering dat hy die tekort sou regstel. Derdens, dat niemand enige verlies gely het nie. Vierdens, dat hy inderdaad geglo het dat [die prokureur] die probleem sou vind. Vyfdens, dat hy behulpsaam was in hierdie verrigtinge en ten alle tye oop kaarte gespeel het en skuldig gepleit het, en sesdens, op 'n vraag van [ 'n komiteelid], dat [die praktisyn] se rekening van nagenoeg R46 000 ten aansien van die professionele werk wat hy verrig het vir die 1999finansiële jaar en ook die 2000 finansiële jaar, nie betaal is nie. Tewens daardie fooie vorm die onderwerp van 'n bestrede siviele geding wat tans hangend is tussen [die praktisyn] en [die prokureur].

Die pro forma klaer het ter oorweging deur die dissiplinêre komitee gegee dat 'n gepaste vonnis mag wees 'n boete wat in sy geheel opgeskort is, publikasie van die feite van die voorval in die Raad se publikasie bekend as *Maneo*, en derdens, 'n hydrae vasgestel in die diskresie van die komitee tot die koste van hierdie verrigtinge.

Wanneer dit kom by die ontleding van die getuienis, dien dit vermeld te word dat Mnr F se geloofwaardigheid nie op die spel is nie en dit nie nodig is om enige bevinding dus in die verband daaromtrent te maak nie.

Wat [die prokureur] aanbetref is daar inderdaad 'n feite geskil tussen hom en [die praktisyn] ten aansien waarvan 'n bevinding gemaak moet word. Die feite dispuut is dat [die prokureur] sê dat dit onwaar is dat hy [die praktisyn] versoek het om 'n ongekwalifiseerde verslag vir die finansiële jaar geëindig 29 Februarie 1999 uit te bring.

Daardie feite dispuut is soos besef kan word wesenlik want dit het direk betrekking op [die praktisyn] se motief vir sy optrede. Na die mening van hierdie komitee kan [die prokureur] se getuienis dat hy nie [die praktisyn] versoek het om 'n ongekwalifiseerde Reël 70 verslag uit te bring nie, nie aanvaar word nie.

Ons kom tot daardie gevolgtrekking vir die volgende vyf redes.

Die eerste is dat [die prokureur] geweet het dat 'n trust tekort op sy trustrekening 'n baie ernstige oortreding is. Tweedens, hy het geweet dat 'n gekwalifiseerde Reël 70 verslag in hierdie verband hom in groot moeilikheid sou laat beland. Derdens, hy het geweet dat hy inderdaad 'n trust tekort het. Vierdens, hy het geweet dat [die praktisyn] moontlik sy Reël 70 verslag dienooreenkomstig sou kwalifiseer met die gevolg dat hy in groot moeilikheid sou beland. Vyfdens, 'n ongekwalifiseerde Reël 70 verslag sou slegs vir hom voordeel inhou en vir die praktisyn die risiko van professionele vervolging behels.

Dus, hierdie feite inaggenome is dit oorweldigend waarskynlik na ons mening dat hy inderdaad vir [die praktisyn] sou versoek het om die verslag nie te kwalifiseer nie.



# MANEO

## LEGAL

Ons voeg by twee oorwegings wat dui op onbevredigende aspekte van [die prokureur] se getuienis. Die eerste is dat hy so lank gewag het om die klag teen [die praktisyn] by hierdie Raad in te dien, bepaald eers nadat hy gedagvaar is vir sy fooi. Die tweede rede is dat ons moet bevind dat hy onware getuienis gegee het toe hy gesê het dat hy die indruk gekry het dat [die praktisyn] nie die trust tekort as ernstig beskou het nie. Wat [die praktisyn] se getuienis aanbetref, was hy na ons mening klaarblyklik 'n eerlike getuie en is daar nie getuienis wat hy gelewer het wat ons in twyfel trek nie.

Die korrekte perspektief in 'n neutre dop van wat hier gebeur het is na ons mening dat [die praktisyn] op die ingewing van 'n oomblik 'n kliënt wat in moeilikheid was wou help, en dat sy oordeelsfout om die kliënt te help teruggekom het om hom as 't ware te byt omdat die kliënt sy eie doel wou dien, naamlik om homself te beskerm teen die vervolging wat die Prokureursorde teen hom aanhangig gemaak het.

Teen hierdie agtergrond raak dit dan nou nodig om die gepaste straftoemeting te oorweeg. Hierdie komitee kan een van, of meerdere van, agt vorme van vonnis oplê.

Een is 'n waarskuwing, 'n tweede is 'n berisping, 'n derde is 'n boete, 'n vierde is die skorsing van 'n lid. 'n Vyfde is die verwydering van 'n lid se naam van die register van rekenmeesters en ouditeurs. 'n Sesde is 'n diskwalifikasie vir registrasie as 'n rekenmeester en ouditeur. Sewende is publikasie van die naam van die lid, en 'n agtste is 'n bydrae tot die geheel of gedeelte van die koste wat die Raad moes aangaan om die dissiplinêre verhoor te bedryf.

Wat die eerste twee moontlikhede aanbetref, dit wil sê waarskuwing of 'n berisping, meen hierdie komitee dat dit nie voldoende die erns van die oortreding omhels nie.

Afgesien daarvan, is daar ook by sommige van die komitee lede 'n bedenking oor die toepaslikheid en selfs effek van so 'n vonnis. Wat die vierde, vyfde en sesde moontlikhede aanbetref wat in terme van Reël 2.3 van die dissiplinêre reëls neergelê word, meen die komitee dat dit klaarblyklik nie verband hou met die versagtende omstandighede wat op die feite van hierdie geval toepassing het nie.

Dit laat die kwessie van 'n boete. By die oorweging van 'n boete neem die komitee in ag dat watter vonnis ook al hier opgelê word, 'n boodskap moet uitgestuur word aan ander praktisyns dat die oortreding ongeag die versagtende omstandighede wat bestaan, 'n baie ernstige oortreding is.

Die komitee neem egter ook in ag dat vanuit 'n finansiële oogpunt [die praktisyn] reeds gely het deurdat wesenlike fooie nog nie aan hom betaal is deur [die prokureur] nie. Wanneer dit kom by die oorweging van die vraag of daar publikasie moet geskied, neem die komitee die volgende oorwegings in ag. In die eerste plek sou die kommunikasie

van [die praktisyn] se naam by die groot metropole weinig betekenis inhou omdat hy nie daar praktiseer nie.

Daarenteen, indien die publikasie van sy naam in 'n klein gemeenskap soos [klein dorpie] plaasvind, mag dit 'n finansiële impak hê wat verreikend is. Daarenteen is dit nodig dat ander praktisyns, hetsy in klein plekkies soos [klein dorpie] of [ander klein dorpie], hetsy in groot metropole, vertel word van die feit dat sulke oortredings vervolgt word en van die omvang van vonnis wat vir oortredings daarvan opgelê word.

Wat die koste van hierdie verrigtinge aanbetref, neem hierdie komitee in ag dat die vervolging van [die praktisyn] nodig was selfs al is hy aangekla uit leedvermaak deur [die prokureur], want selfs die leedvermaak kan nie die feit dat die verslag ongekwalifiseerd was verbloem nie.

Daarinteen moet in ag geneem word dat die totale koste wat die Raad aangegaan het om hierdie verrigtinge van stapel te stuur en deur te voer, miskien buite verband mag wees met die uiteindelijke finansiële verlies wat op 'n billike straf vir die praktisyn sou neerkom.

Hierdie faktore almal inaggenome het die dissiplinêre komitee tot die gevolgtrekking gekom dat 'n vonnis soos wat ek nou sal oplê, gepas is.

- [Die praktisyn] word beboet tot in boete van R35 000 wat in sy geheel opgeskort word vir 'n periode van drie jaar, onderhewig daaraan dat hy gedurende die periode van opskorting nie deur die Raad of enige van sy komitees skuldig bevind word aan 'n oortreding van Reël 2.1.2 nie;
- 'n opsomming van die feite van hierdie gebeure en van die vonnis wat opgelê is moet eenmaal publiseer word in *Maneo* sonder openbaarmaking van enige name, dit wil sê sonder openbaarmaking van [die praktisyn] self se naam, of sy firma se naam, of [die prokureur] se naam, of [die prokureur] se firma se naam;
- [Die praktisyn] word gelas om 'nbydrae tot die koste van hierdie Raad te betaal in 'n bedrag van R20 000, betaalbaar op 'n wyse wat gereël mag word tussen hom en die direktoraat."

## SECOND MATTER

On 9 and 23 April 2003 the committee heard the case against Mr L. He was present and represented. He was found guilty of 6 of the 8 charges brought against him. The other two charges were withdrawn.

### First guilty charge

The practitioner was found guilty of contravening disciplinary rule 2.1.9, in that he made or fixed, or attempted to make, fix or recover, or entered into an agreement or associated himself with another person for the purpose of

CONTINUED ►



## LEGAL

making, fixing or recovering, a fee, charge or other consideration for professional services of a type commonly performed by a registered accountant and auditor (namely the completion and rendering of tax returns) which had been or were to be rendered by him, which fees, charges or other consideration were contingent upon the results of such services, in that - .

- During or about August 2001 the practitioner accepted an engagement from [client] in terms of which he would prepare tax returns for [client] in respect of the tax years ended on 29 February 2000 and 28 February 2001 and would render the returns to the South African Revenue Service.
- It was a term of the engagement that the practitioner would be entitled to recover a fee from [client] in respect of the services rendered by the practitioner calculated by reference to a percentage of the amount of tax refunded to [client], that percentage being 15% of the amount of the recovery, alternatively 30% of the amount of the recovery.

