
INDEPENDENT REGULATORY BOARD FOR AUDITORS
INSPECTIONS DEPARTMENT

JSE Accreditation of Auditors - New Listings Requirements

Johannesburg / 10 November 2017

This communique supersedes all previous communications issued by the IRBA in relation to the JSE accreditation of auditors, and this includes the communique on '*Inspections for purposes of JSE accreditation*', issued on 20 August 2014; and the one on '*The Use of IRBA Inspection Results for JSE Accreditation*', issued on 27 June 2016.

The JSE has recently released its amended JSE Listings Requirements and Debt Listings Requirements ('the requirements'), which include substantial changes in relation to the accreditation of auditors. These requirements have an effective date of 15 October 2017.

The final amended requirements can be accessed on the JSE website under the 'Issuer Regulation' webpage at <https://www.jse.co.za/current-companies/issuer-regulation>.

Under the new requirements, the audit committees of issuers can consider the appointment of any individual audit partner recommended by an accredited audit firm. This, however, should be subject to these parties meeting all the applicable criteria and not being disqualified to fulfil their duties in terms of the requirements.

To be accredited on the JSE List of Auditors, the audit firm must meet all the criteria stipulated in the requirements, including that the audit regulator must have completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its current or previous inspection cycle. It is extremely important to note that a firm-wide inspection refers to a full scope firm inspection whereby all elements of ISQC 1 have been scoped in for inspection. The IRBA may, in some instances, have performed a limited scope firm inspection on a firm that does not audit, or plan to audit public companies; and such inspections would not meet the criteria of a firm-wide (full scope) inspection.

The duration of a firm-wide inspection could take anything between four (4) and eight (8) weeks. Although we fully appreciate that these inspections are enablers for firms to enter and compete in this market, our internal requirements for scheduling and planning these inspections require the relevant firm to give the IRBA at least six (6) months' written notice. Any requests with a shorter notice period can unfortunately not be accommodated. As such, firms are encouraged to engage with the IRBA even sooner, where possible.

Auditors are also reminded of the new requirement to provide to the audit committees of all issuers who are their clients, and to any prospective new issuer clients, the required IRBA inspection decision letters, findings reports and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels.

Firms are encouraged to keep a proper record of all the firm and individual inspection result letters and formal reports, which are also required or might be required in future, for JSE accreditation purposes and sharing with audit committees. The IRBA may not be

able to provide copies of actual result letters or reports that are older than five (5) years.

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.

