

**Illustrative Reports to be Used by Independent Assurance Practitioners When
Required to Report in terms of the Property Practitioners Act**

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The Committee for Auditing Standards (CFAS), at its meeting on 1 March 2023, approved the issue of a suite of illustrative reports. These illustrative business property practitioner's trust account assurance practitioner's reports are to be used by independent assurance practitioners. They would apply them when required to report in terms of the Property Practitioners Act No. 22 of 2019 (PPA), for the year-end of property practitioners on or after 28 February 2023, as follows:

- Illustrative regulatory reports on the property practitioners trust accounts, Parts A and B;
- Illustrative limited assurance report on the payment processing agent's trust accounting environment; and
- Illustrative regulatory reports on the agreed-upon procedures engagement in respect of the payment processing agent's list of mandating client business property practitioners.

In terms of the PPA, every property practitioner who has not been exempted from keeping a trust account must appoint an auditor, who must perform an audit of the separate trust accounting records within six months of the financial year-end of the business property practitioner.

An assurance practitioner who performs an audit, as contemplated above, must electronically submit the audit report on the trust account/s to the Property Practitioners Regulatory Authority (PPRA) on the Auditors Portal (of the PPRA) within six months of the financial year-end of the business property practitioner.

The PPA envisions three categories of property practitioners, as follows:

- Property practitioners that do not handle monies in trust;
- Property practitioners that handle and manage their own trust accounts; and
- Property practitioners that handle and manage trust monies as well as trust monies on behalf of other property practitioners and that are also known as payment processing agents under the PPA.

1. Illustrative Regulatory Reports on the Property Practitioners Trust Accounts, Parts A and B

Part A is a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised))*. The report is in respect of Section 54(5)(b) of the PPA with regard to the property practitioner's trust account(s).

In relation to Part B, the PPRA agreed with the CFAS that to give full effect to Section 54(5)(b) of the PPA and the PPRA's role as a Supervisory Body in terms of the Financial Intelligence Centre Act (FICA), compliance with the following requirements needs to be performed under International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements* (ISRS 4400 (Revised)):

- Sections 54(1) and 54(2)(a) of the PPA, in relation to monies deposited in the trust banking account;
- Section 54(10) of the PPA, regarding unidentified and/or unclaimed trust monies held for longer than three years;
- Section 48 of the PPA, in relation to the property practitioner being in possession of a valid Fidelity Fund certificate; and
- Section 28 of the FICA, regarding those property practitioners (practising as estate agencies) complying with the registration requirements applicable to accountable institutions.

2. Illustrative Limited Assurance Report on the Payment Processing Agent's Trust Accounting Environment

The CFAS concluded that a limited assurance engagement in terms ISAE 3000 (Revised) suffices to meet the requirements of the PPRA's Regulation 2.4.4. This regulation states that the trust environment and each of the client accounts operated by the payment processing agents must be audited annually, in compliance with the Act and regulations; and the audit reports in respect thereof have to be submitted to the Authority (PPRA), in compliance with the Act and the regulations.

The ISAE 3000 (Revised) limited assurance engagement is in respect of the agent's compliance with:

- Regulation 30.1, relating to the bookkeeping system used by the payment processing agent;
- Regulation 30.2.1, in relation to the recording of all pertinent information regarding trust accounts and the movements of all trust monies, including the general and subsidiary ledgers, cash books and all other documents and books of entry necessary for the proper maintenance of trust accounts;
- Regulation 30.2.2, relating to the safeguards for the protection of trust accounting records against unauthorised access, alteration, destruction or manipulation; and
- Regulation 30.2.3, in relation to the keeping of trust accounting records in a format that renders them readily retrievable, or making extracts or copies thereof.

3. Illustrative Regulatory Report on the Agreed-upon Procedures Engagement in respect of the Payment Processing Agent's List of Mandating Client Business Property Practitioners

This report is for the purpose of assisting the PPRA in evaluating the accuracy and completeness of the payment processing agent's list of mandating client business property practitioners for a financial year. It is not an assurance engagement, but an agreed-upon

procedures engagement in terms of ISRS 4400 (Revised); and it will culminate in a report on factual findings.

The illustrative reports are available in both PDF and Word formats and may be downloaded from the IRBA website at www.irba.co.za. Should you have any further queries, please do not hesitate to contact the Standards Department by emailing standards@irba.co.za.

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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.

The statutory responsibilities of the CFAS are to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; to consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and to promote and ensure the relevance of auditing pronouncements.