### The second guilty charge

The practitioner was found guilty of contravening disciplinary rule 2.1.21 in that he conducted himself in a manner which was improper or discreditable or unprofessional or dishonourable or unworthy on the part of a practitioner or which tended to bring the profession of accounting into disrepute, in that -

- On or our about 11 February 2002 the practitioner rendered an account to [client] in respect of professional services performed on behalf of [client] in respect of the tax years ended on 29 February 2000 and 28 February 2001 for a net amount of R16 315,94, being the balance of the fee claimed to be due to the practitioner.
- Prior to or on 6 March 2002, the balance of the fee not yet having been paid, the practitioner caused [client]'s name to be listed with ITC. It was improper or discreditable or unprofessional or dishonourable or unworthy on the part of the practitioner to have caused [client]'s name to be listed with ITC, for the following reasons -
  - ♦ the amount of the fees was in dispute and the practitioner knew that it was in dispute;
  - ♦ the practitioner had no reason to believe that [client] was not in a financial position to pay the fees;
  - ♦ no demand had been made on [client] to pay the balance of the fees, nor had any legal process been instituted to recover the fees.

### The third guilty charge

The practitioner was found guilty of contravening disciplinary rule 2.1.21 in that he conducted himself in a manner which was improper or discreditable or unprofessional or dishonourable or unworthy on the part of a practitioner or

which tended to bring the profession of accounting into disrepute, in that -

- During or about January 2002 [client] delivered or caused to be delivered to the practitioner all of his records and vouchers in respect of five tax years up to the tax year ended on 28 February 2001. These documents were delivered to the practitioner for the sole purpose of enabling the practitioner in turn to deliver the documents to the South African Revenue service to enable the South African Revenue Service to conduct an internal audit into [client]'s tax affairs for the tax years in question. The practitioner did not deliver the records or vouchers to the South African Revenue Service.
- On or about 11 March 2002 [client] terminated the practitioner's engagement in relation to the completion and rendering of his tax returns and requested the return of his tax documentation.
- The practitioner failed and/or refused to return the documentation to [client] despite the fact that he knew or ought to have known that the documentation was required to enable [client] to clarify outstanding tax issues with the South African Revenue Service.
- The practitioner had no right to retain [client]'s documentation.

### The fourth guilty charge

The practitioner was found guilty of contravening disciplinary rule 2.1.5 in that, without reasonable cause or excuse, he failed to perform his duties as auditor to [client] with such a degree of care and skill as in the opinion of the Board may reasonably be expected, in that -

- During or about the period from 2000 to 2002 the practitioner's firm, acted as the auditor of [client], and the practitioner was the partner responsible for the audit of the financial statements of [client] and for the provision of other services to [client].
- On or about 16 August 2002 the practitioner sent or caused to be sent a letter to the director of [client] drawing attention to material irregularities which were alleged to have taken place or to be taking place in the conduct of the affairs of [client].
- This letter purported to be and was intended to be a report as contemplated in section 20(5)(a) of the PAA Act.
- On or about 28 September 2002 the practitioner despatched a letter to the Board reporting on material irregularities which were alleged to have taken place or to be taking place in the conduct of the affairs of [client]. The letter so despatched purported to be sent, and was intended to be sent, pursuant to the duties of an accountant and auditor in terms of section 20(5)(b) of the PAA Act.
- These letters were despatched following a dispute



## LEGAL

between the practitioner and [client] in connection with fees charged by the practitioner's firm to [client].

- The practitioner could not (alternatively, should not) have been satisfied or have had reason to believe that in the conduct of the affairs of [client] material irregularities had taken place or were taking place which had caused or were likely to cause financial loss to [client] or to its members, or to any of its creditors, for the reasons that the matters giving rise to the report, were not irregularities as contemplated by that section, nor (if they were irregularities) were they material, nor had the matters complained of caused financial loss, nor were they likely to cause financial loss, to [client] or its members or creditors.
- The practitioner accordingly caused the reports to be sent unnecessarily and in circumstances in which no such reports were required, alternatively the practitioner abused the process outlined in sections 20(5)(a) and 20(5)(b) of the PAA Act.

### The fifth guilty charge

The practitioner was found guilty of contravening disciplinary rule 2.1.21 in that he conducted himself in a manner which was improper or discreditable or unprofessional or dishonourable or unworthy on the part of a practitioner or which tended to bring the profession of accounting into disrepute, in that –

- On or about 29 August 2001 [the practitioner's firm] rendered an account to [client] in an amount of R9 758,40 for services rendered.
- On or about 25 March 2002 the practitioner sent or caused to be sent to [client] a letter threatening to take certain action unless the account was paid.
- On 16 May 2002 the practitioner sent or caused to be sent to [client] an e-mail which contained a further threat of action against [client] if the account was not paid.
- The communications referred to above were inappropriate in the circumstances and were sent with the express purpose of persuading [client] to settle its outstanding account.

### The sixth guilty charge

The practitioner was found guilty of contravening disciplinary rule 2.1.5 in that, without reasonable cause or excuse he failed to perform work or duties commonly performed by a practitioner with such a degree of care and skill as in the opinion of the Board may reasonably be expected, in that –

- In respect of these services the practitioner failed to record the terms of his engagement in an audit engagement letter or in any other suitable form. He accordingly failed to comply with statement of auditing standards SAAS 210, which provides in paragraph .02 that an auditor and his client should agree on the terms of the auditors'

engagement and that the agreed terms would need to be recorded in an engagement letter or other suitable form, specifying the contractual obligations of both parties.

### Finding and sentence

The chairman (Adv P McNally) summarised the charges against the practitioner. He also summarised the evidence lead by both the pro forma complainant and the practitioner, and their argument. After all of this, the chairman delivered the sentence of the Committee. For the sake of good communication the finding and sentence, although lengthy, is published in its entirety.

### Finding

"This is a disciplinary hearing into the conduct of the accused, [the practitioner], an accountant and auditor registered under the PAA Act. The hearing arises out of eight charges levelled against [the practitioner] pursuant to complaints lodged against him by two of his clients. The charges are set out in the charge-sheet commencing at page 90 of the record and we do not intend repeating those here, each will be dealt with in turn below.

The pro forma complainant elicited the evidence of Ms O, the director: legal, of the Board, of Mr S the first complainant, and Mrs S, and of Mr D of the second complainant.

On the basis of an admission made as to a statement made by one Ms R of [the practitioner's] office to Ms D to the effect that Ms R told Ms D that [client] would be listed with ITC if it did not pay the practitioner's invoice, the evidence of Ms D was dispensed with.

[The practitioner] gave evidence in his defence.

Ms O's evidence was that [the practitioner]'s name was removed from the register on 2 April 2002 for non-payment of subscriptions, and the practitioner was re-registered pursuant to an application for re-registration on 19 August 2002.

The relevance of this evidence was that certain of the conduct of [the practitioner] upon which the charges are based occurred during the period that he was not registered and therefore, ran the argument, not subject to the discipline of the Board. In particular the letter which is the sole basis of charge 7 was written on 28 May 2002. The pro forma complainant suggested that charge 7 should be withdrawn, but the committee did not consent to that withdrawal in accordance with the provisions of rule 4.16.3 on the basis that it would consider the matter when it considered its verdict on each of the charges. The point is accordingly dealt with hereunder, as are points raised in this regard in respect of the other charges. We now deal with each charge in turn.

CONTINUED ►



## LEGAL

**Charge 1** was a charge of improper conduct within the meaning of 2.1.9, alternatively 2.1.20, and related to an allegation that [the practitioner] had agreed in about August 2001 to charge [client] a contingency fee for the preparation of [client]'s tax returns for the tax years ended 29 February 2000 and 28 February 2001.

The evidence disclosed that [the practitioner] had agreed to do certain work for [client] for a fee which was to be either 15% or 30% of the tax refunded to [client] pursuant to the tax returns submitted. The dispute as to the percentage agreed is obviously irrelevant to this charge and we make no comment thereon.

In essence [the practitioner]'s evidence was that he understood the prohibition on contingency fees to relate to fees agreed solely for the preparation of tax returns.

It was argued by the pro forma complainant that the principle is set out clearly in rule 2.1.9, and in the alternative charge based on paragraph 11.15 of the Code. Both, argued the pro forma complainant, were applicable. The argument that the fee related to other work done does not accord with the documents, the other work was the basis for the completion of the tax returns, said the pro forma complainant.

It was argued by [the practitioner's attorney] that the contingency fee was not in contravention of the Code. He made the point that the contravention relates only to the preparation of a tax return. All accountants' work ultimately or at some stage, he said, ends up in a tax return, and therefore the Code must be interpreted narrowly. The interpretation must be limited to the preparation of a tax return. The fee was in respect of work done over a period of time and not just in respect of the preparation of the tax return.

We find that [the practitioner's attorney]'s submissions in relation to the proper interpretation of the Code are not logical, and the thrust of the mandate in this case was to finalise tax returns to obtain an assessment and a tax refund. All work which was done was specifically aimed to that end and the agreed fee was for that work. To that extent the drafting of the financial statements was incidental. [The practitioner]'s submissions also do not answer the main charge in terms of rule 2.1.9. Accordingly, we find [the practitioner] guilty of the main first charge.

**Charge two** was a charge of improper conduct within the meaning of rule 2.1.21 relating to improper, discreditable, etc, conduct, to wit, causing [client]'s name to be listed with the ITC as a bad payer.

