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| **INDEPENDENT REGULATORY BOARD FOR AUDITORS** |

**Application impact of Amended 2013 Codes of Good Practice on the South African Standard on Assurance Engagements (SASAE) 3502** Johannesburg / 29 April 2015We wish to emphasize the following matters in relation to the amended 2013 Codes of Good Practice (CoGP) on B-BBEE gazetted by the Department of Trade and Industry on 11 October 2013, which will be effective from 1 May 2015. Specifically, we wish to draw your attention to the impact of the amended 2013 CoGP on assurance engagements performed on B-BBEE Verification Certificates and the detailed B-BBEE scorecard prepared by the measured entity for Generic enterprises in terms of the South African Standard on Assurance Engagements (SASAE) 3502.SASAE 3502 is a principles-based standard and therefore can be applied to any applicable criteria regardless of amendments to the criteria, the applicable criteria being the amended 2013 CoGP and Sector Codes. SASAE 3502 therefore does not require amendment. However, the illustrative examples for a Generic enterprise verification certificate and the related detailed scorecard prepared by the measured entity and audited by the B-BBEE Approved Registered Auditor (BAR) requires amendment to align with the changes to the amended 2013 CoGP.*Amendments to take note of when providing an assurance conclusion on a B-BBEE Verification Certificate prepared by a measured entity in accordance with the amended 2013 CoGP** The scorecard applied needs to be taken note of during the assurance engagement, as the parameters defining a Generic enterprise have changed. A Generic enterprise is now defined as having a turnover in excess of R50 million.
* A total number of 5 elements should be reflected on the certificate being:
	+ Ownership
	+ Management Control
	+ Skills Development
	+ Enterprise and Supplier Development
	+ Socio-Economic Development
* The value adding supplier status is no longer applicable, and must be replaced with the measured entities’ empowered supplier status as determined in accordance with the amended 2013 CoGP.
* The *assurance conclusion* paragraph must reflect the date of gazetting of the CoGP on B-BBEE as being *11 October 2013* as opposed to 9 *February 2007*.

*Amendments to take note of when compiling the limited assurance report for the measured entity** In the *Directors’ responsibility* paragraph, the date of gazetting of the CoGP on B-BBEE must reflect 11 *October 2013* instead of 9 *February 2007*.
* In the *Limited assurance conclusion* paragraph, the date of gazetting of the CoGP on B-BBEE must reflect 11 *October 2013* instead of 9 *February 2007*.

*Amendments to take note of when auditing the detailed B-BBEE Scorecard prepared by the measured entity** The format and content of the B-BBEE scorecard prepared by the measured entity must be in line with the requirements of the amended 2013 CoGP on B-BBEE gazetted on 11 October 2013 in that it must include the five elements as revised, together with the detailed scores achieved per each individual scorecard indicator.
* The current table indicating the B-BBEE status and Procurement Recognition Level needs to be replaced with the new table as per the amended 2013 CoGP.

*Status of Sector Codes** To date, none of the Sector Codes have been formally aligned to the amended 2013 CoGP, although some sectors are in the process of doing this. This means that these Sector Codes have not yet been published for public comment. We have been assured by the DTI that a formal communication will be issued before the deadline of 1 May 2015 as to the manner in which verification professionals must address Sector Codes post the 1 May deadline.

We strongly advise BARs to:* Familiarise themselves with the requirements of the amended 2013 CoGP related to Generic enterprises.
* Track and study all communications from the DTI especially during this transitional period.

Should you have any further queries please do not hesitate to contact the Standards Department by email: b-bbeequeries@irba.co.za. **Imran Vanker****Director: Standards*****About the IRBA****The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.* |