The fact that the practitioner caused [client]'s name to be listed with the ITC as a bad payer is not in dispute, the issue is whether doing so in the circumstances which pertain to

this charge was improper conduct within the meaning of rule 2.1.21. There is no evidence that the listing in fact adversely affected [client], but we find that fact to be irrelevant.

In evidence [the practitioner] stated that it was the practise of his firm to list clients who did not pay their fees as a means of putting pressure on recalcitrant debtors after all other measures had been exhausted. He conceded that he had no reason to doubt [client]'s ability to pay the fees. He also knew [client] was away at the beginning of February 2002 when the invoice was sent, though he did not know when he returned. His evidence was that [client] first raised his version of a 15% contingency fee during a telephone conversation while [client] was in Natal in February.

[The practitioner] did not regard the dispute as bona fide. The pro forma complainant argued that the sequence of events was significant. He pointed out that the account was generated on the 4th February 2002 and was sent on 11 February. It was sent while [client] was away in Natal. There was a bona fide dispute as to the fee he said, and a portion of the fee was paid, and furthermore a letter was sent by [client] dealing with the balance of the fee on 11 March. The pro forma complainant pointed out that there was no demand made against [client] and no legal process was instituted. Indeed within three weeks of the invoice [client] was reported to the ITC as a bad payer.

The pro forma complainant pointed out that [the practitioner] admitted that he knew of the seriousness of a listing with the ITC, therefore, he argued, that letter, and letters like it were extortionate, malicious and written with an improper motive, which amounted to disgraceful conduct.

On behalf of [the practitioner] it was argued by [his attorney] that the Board cannot prevent a practitioner from using legitimate available tools for the collection of fees. He said that the credit bureau system is an important and legitimate one and that practitioners should be able to take advantage of it. He handed up the Consumer Code for Credit Bureaux and argued that [client] himself could have taken steps to contact the ITC and request them to remove his name. He could have been removed on the basis that there was a bona fide dispute about the fee. He argued that there is thus nothing dishonourable in [the practitioner]'s conduct in having [client] listed with the ITC.

We find that [the practitioner]'s conduct herein was improper. That is not to say that a practitioner can never list a client with the ITC, but in the circumstances of this case, as revealed by the evidence and referred to by the pro forma complainant in argument, [the practitioner] was not justified in listing [client] with the ITC as a bad payer. His action in doing so was unprofessional and amounts to disgraceful conduct. He should have taken a number of preliminary steps before listing [client] and there is no evidence of any



## LEGAL

such preliminary steps having been taken. The committee accordingly finds the practitioner guilty of the main second charge.

**Charge three** is a charge of improper conduct within the meaning of rule 2.1.21 in that [the practitioner] did not return [client]'s documentation to him on the basis that he was entitled to retain it until his invoice was paid. It is common cause that until the day after the last hearing [the practitioner] retained [client]'s books and documents, and that the documents retained included books and documents in respect of five previous years' tax returns. [The practitioner] believed, and obtained his attorney's confirmation, that he had a right to retain the documents on which he had worked if his fees were unpaid. The pro forma complainant argued that the law was clear on the point. He referred to the case of Free State Eco Tourism vs Mthembu which held that a lien extends to documents in respect of which an attorney is entitled to charge a fee in respect thereof for work actually done or labour expended. He argued that the documents retained by [the practitioner] did not fall within that definition. In any event, he said, it is not clear on the evidence that any work was done on the documents in respect of the five previous tax returns. Further, he said, that it was not clear that there was any entitlement to charge for any work which might have been done on those documents. He said that [the practitioner] knew that the documents were required for other purposes, but nevertheless held on to them.

On behalf of [the practitioner] it was argued that paragraph 15.26 of the Code was relevant. It was pointed out that that paragraph contains no directive that documents should be returned in the event of a dispute about the lien. [The practitioner's attorney] accepted that the position in relation to an attorney's lien is apposite. He pointed out that the amendment to clause 10.1 of the charge-sheet did not accord with the facts, and he further argued that even if the lien was bad, it does not follow that the retention of the documents was therefore dishonourable conduct.

We find that the amendment to clause 10.1 of the charge-sheet, relating as it does to the basis on which the documents came into [the practitioner]'s possession, is not critical to the charge. The issue is whether [the practitioner] had a right to retain all the documents he retained. We find that he did not, and he should not have believed that he had such a right. There is no evidence that he had expended work on the documents over which he purported to exercise a lien after those documents were returned to him to enable his firm to deal with queries from SARS.

As to whether [the practitioner]'s conduct amounts to improper conduct, we agree with the pro forma complainant's submission that, in view of [the practitioner]'s

professional status, his conduct was improper. We accordingly find [the practitioner] guilty of the main third charge.

**Charge four** was withdrawn with the consent of the disciplinary committee in accordance with the provisions of rule 4.16.3.

**Charge five** is a charge of improper conduct within the meaning of rule 2.1.21, or alternatively within the meaning of rule 2.1.5, in that the practitioner sent, or caused to be sent, a material irregularity letter, referred to herein as an MI letter, as contemplated in section 20(5)(a) of the PAA Act, to the director of [client], and thereafter to the Board, as contemplated in section 20(5)(b), in circumstances where [the practitioner] could not have been satisfied that the matters complained of therein constituted material irregularities, and thus such letters were sent unnecessarily or by way of an abuse of the section 20(5) process.

There is no dispute that letters purporting to comply with section 20(5) were sent to [client] and to the Board, the question is whether they were properly or improperly sent. Evidence was led on both sides as to the truth of the content of the MI letter. In our view much of the evidence was irrelevant - because a number of the allegations in the MI letter were not allegations which should properly have been made therein. Relevant allegations were that creditors were not being paid properly and that false supplier invoices were presented to the auditors for processing. As to those allegations the evidence of [the practitioner] was that investigations conducted for the purposes of auditing the financial statements revealed certain causes of concern. He gave no cogent detail of those concerns. The delay in reporting his concerns by way of the MI letter was caused, he said, by the year-end holiday and by his being deregistered in circumstances referred to above.

The pro forma complainant argued that the step of sending the letter to the Board was taken when [the practitioner] was registered, and therefore that the Board has jurisdiction to consider the charge. He argued that the detail of the letter was important, and that the allegations either do not constitute material irregularities or are not justified by the evidence. In any event, he said, the serious step of dispatching the letter could not be taken a year after the concerns arose in circumstances where there had been no follow-up to establish whether the complaints were still valid.

He said that the details in the letter did not match up with the qualifications in the audit opinion. He argued that the letter was accordingly misplaced, was sent improperly and with an improper motive, namely as a lever to obtain fees. He argued that the sending of the MI letter in these circumstances amounted to serious misconduct.

CONTINUED ►



## LEGAL

[The practitioner's attorney] referred to circulars published in relation to MI letters in section 8 of the Information Manual. These constitute, he said, an attempt to guide practitioners as to when MI letters should be written. He referred to certain paragraphs of those circulars which indicate when a practitioner's duty to report is established. The Board, he argued, has sought to standardise the way in which MI letters should be written. He argued that the MI letter, since it was written while [the practitioner] was not registered, could not be conduct relevant in terms of section 23 of the PAA Act. He argued further that in the event that it was relevant conduct, the letter was justified. He said that there was ample evidence that [client]'s liabilities exceeded its assets and that there was something wrong with a number of invoices used to claim VAT credits. [The practitioner], he said, could have been charged with not reporting to the Board by way of the MI letter. He said that the satisfied, and reason to believe tests were subjective and had been satisfied. He argued further that [the practitioner] had given a satisfactory explanation for the delay in sending the MI letter, and, finally, that even if the letter was written with an improper motive the Brummer case indicated that, that improper motive did not invalidate what was otherwise a valid MI letter.

The committee's finding in this regard is that there is no merit in the argument that the MI letter was sent while [the practitioner] was not registered. The conduct was continuing conduct, and continued to the time when the letter was sent to the Board, which was after [the practitioner] was re-registered, accordingly this committee has jurisdiction to consider the matter. As to the justification for the letter, the committee is not satisfied that there was any such justification. Even if it could be suggested that [the practitioner] was satisfied, or had reason to believe, that the complaints made in the MI letter had any proper foundation in fact, and there is serious doubt as to that, we agree with the pro forma complainant's submission that the letter could not properly have been sent a year after the practitioner had his alleged suspicions in circumstances when he took no steps to check whether those suspicions were still justified, and where the response from [client] should have cast doubt on his suspicions and, at the very least, called for a further investigation.

Furthermore section 20(5)(a) also requires that an MI letter is dispatched forthwith when appropriate circumstances exist. The late sending of the letter is also strongly suggestive of an improper motive in the context of this matter. We do not accept [the practitioner]'s explanation for the late sending of the letter.

We accordingly find that [the practitioner] did not act with such a degree of skill and care as may reasonably have been expected in this regard and he is accordingly found guilty on the alternative fifth charge.

**Charge six** is a charge of improper conduct within the meaning of section 2.1.21, in that appendices 3 and 4 at pages 102 and 103 were sent by [the practitioner] to [client] and were inappropriate, amounting in effect to attempts to extort a disputed fee from [client].

It is common cause that the letters were sent; the issue therefore relates essentially to [the practitioner]'s intent in sending the letters. His evidence is that the letter at page 103 was not threatening but merely factual, referring to the fact that if his fee was not paid he would not be able to work on [client]'s books which might render [client] vulnerable to SARS. He conceded that the letter at 102 was written in anger. The pro forma complainant argued that the letter at page 102 was not a proper response to [client]'s valid letter seeking clarification, the letter was extortionate and disgraceful. He argued that [the practitioner]'s explanation in respect of the letter at 103 did not ring true in the context of the facts.

It was argued on behalf of [the practitioner] that the second letter was written while he was not registered. The letters, it was argued, were merely robust letters acceptable in the real commercial world. Anyway, it was argued, [the practitioner] did not carry out the threats made in the letters.

We find that the letter of 25 March 2002, which was written while [the practitioner] was registered, was, on [the practitioner]'s own admission, written to obtain payment. The letter is utterly unprofessional and quite unbecoming of an accountant. [The practitioner] is accordingly found guilty of the main sixth charge.

**Charge seven** is a charge of improper conduct within the meaning of rule 2.1.21 relating to an abusive letter written by [the practitioner] to [client] and referred to above. The letter was written on the 28th May 2002 at a stage when, as is common cause, [the practitioner] was not registered with the Board in terms of the PAA Act. Accordingly the pro forma complainant has asked again that the charge be withdrawn. He argues that the committee has no jurisdiction to hear the complaint. [The practitioner] supports this contention.

We find that the wording of section of 23 is clear in conferring power on the Board to investigate and hear allegations of improper conduct of which a person is alleged to have been guilty while he was so registered. [The practitioner] was not registered when he sent the letter. It appears that he was at that stage holding himself out as an accountant and auditor in public practice and was therefore contravening section 14 of the Act, but he is not charged with that offence. In light of the clear wording of section 23 of the Act, the committee consents to the withdrawal of charge 7 in accordance with rule 4.16.3.

**Charge eight** is a charge of improper conduct within the



## LEGAL

meaning of rule 2.1.5 in that [the practitioner] failed to record the terms of his engagement by [client] in a suitable engagement letter.

It has been accepted by this committee pursuant to a concession made by the pro forma complainant in relation to charge 4 that an engagement letter, though desirable in all cases, is only required in relation to the engagement of a practitioner to perform attest functions.

The evidence indicates that [the practitioner] was employed by [client] to perform audit work, and accordingly he was required to record the terms of his engagement in a suitable letter. [The practitioner] stated in evidence that it is his standard practise to send his clients engagement letters and pro forma examples of such letters were handed up to the committee. The pro forma complainant argued that [client]'s evidence that he did not receive such a letter, and the fact that no letter is on [the practitioner]'s file, indicates that no letter was sent. It was argued on behalf of [the practitioner] that the provision relied upon is not peremptory. In addition it was argued that there was no real misunderstanding by the parties as to what the mandate was. It was further argued that the practitioner had reasonable excuse in that he entrusted the writing of this letter to his staff.

We find that the provisions of SAAS 210 paragraph .02 is peremptory and that an engagement letter must be obtained in respect of the engagement of a practitioner for attest functions. [The practitioner] was engaged for attest functions and we find that the evidence discloses that no letter was obtained. In addition we find that [the practitioner] has no reasonable excuse for failing to obtain such an engagement letter. We accordingly find him guilty of the main eighth charge.

### Sentence

The committee has considered the arguments of the pro forma complainant and [the practitioner's attorney] in relation to punishment. The committee has taken into account, inter alia, that the offences do not involve dishonesty and that [the practitioner] is effectively a first offender, but on the other hand the committee considers the offences to be very serious. The committee also takes into account that [the practitioner] heads a large practice of some fifty staff.

The committee has decided to impose a consolidated punishment in respect of all six charges on which the practitioner was found guilty.

In the circumstances the committee imposes the following punishment:

1. [The practitioner] is suspended from practise for a period of two years, which suspension is itself suspended for a period of three years from today's date, on condition that he is not found guilty of an offence under rule 2.1.5, 2.1.9,

2.1.20 or 2.1.21 in respect of conduct performed within the period of suspension;

2. A fine is levied in the amount of R80 000;
3. [The practitioner] is ordered to pay a contribution to costs in the amount of R50 000; and
4. Publication of the facts, the findings and punishment in this matter is ordered to take place in *Maneo*.

Serious consideration was given by the committee to publishing [the practitioner]'s name, but in the event the committee has decided that neither [the practitioner]'s name nor the name of his practice is to be published.

### THIRD MATTER

On 13 May 2003 the committee heard the case against Mr D. He was present but unrepresented. He pleaded guilty to, and was found guilty of, both of the two charges brought against him. These arose out of his fourth practice review in the first review cycle.

### The first charge

The practitioner was found guilty of contravening disciplinary rule 2.1.5 in that, without reasonable cause or excuse he failed to perform his duties as auditor to [client], being work or duties commonly performed by a practitioner, with such a degree of care and skill as in the opinion of the Board may reasonably be expected, or he failed to perform the work or duties at all, in that –

- In respect of his audit of the [client] financial statements the practitioner failed to keep audit working papers and/or he failed to obtain audit evidence, alternatively he failed to keep adequate audit working papers and he failed to obtain adequate audit evidence, in the respects set out below; and he accordingly failed to comply with generally accepted auditing standards and in particular SAAS 230 and/or SAAS 500, as follows –
  - ♦ provisions for faulty workmanship: although the working papers indicate that there was no support for a material provision in respect of this item, and that it did not meet the criteria of a liability, the amount was not recorded as an unadjusted difference and there was no record that the impact of the item on the audit opinion had been taken into account;
  - ♦ inventory: although the working papers indicate that an inventory count had been performed subsequent to the year end, the nature and extent of the tests performed, including roll-back tests, were not documented;
  - ♦ accounts receivable: there was no documented evidence that cut-off tests had been conducted. Included in the balance of accounts receivable is a material debit loan account in respect of which recoverability considerations were not documented;

CONTINUED ►



## LEGAL

- ♦ shareholders' loans: there was no documentation relating to the determination of the validity of movements in the shareholders' loans;
- ♦ plant and equipment: there was no documentation relating to tests conducted for the existence of plant and equipment;
- ♦ income statement: there was no documentation to indicate that audit work had been conducted in relation to income or expenses of the company.
- There was no documentation relating to procedures carried out to identify post-balance sheet events. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 560.
- There was no documentation relating to the practitioner's consideration of the going concern concept. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 570.
- The practitioner failed to document his audit programmes. He accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 300.

### The second charge

The practitioner was found guilty of contravening disciplinary rule 2.1.5 in that, without reasonable cause or excuse, he failed to perform his duties as auditor to [client], being work or duties commonly performed by a practitioner, with such a degree of care and skill as in the opinion of the Board may reasonably be expected, or he failed to perform the work or duties at all, in that -

- In respect of his audit of the [client] financial statements the practitioner failed to keep audit working papers and/or he failed to obtain audit evidence, alternatively he failed to keep adequate audit working papers and/or he failed to obtain adequate audit evidence, in the respects set out below: he accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 230 and/or SAAS 500 as follows -
  - ♦ income: there was no documentation to indicate that transaction tests or completeness tests were conducted;
  - ♦ share capital: there was no documentation to indicate that any verification work had been conducted in relation to the share capital of the company.
- There was no documentation relating to procedures carried out to identify post-balance sheet events. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 560.
- There was no documentation in relation to the understanding of accounting systems and internal controls, and no audit programmes. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 300 and SAAS 400.

### Finding and sentence

The chairman (Mr D Gihwala) delivered the finding and sentence of the Committee. For the sake of good communication, the entire finding and sentence of the committee is published.

### Finding

"This is a hearing in terms of section 23 of the PAA Act 1999, as amended. The practitioner chose not to be legally represented. The charges which were put to the practitioner are as follows.

There were two charges, the first was that he is guilty of improper conduct within the meaning of rule 2.1.5 of the disciplinary rules, in that without reasonable cause or excuse and in respect of certain items set out in the charge-sheet more fully, he failed to perform his duties as auditor to [client], being work or duties commonly performed by a practitioner with such a degree of care and skill as in the opinion of the Board may reasonably be expected, or he failed to perform the work or duties at all.

A similar second charge arises in respect of [another client].

There are two alternative charges but which are not relevant for present purposes because the accused pleaded guilty to the two main charges, which charges were accepted by the pro forma complainant.

Notwithstanding the plea of guilty by the accused on both charges and the plea having been accepted by the pro forma complainant, he tendered the evidence of [reviewer], an employee of the Board for some time, a qualified chartered accountant... who testified on [their] investigations and [their] findings with regard to both charges brought against the accused.

It is common cause from the evidence, and from the submissions made by the practitioner that he did not meet the standards of professionalism required of him in his capacity as a public accountant and auditor, and the fact that he pleaded guilty to both charges is clear evidence of his understanding of his shortcomings.

For the sake of good order the practitioner is therefore found guilty on both the first and second main charges as charged.

### Sentence

One of the more difficult issues in matters such as this is obviously the question of punishment.

The Act gives clear guidelines in terms of the kind of punishment to be meted out and this committee deliberated at some length in terms of what is a suitable punishment to the accused under the present circumstances.

There are various factors to be taken into consideration when



## LEGAL

meting out punishment, some of which are the interests of the profession, the personal circumstances of the accused, and also of course the needs of society, which in this case would be more particularly the business world.

There is no evidence before us that there was any loss or prejudice suffered by anybody as a result of the inadequacies of the professional standards of the practitioner in this case. We also have at our disposal particulars of his personal financial position and the fact that he is a part-time practitioner and not engaged in full-time day to day audit practice is a factor which also weighed quite heavily with the committee in deciding on a suitable punishment.

Another factor which was taken into consideration was the fact that not very long ago, on the 27th September 2001, the accused was found guilty of a similar offence to that of which he pleaded guilty to today, and was punished by a suspended fine of R15 000 which was suspended for a period of three years.

It is obviously very difficult for us, or for me, to mention all the factors we have taken into consideration in determining what we consider to be a suitable punishment under the circumstances, and those that I have just mentioned are the main ones and it does not mean that no other factors have been taken into consideration.

Having taken those and the other considerations, which I may not have mentioned, into consideration the committee resolved that a suitable punishment under the circumstances would be the following:

1. There shall be a fine of R15 000;
2. [The practitioner] is suspended from practice as a public accountant and auditor for a period of three years, which suspension is further suspended for a period of three years on condition he:
  - ◆ attends and completes a practice review workshop under the auspices of the Board not later than 31 December 2003; and
  - ◆ is not found guilty of a similar offence to which he has been convicted today within the period of suspension by the disciplinary committee of the Board;
- 3 He is ordered to make a contribution of R10 000 towards the costs of this matter;
- 4 Full details of this matter shall be published in *Maneo*, save that the identity of the accused and the name of his practice shall not be disclosed.

Then there is the next matter of the suspended sentence imposed on him on the 27th September 2001. The committee has also resolved to put such suspended sentence into operation with immediate effect.

## FOURTH MATTER

On 13 May 2003 the committee also heard the case against Mr D Coovadia. He was present and represented. He pleaded guilty to, and was found guilty of, the one charge brought against him.

### The charge

The practitioner was found guilty of improper conduct within the meaning of disciplinary rule 2.1.21 in that he conducted himself in a manner which was improper or discreditable or unprofessional or dishonourable or unworthy on the part of a practitioner or which tended to bring the profession of accounting into disrepute, in that -

- During or about September 1999 [a certain I] applied for the position of accountant within [hotel group]. The application was made following a referral from [placement agency] used by [hotel group].
- Prior to the application to [hotel group] [I] had provided [placement agency] with information concerning his employment record, including, *inter alia*, that his most recent employer was [the practitioner's firm], and provided the name of the practitioner as a referee.
- On or about 28 September 1999 [S], in following up the reference given by [I], spoke to the practitioner on the telephone. During the course of the telephone conversation the practitioner
  - ◆ recommended [I];
  - ◆ represented that [I] was always prepared to work extra hours;
  - ◆ informed [S] that [I] met his deadlines and was very diligent and professional;
  - ◆ told [S] that he had had no problems with [I];
  - ◆ informed [S] that [I] was good at systems and controls;
  - ◆ represented to [S] that [I] had overseen many projects on behalf of his firm and was very knowledgeable;
  - ◆ represented to [S] (alternatively left an impression with [S] which the practitioner did not attempt to dispel) that [I] had been employed by [the practitioner's firm].
- These representations and/or statements made by the practitioner were false and/or misleading, and the practitioner knew that they were false and/or misleading, in that -
  - ◆ [I] had never been employed by the practitioner or [his firm];
  - ◆ the practitioner did not know and/or could not have known whether [I] was prepared to work extra hours and/or whether he met his deadlines and/or whether he was diligent and professional and/or whether he was good at systems and control and/or whether he was very knowledgeable;

CONTINUED ►



## LEGAL

- ♦ [I] had never overseen projects on behalf of the practitioner or [his firm].
- On or about 2 July 2001, and in a telephone conversation between [P] and the practitioner, the practitioner represented to [P] -
  - ♦ that [I] had worked for the practitioner and/or [his firm];
  - ♦ that [I] was well known to the practitioner;
  - ♦ that [I] had performed services to [his firm] during or about the period from 1991 until 1999.
- The representations made by the practitioner were false and/or misleading and the practitioner knew or must have known that they were false and/or misleading, in that -
  - ♦ [I] had not worked for the practitioner or [his firm];
  - ♦ [I] had not performed services to [his firm] from 1991 until 1999 or at all.

### Finding and sentence

The chairman of the panel, D. Mr Gihwala, delivered the finding and sentence of the Committee. For the sake of good communication, it is published in its entirety.

### Finding

“This is a hearing in terms of section 23 of the PAA Act. [The practitioner] was charged with improper conduct in terms of the Society’s rules, of which he is a member, and has pleaded guilty to the charge, which plea of guilty was accepted by the pro forma complainant and he was therefore convicted as charged.

The accused testified in mitigation of sentence, or, as it is called, the punishment, that needs to be meted out for his wayward conduct.

I do not intend giving full particulars of the exact nature of the improper conduct imputed to the accused and to which he has pleaded guilty, save to make one or three comments, namely, that as a direct result of the conduct of the accused a group of hotels suffered loss by employing a person of questionable integrity and character.

The accused, when asked to verify certain information regarding the qualities that the employee, or the intended employee at the time, had, spoke in glowing terms of the prospective employee’s abilities, as a result of which he was taken into employment. At the very outset I put to the accused’s representative whether the conduct of the accused, which he has pleaded guilty to, could not be interpreted as fraud.

[The practitioner’s attorney] disputed whether there was fraud or not, but regardless of whether the conduct falls squarely within the definition of fraud it is so that this committee has taken a dim view of the accused’s conduct which gave rise to this charge, and what is more the glib

manner in which he attempted to explain his conduct to this committee.

It would not be unreasonable to state that he was quite often evasive when in the witness box testifying in mitigation of sentence, and also quite argumentative, and it has to be questioned whether the accused is as remorseful for his behaviour and conduct as he tried to convince this committee that he really is.

It must be borne in mind that he is a professional man and he is a member of a professional body, and as such society out there treats his membership of a professional body as an indication of good character.

This committee is satisfied that it is precisely because of that that when he gave this glowing reference on behalf of his friend, [I], that there was no further need for any other investigations to be done with regard to the qualities of [I] before he was employed.

Now this committee also accepts that there was no personal gain to the accused and, what is more, that he was driven by, as he calls it, altruistic motives. The pro forma complainant pointed out that the accountancy profession in general is under siege. Those are not necessarily the words he used, but there is an outcry in terms of what happens in the accountancy profession and the losses people are suffering in the market-place because of the lack of professionalism and the rapidly falling standards, and this committee is therefore tasked with the responsibility of ensuring that the accountancy and audit profession does not cascade into something which nobody has any trust in.

On the other hand it is not the intention of this committee, or their obligation, to single out the accused and make an example of him and leave him out there as an example to others to show them what could possibly happen to them.

We have taken all the factors into consideration, namely the nature of the offence, the personal circumstances of the accused, the losses that he will sustain going forward in terms of the punishment that is to follow, his community involvement, the fact that he has a small practice, etc. Also the fact that he has pleaded guilty has weighed quite heavily in his favour.

### Sentence

Having considered all the factors which I have mentioned, and others which I have not mentioned because I do not believe it is very necessary to mention them all, the punishment that this committee has resolved to impose in the current matter is the following:

1. There shall be a fine of R50 000;
2. [The practitioner]’s name shall be removed from the register of accountants and auditors, which removal is



## LEGAL

suspended for a period of five years provided he is not found guilty of any offence envisaged under current rule 2.1 by the disciplinary committee of the Board;

3. Full particulars of this matter, as well as the identity of the accused, and not of that of his firm, shall be published in *Maneo*;
4. He shall make a contribution of R50 000 towards the costs of this matter.”

### FIFTH MATTER

On 30 June 2003 the committee heard the case against Mr D S Kruger of the firm Galahad (previously known as Simon Hurwitz). He was present but unrepresented. He was found guilty of, three charges brought against him. The charges arose out of his first practice review in the second review cycle.

#### First charge

The practitioner was found guilty of contravening disciplinary rule 2.1.5 in that, without reasonable cause or excuse he failed to perform his duties as auditor to [client], being work or duties commonly performed by a practitioner, with such a degree of care and skill as in the opinion of the Board may reasonably be expected, or he failed to perform the work or duties at all, in that -

- In respect of his audit of the [client] financial statements, the practitioner failed to keep audit working papers and/or he failed to obtain audit evidence, alternatively he failed to keep adequate audit working papers and/or he failed to obtain adequate audit evidence; he accordingly failed to comply with generally accepted auditing standards and in particular SAAS 230 and/or SAAS 500 as follows -
  - ♦ there was no indication in the working papers that any audit work had been done in relation to cash on hand;
  - ♦ there was no documentation on file concerning the completeness of income;
  - ♦ the working papers referred to a problem with Value-added Tax in relation to an associated company but there was no documentation on file concerning the practitioner's consideration of a possible material irregularity;
  - ♦ there was no documentation on file in respect of the verification of the costing of the “fine jewellery” inventory category;
  - ♦ there was no recorded justification for [client] not including stones kept in the safe box in the inventory balance;
  - ♦ there was no documentation on file in respect of the validity of the provision for inventory obsolescence;
- ♦ there was no documentation on file concerning the validity of the inventory adjustment;
- ♦ there was no documentation on file in respect of the validity of the difference in value of the inventory as between the original inventory count and the final stock sheets;
- ♦ there was no documentation on file in respect of the validity of the provision for bonuses;
- ♦ while there was a schedule on file reflecting debtors' credit balances there was no documentation on file concerning the validity of recognising these receipts as creditors instead of income;
- ♦ a journal entry had been passed to transfer a portion of sales and cost of sales to an associated company but there was no documentation on file relating to the validity of the transaction;
- ♦ cash sales debtors of the company amounted to R147 774; two invoices in an aggregate amount of R7 295 were agreed to subsequent receipts but there was no other verification documented on file;
- ♦ a difference was identified in the costing of watches but this was not extrapolated over the population and placed on a schedule of unadjusted audit differences;
- ♦ there was no documentation on file relating to the details of items of stock physically counted and traced;
- ♦ there was no documentation on file in respect of the completeness of accounts payable;
- ♦ there was no reconciliation on file between the general ledger Value-added Tax and the year-end Value-added Tax return;
- ♦ there were schedules on file reflecting the movement on shareholders' and associated company loans but there was no documentation relating to the validity of the movements in the amounts of the loans;
- ♦ there was no confirmation on file in respect of a loan from an associated company;
- ♦ there was no documentation on file in respect of the physical verification of fixed assets and the ownership of motor vehicles;
- ♦ there was no documentation on file in respect of the reasonableness of the carrying value of goodwill;
- ♦ there were no working papers on file relating to audit verification of statutory matters concerning the company;
- ♦ there was no documentation on file relating to cut-off tests;
- ♦ there were no bank confirmation letters on file.
- There was no engagement letter on file. The practitioner

CONTINUED ►



## LEGAL

accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 210.

- There was no documented knowledge of the business on file. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 310.
- There was no documentation on file relating to the understanding of the accounting systems and internal controls. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 400.
- There was no documented risk assessment. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 400.
- There were no audit programmes on file. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 300.
- There was no management letter on file in respect of internal control weaknesses which were identified during the audit. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 400.
- There was no documentation on file in respect of going concern considerations. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 570.
- There was no documentation on file in respect of subsequent event considerations. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 580.

### The second charge

The practitioner was found guilty of contravening disciplinary rule 2.1.5 in that, without reasonable cause or excuse, he failed to perform his duties as auditor to [client], being work or duties commonly performed by a practitioner, with such a degree of care and skill as in the opinion of the Board may reasonably be expected, or he failed to perform the work or duties at all, in that -

- In respect of his audit of the [client] financial statements the practitioner failed to keep audit working papers and/or he failed to obtain audit evidence, alternatively he failed to keep adequate audit working papers and/or he failed to obtain adequate audit evidence; he accordingly failed to comply with generally accepted auditing standards and in particular SAAS 230 and/or SAAS 500 as follows -
  - ♦ there was no documentation on file in respect of the completeness of income;
  - ♦ there were debit loans in the company but there were no loan confirmations nor any documentation on file

concerning the validity of the movement in the loans or concerning the recoverability assessment;

- ♦ there was no documentation on file in respect of the costing of packaging materials and in respect of work in progress;
- ♦ a costing verification of finished goods of the entity was performed in terms of the raw material component; there was no reference on file relating to the allocation of labour and overheads of the costing verification;
- ♦ there was no justification on file for the company's not including work in progress in the annual financial statements;
- ♦ according to the lead schedule debtors exceeded the amount reflected on the age analysis by R283 865 but there was no documentation on file dealing with the validity of this difference;
- ♦ there was a client computer printout on file reflecting a total of receipts relating to year-end debtors; this print out was used as evidence of the validity of the debtors but there was no documentation on file to reflect any testing of the totals;
- ♦ there were long outstanding debtors reflected in the working papers but there was no justification for a provision not being raised against these debtors;
- ♦ the lead schedules and supporting working papers in respect of long-term liabilities and fixed assets reflected amounts significantly more than those reflected in the [client] financial statements; there was no documentation on file relating to the validity of these differences;
- ♦ the sales lead schedule reflected an amount significantly greater than those reflected in the [client] financial statements; there was no documentation on file relating to the validity of the difference;
- ♦ the lead schedule in respect of cost of sales reflected an amount significantly greater than the amount reflected in the [client] financial statements but there was no documentation on file concerning the validity of the difference;
- ♦ there was no documentation on file concerning the appropriateness that no provision had been made by the company for leave pay and bonuses;
- ♦ there was no documentation on file concerning the validity of the difference between a significant creditor's statement balance and the general ledger;
- ♦ there was no documentation on file in respect of net realisable value testing nor of inventory obsolescence considerations;
- ♦ the audit differences identified at the stock count were



## LEGAL

not recorded on a schedule of unadjusted audit differences;

- ◆ there was no reconciliation on file between the value of sales according to the [client] annual financial statements and the Value-added Tax returns;
- ◆ the amounts in respect of creditors and accruals as reflected on the lead schedule exceeded the amounts reflected in the working papers, but there was no documentation on file relating to the validity of the difference;
- ◆ there was no documentation on file in respect of the completeness of accounts payable;
- ◆ the [client] financial statements reflected a loan from a shareholder as being R124 811 more than was reflected in the working papers but there was no documentation on file concerning the validity of this difference;
- ◆ there was no documentation on file concerning the validity of the movement on the shareholders' loan;
- ◆ there was no reconciliation on file between the Value-added Tax liability reflected in the general ledger and that reflected in the [client] financial statements;
- ◆ there was no documentation on file in respect of the ownership of motor vehicles;
- ◆ there was no documentation on file in respect of the details of cut-off tests;
- ◆ there was evidence of a bank account on file which was not in the name of the company but there was no documentation on file in respect of the ownership of that account;
- ◆ there was no bank confirmation letter on file;
- ◆ there was no documentation on file in respect of the audit verification of non-distributable reserves nor in respect of statutory information;
- ◆ there was no documented analytical review of the income statement with explanations for significant fluctuations.
- There was no engagement letter on file. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 210.
- There was no documentation on file relating to the practitioner's knowledge of the business. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 310.
- The materiality calculation on file was based on sales figures that were significantly higher than was reflected in the [client] financial statements.
- There was insufficient documentation on file of the practitioner's understanding of accounting systems and

internal controls. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 400.

- There was no documented risk assessment. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 400.
- There was no documentation on file concerning related party transactions. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 550.
- There was no evidence of review on file. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 220.
- There was no management letter on file in respect of internal control weaknesses which were identified during the audit. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 400.
- There was no management representation letter on file. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 580.
- There was no documentation on file relating to going concern considerations. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 570.
- There was no documentation on file relating to subsequent event considerations. The practitioner accordingly failed to comply with generally accepted auditing standards, and in particular SAAS 560.

### The third charge

The practitioner was found guilty of contravening disciplinary rule 2.1.5 in that, without reasonable cause or excuse, he failed to perform his duties as auditor to [listed client], being work or duties commonly performed by a practitioner, with such a degree of care and skill as in the opinion of the Board may reasonably be expected, or he failed to perform the work or duties at all, in that -

- In respect of the [listed client] financial statements -
  - ◆ the practitioner signed his audit opinion on 20 July 2001 at a date when the audit of the annual financial statements of a significant joint venture in which the [listed client] group had a 75% interest had not yet been finalised and in respect of which no audit opinion had yet been expressed;
  - ◆ the consolidation working papers in respect of the financial results of the joint venture were not in agreement with the joint venture financial statements;
  - ◆ the results of the [listed client] group as reflected in the consolidation working papers were not in agreement

CONTINUED ►



# MANEO

## LEGAL

with the results reflected in the [listed client] financial statements.

### Finding and sentence

The chairman of the panel, Judge C Plewman, handed down the finding and sentence of the Committee, as follows:

### Finding

“[Practitioner], the committee has deliberated on the question of guilt or otherwise and has concluded that it must find you guilty of the offences charged against you, that is a contravention of section 2.1.5 listed in the charge-sheet and in respect of each of the charges 1, 2 and 3.

### Sentence

This Board has given careful and serious consideration to the facts and the representations which have been made to it, in particular it has considered the nature of the contraventions which, in the view of this Board, are very serious, as also to the manner and circumstances under which the contraventions took place.

The Board has also had regard to the representations made to us by the accused and to his personal circumstances as he has outlined them, and on the basis of this consideration the following is the sentence of the Board:

1. This Board, in terms of rule 2.3.6 orders that the accused be permanently disqualified from registration as an accountant and auditor;
2. That in terms of section 23(2) the accused is ordered to pay the costs of these proceedings in an amount of R25 000.

*Arrangements may be made in this regard by the accused with the director: legal of the Board relating to the time, manner by which these costs are to be paid;*

3. The Board directs, in terms of section 13(1)(h)(ii), that the name of the accused, the name and former and subsequent names of his firm at the time of the contraventions, the findings of the Board and the penalty imposed be publicised in “*Maneo*.”

## REVIEWS

In issue 30 (March 2002) I similarly stated that I was not reporting on a matter (heard on 7 November 2001) as the practitioner had indicated that he intended to take the Disciplinary Committee’s ruling that his name be published in *Maneo*, on review. That Application for review was heard in the High Court, Johannesburg, on 5 March 2003, and it was dismissed with costs.

The practitioner then applied for leave to appeal against that judgement. The application for leave to appeal was also dismissed with costs on 8 May 2003.

The practitioner then petitioned the chief justice for leave to appeal. That application was similarly dismissed with costs on 14 August 2003.

I accordingly report on that case now, as follows:

On 7 November 2001 the Committee heard the case against Mr N D Simon. He did not appear, but was represented. He was found guilty of 4 out of 5 charges.

In each instance he was found guilty of contravening disciplinary rules 2.1.5 and 2.1.21, in that, without reasonable cause or excuse, he failed to perform his duties as auditor, being work or duties commonly performed by a practitioner, with such a degree of care and skill as in the opinion of the Board may reasonably be expected; and that he conducted himself in a manner which was improper or discreditable or unprofessional or dishonourable or unworthy on the part of a practitioner or which tended to bring the profession of accounting into disrepute.

The facts on which the charges of which he was found guilty were based, were as follows:

### The facts giving rise to the first guilty finding

On 12 May 1997 the practitioner authorised or permitted the sending of a facsimile transmission by his firm to the Director: Listings of the JSE placing on record that the figures appearing in the consolidated income statement and balance sheet of [T] Ltd for the year ended on 31 January 1997, which had been published in the press on 6 May 1997, were audited figures.

Although this document referred to [T] Group Limited, and to the abridged consolidated income statement and balance sheet figures of [T] Group Limited, those references were intended by the practitioner, and were understood by the Director: Listings of the JSE, to refer to the consolidated income statement and balance sheet of [T] Ltd, as published in the press on 6 May 1997.

Notwithstanding the representation to the JSE by his firm in this document that the figures in the consolidated summary income statement and the consolidated summary balance sheet of [T] Ltd were audited figures, the financial results of [T] Ltd for the year ended on 31 January 1997, and as published in the press on 6 May 1997, had not been audited by 6 May 1997; alternatively no proper audit of the financial results of [T] Ltd had been conducted by the practitioner which would justify the firm’s making the representation in question. Similarly, the practitioner was responsible for his firm expressing an unqualified audit opinion on the annual financial statements for [T] Ltd and its subsidiaries at 31 January 1997 and for the year then ended, in which opinion it was stated that the said annual financial statements had been audited whereas, in fact, they had not been audited,



## LEGAL

alternatively no proper audit of the financial results of [T] Ltd had been conducted by the practitioner which would justify the firm making the said statement.

### The facts giving rise to the second guilty finding

During or about January 1998 the practitioner permitted his firm to be associated with the directorate of [T] Ltd in the preparation and distribution of a document (“the report”) purporting to be a group review and investment profile of [T] Ltd.

The report was promotional in nature and was intended to be for the information of shareholders of [T] Ltd as well as for general users of financial documents such as stockbrokers, investors and bankers. The report contained forecasts of financial results of [T] Ltd.

By allowing his firm to be associated with the affairs of [T] Ltd in this manner the practitioner contravened paragraphs 4.2, 4.3, 5.1 and 6.1 of the Code of Professional Conduct.

The practitioner signed the report purporting to represent work performed by him, whereas in fact the result and opinions therein expressed were not the result of work performed by himself or under his personal supervision or direction.

### The facts giving rise to the third guilty finding

The report referred to above was a profit forecast as defined in the Audit and Accounting Guide “Profit Forecasts” (“the Guide”) developed and issued by the South African Institute of Chartered Accountants in August 1989.

The engagement of the firm in relation to that report was a compilation engagement as contemplated in SAAS 930.

By allowing his firm to be associated with the report in the manner set out above the practitioner failed to comply with the Guide in the following respects:

- the letter from the firm, and the tenor of the report, implied that the firm was confirming or otherwise accepting responsibility for the realisation of the profit forecast, contrary to the provisions of paragraph .17 of the Guide;
- the firm failed to comply with paragraph .59 of the Guide in that it did not report to the directors of [T] Ltd in the manner required;

The firm failed to comply with SAAS 930 in that it failed to comply with paragraph .06 of the statement, which requires that in all circumstances when an accountant’s name is associated with financial information compiled by the accountant, the accountant should issue a report.

### The facts giving rise to the fourth guilty finding

On 12 May 1997 the practitioner authorised or permitted the

sending of a facsimile transmission by his firm to the Director: Listings of the JSE, in which it was recorded that:

- “The abridged consolidated income statement and balance sheet figures of the [T] Group Limited for the year ended 31 January 1997, published on 6 May 1997, are audited figures”;
- “At present we have no reason to believe that we will not be able to express an unqualified opinion on the group consolidated annual financial statements, however this will obviously be subject to completion of our review of these group annual financial statements including the Directors’ report, notes on the financial statements and related disclosure pertinent thereto”;

and thereby represented and reported or expressed an opinion to the effect that the said financial statements fairly presented and reflected correctly the affairs of [T] Ltd and the results of its operations for the year ended 31 January 1997, whereas the said financial statements were misleading and did not fairly present or correctly reflect the affairs of [T] Ltd and the results of its operations.

Included in [T] Ltd’s consolidated income in the sum of R33,175,000 was a management fee of R17,923,577 due to [AP] Limited, a wholly owned British Virgin Island incorporated subsidiary of [T] Ltd. Revenue in the said sum of R17 923 577 should not have been recognised.

With effect from October 1996 [AP] entered into a management agreement with [PP] Limited. In terms of this agreement [AP] was entitled to 95% of the profits accruing to [PP] as a fee for providing investment advice to [PP]. [PP] was a wholly owned British Virgin Island incorporated subsidiary of Hong Kong based [T] International Holdings Limited, which held 89,84% of [T] Ltd.

In October 1996 three Hong Kong based private clients apparently mandated [PP] to manage portfolios for them subject to the following principal terms and conditions:

- The objective was to achieve capital appreciation from trading in securities in emerging markets.
- [PP] had unrestricted discretionary control over the clients’ portfolios and was specifically authorised to invest in [T] Ltd shares.
- [PP] had guaranteed returns which exceeded by 10% the increase in the JSE industrial index during each investment period - which ran from October in one year to October in the following year.
- [PP] was entitled to a performance fee equal to all returns in excess of the guaranteed performance referred to in the preceding subparagraph. It was said in the press release dated 16 May 1997 that “this fee accrues monthly, but will only be payable in October of each year and will be

CONTINUED ►



# MANEO

## LEGAL

adjusted to take account of the performance of the portfolios over the entire investment period”.

[PP] acquired 3,5 million [T] Ltd shares on behalf of its three clients at 850c per share in terms of the [T] Ltd share issue announced in the press on 5 November 1996. The 3,5 million [T] Ltd shares, which represent 3,3% of [T] Ltd’s equity share capital, was the only [PP] investment made on behalf of its three clients.

Because of the increase in the [T] Ltd share price and the fall in the JSE industrial index during the period ended 31 January 1997, [T] Ltd in the said press release said that “the accrued [PP] performance fee during such period amounted to \$5,6 million (R26,3 million) in respect of the three clients’ initial investment of R29,8 million”. It was also said that “[AP] is entitled to received 95% (R24,9 million) of the profits accruing to [PP]”, but that “after making a provision, a management fee of R17 923 577, or 54% of [T] Ltd’s consolidated income of R33 175 000, was included in [T] Ltd’s abridged audited consolidated financial statements for the year ended 31 January 1999”.

As the performance fee would have to take account of the performance of the portfolios over the entire investment period and the amount payable to [PP], if any, could only be determined and would only be payable in October 1997, and as the amount due to [T] Ltd’s subsidiary, [AP], being 95% of the profits accruing to [PP] could only be determined at that stage, the sum of R17 923 577 should not have been recognised as revenue.

Furthermore, the annual financial statements for [T] Ltd and its subsidiaries for the year ended 31 January 1997, on which the firm expressed an unqualified audit opinion, were misleading and did not achieve fair presentation for the same reasons stated above, namely, that [AP]’s management fee of R17 923 577 was recognised and included in [T] Ltd’s income for the year, whereas it should not have been.

### Sentence

The Committee imposed the following sentence, for which full reason were handed down, later, in writing:

- A fine of R50 000;
- Costs of the matter in the sum of R90 000;
- Suspension from practice for a period of four years;
- Publication of the facts of the case in *Maneo*, including the sentence and the name of the practitioner, but not the name of his firm.

### PROMOTION OF ACCESS TO INFORMATION ACT

Practitioners will be aware that the deadline for publication of manuals in terms of this legislation is 31 August 2003. Practitioners who attended our workshops, or who have read the material on the website, are also aware that draft

regulations (which inter alia abolished the requirement for publishing manuals in the Government Gazette) were circulated by the Department of Justice on 24 March 2003.

We have always been confident that these (amended) regulations would be adopted. However the time for publication looms, and there is still no word on the status of these draft regulations.

To this end we e-mailed the Human Rights Commission on 4 August 2003. Our e-mail as well as their reply are reproduced hereunder. We have been unable to contact the person mentioned in their reply.

**From:** Jane O’ Connor [mailto:]

**Sent:** 04 August 2003 02:31

**To:** Ntombentsha Lubelwana

**Subject:** Manuals

Please advise urgently (I am receiving dozens of phone calls a day as the deadline looms) regarding the status of the Draft Regulations which propose to do away with publication of manuals in the Govt Gazette.

The publication deadline is the end of this month and we still have no clarity regarding the draft regulations circulated on 24 March 2003.

I await to hear from you urgently,

Jane O’Connor

Director: Legal

Public Accountants’ & Auditors’ Board

**From:** Ntombentsha Lubelwana

**Sent:** Monday, August 04, 2003 2:54 PM

**To:** Agnieszka Wlodarski

**Subject:** FW: Manuals

Good day.

Regarding the draft Regulations, the Department of Justice was the responsible entity to bring them out and unfortunately we are in the same position as you. If you would like to speak to someone at the department of Justice maybe speak to a Mr Porogo (or someone on his team) who as far as I know work with the Act and have drawn up the draft Regulation. The number 012 315 1020.

Regards

Agnieszka Wlodarski

PAIA Unit

Our advice (which is in line with advice being given by experts in this field) remains that RAAs who are providing this service to their clients should advise clients to publish on their web-site, if they wish; hold a manual at their place of business; and submit the manual to the HRC.



# MANEO

## LEGAL

### TRAINEE ACCOUNTANTS

SAICA has of late received a number of complaints about the alleged “poaching” of trainee accountants amongst training officers. In terms of SAICA’s Training Regulations, the transfer of trainees between firms is permitted, though the Training Regulations are clear that “the transferor training officer must adhere to the rules of professional conduct regarding the transfer”.

This is a highly emotive issue in the profession and we would remind practitioners of paragraph 14.3 of the Code of Conduct, which reads as follows:

“A practitioner should not, directly or indirectly, offer employment to an employee of another practitioner without first informing the latter in writing. However, an employee of another practitioner who, in response to an advertisement of his own initiative, applies to him for employment may be engaged subject to the practitioner’s informing the applicant’s employer.”

The Investigation Committee recently fined a practitioner R1 000 for exactly this offence.

– JANE O’CONNOR

### INDIVIDUALS ADMITTED TO THE REGISTER OF THE BOARD

From 1 May 2003 to 31 July 2003

**Abrahams** *Zuhdi*  
**Bam** *Lwazi Loyiso*  
**Bansee** *Akesh*  
**Basson** *Jacques*  
**Betts** *Michael John*  
**Bosman** *Armand*  
**Bothma** *Michelle Anne*  
**Brewis** *Charmaine Lee*  
**Buhr** *Rupert Erich*  
**Buys** *Johan Francis*  
**Carelse** *Ernest John*  
**Cloete** *Arno*  
**Coetzee** *Daniela Carla*  
**Delport** *Zaida Dorothea Louise*  
**Deonarain** *Danjay Jairaj*  
**Du Toit** *Anton*  
**Enslin** *Diederik Jacobus*  
**Fasching** *Eugen*  
**Fourie** *Martha Maria*  
**Gabriels** *Karen Valencia*  
**Gavriel** *Androulla*  
**Goldner** *Sonja*

**Gouws** *Joseph Johannes*  
**Hewson** *Charlene*  
**Huppert** *Richard Nicholas Curtis*  
**Janse van Rensburg** *Petrus Johannes*  
**Kara** *Eesa*  
**Laher** *Saajid*  
**Levitt** *Stanley*  
**Lindeque** *Susanna Wilhelmina*  
**Livingstone** *Mark*  
**Louw** *Andrew Nicholas*  
**Maitland** *Caryn Ann*  
**Markram** *John Vince*  
**Martin** *Alcid-John*  
**Maujean** *Oliver Joseph Amedee*  
**McGilvray** *Roderic Glenn*  
**Mothibe** *Pule Joseph*  
**Muller** *Johan Frederik*  
**Naicker** *Kumari*  
**Nkhabu** *Molefi David*  
**Nkosi** *Sizwe Mfundo Sydney*  
**Odendaal** *Pieter Wilhelm*  
**O’Neil** *Christiaan Hendrik*

**Pillay** *Liren*  
**Pottas** *Andre*  
**Prins** *Clive*  
**Prinsloo** *Eugene*  
**Rajah** *Muhammad Rushdi*  
**Rajkaran** *Binesh Kumar*  
**Resnekov** *Timothy David*  
**Schreuder** *Johannes Wahl*  
**Shaw** *George Bernard*  
**Sing** *Navin*  
**Storbeck** *Riana*  
**Strydom** *Frederik Johannes*  
**Terheyden** *Michael Bernardus*  
**Van Den Ende** *Pierre*  
**Van Zyl** *Francois Andre*  
**Walton** *Douglas Brian*  
**White** *Gareth*  
**Zeelie** *Hugo*  
**Zwarenstein** *Ilan*

### INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE BOARD

From 1 May 2003 to 31 July 2003

**Albertyn** *Duncan Leonard*  
**Andrews** *Anneke*  
**Bloch** *Barry Michael*  
**Botha** *Andre Kenne*  
**Botha** *Philip Rudolph*  
**Brons** *Glenda Lee*  
**Bygate** *Edwin George*  
**Claassen** *Jacob Willem Stephanus*  
**Du Toit** *Christine*  
**Emslie** *Jonathan Joshua Roosevelt*  
**Govender** *Loganathan*  
**Govind** *Anil Bhoola*  
**Higgo** *Lionel Alfred*  
**Howell** *Renske*  
**Jacobson** *Cyril John*

**Jonker** *Toinette*  
**Joubert** *Josef Daniel*  
**Kotze** *Maria Juliana*  
**Levendal** *Jerome George*  
**Liston** *Keith Anthony*  
**Loubser** *Frederik Hendrik*  
**Lourens** *George Johannes*  
**Lungoomiah** *Raj*  
**McMurray** *Iain Andrew*  
**Mostert** *Marthinus Johannes*  
**Moyo** *Ronald*  
**Muller** *Michiel Hendrik*  
**Myburgh** *Deon Andrew*  
**Myburgh** *Desire Janette*  
**Narinx** *Susan Mary*

**Nduna** *Bantubonke*  
**Nel** *Marius Petrus*  
**Nurse** *Gregory Edmund*  
**Pappas** *Jonathan Peter*  
**Pierce** *Ian Elvis*  
**Pistorius** *Hermann*  
**Potgieter** *Leon*  
**Raath** *Jan Louis*  
**Rahiman** *Safeea*  
**Rautenbach** *Gottfried Jacob*  
**Reyneke** *Leonard*  
**Richards-Edwards** *William Stuart*  
**Riga** *Kamlesh Motilal*  
**Rossouw** *Wynand Hendrik*  
**Roth** *Gilbert Ernest*

CONTINUED ►



# MANEO

## LEGAL

**INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE BOARD**  
From 1 May 2003 to 31 July 2003

**Seba Paul Anthony**  
**Seeliger Joachim Lindsay**  
**Stein Steven Ivan**  
**Symonds Eugene**  
**Van Aardt Johannes Petrus Steyn**  
**Van Staden Jacobus**  
**Vilakazi Khothamani Brian Lincoln**  
**Viljoen Johannes Hendrikus**  
**Vinay Noel Colin Kersley**  
**Wandrag Jan Lodewyk**  
**Wolfaardt Jannelie**  
**Woolf Alvin Harry**

**INDIVIDUALS REMOVED FROM THE REGISTER OF THE BOARD**  
From 1 May 2003 to 31 July 2003

**Christian Victor Anthony (resigned)**  
**Cilliers Inge Sonja (resigned)**  
**De Vries Colin Michael (resigned)**  
**Dugmore Catherine Thea (emigrated)**  
**Hyne Louis (resigned)**  
**Ichikowitz Louis Meyer (resigned)**  
**Labuschagne Peter Henry (deceased)**  
**Lentin Robert Ivan (resigned)**  
**Livingstone Aubrey Herman (deceased)**  
**Richardson Craig Anthony (emigrated)**  
**McFarquhar Rae (deceased)**  
**Slasky Bernard (resigned)**  
**Spies Lodewyk Petrus (resigned)**  
**Van Rensburg Sharl Deon (resigned)**  
**Van Rooyen Yvette (resigned)**  
**Wright Leslie Garnet Arthur (resigned)**

**PLEASE SEND ALL CORRESPONDENCE TO:**

The Editor/Die Redakteur,  
PO Box 751595, Garden View 2047,  
Johannesburg.

**TELEPHONE: (011) 622-8533**

**DOCEX: 158 Johannesburg**

**FAX: (011) 622-4029**

**E-MAIL: board@paab.co.za**

**WEB: www.paab.co.za**

## PERSONNEL OF THE BOARD

### EXECUTIVE

[sbuddan@paab.co.za](mailto:sbuddan@paab.co.za)

Claude O'Flaherty – Chief Executive Officer  
Sirus Bhudan – Secretary

### LEGAL DEPARTMENT

[legal@paab.co.za](mailto:legal@paab.co.za)

Jane O'Connor – Director: Legal  
Caroline Garbutt – Professional Assistant  
Mandy Kirwin – Secretary  
Pamela de Klerk – Membership Administrator  
Carmen Walters – Membership Administrative Assistant

### AUDITING STANDARDS DEPARTMENT

[audit@paab.co.za](mailto:audit@paab.co.za)

Bernard Agulhas – Director: Auditing Standards  
Cindy Jonker – Professional Assistant: Auditing Standards  
Cherise Bertasso – Secretary

### EDUCATION AND TRAINING DEPARTMENT

[edutrain@paab.co.za](mailto:edutrain@paab.co.za)

Angela Vest Louw – Director: Education and Training  
Laine Katzin – Researcher  
Lucille Pickersgill – Assistant  
Christelle van der Merwe – Examinations Administrator  
Tshepo Maganedisa – Administrative Assistant  
Amanda Harris – Administrative Assistant

### PRACTICE REVIEW DEPARTMENT

[pracrev@paab.co.za](mailto:pracrev@paab.co.za)

Jillian Bailey – Director: Practice Review  
Paul van Helden – Reviewer  
Helena Reid – Reviewer  
Marthie Claassens – Reviewer  
Andre Swart – Reviewer  
Erhardt Bahlmann – Reviewer  
Magda Kilian – Secretary  
Elaine Beljon – Administrator  
Kim Anderson – Administrative Assistant

### ADMINISTRATION DEPARTMENT

[board@paab.co.za](mailto:board@paab.co.za)

Roshnee Bhaga – Financial Accountant  
Michelle Myburgh – Accounts Clerk  
Liza Verburg – Manager: Communications  
Gail Williams – Receptionist  
Clive Landsdown – Maintenance Supervisor  
Jerome Mvelase – Printer  
Elizabeth Mahlami – Support Services  
Priscilla Mlaba – Support Services  
Maria Maganedisa – Support Services  
Queen Maboshego – Support Services  
Moses Maruping – Transport/Mailroom Clerk