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| **INDEPENDENT REGULATORY BOARD FOR AUDITORS**

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| **IMPORTANT NOTICE ON DISCLOSURE OF AUDIT TENURE AND FREQUENTLY ASKED QUESTIONS ON AUDIT TENURE**Johannesburg / 29 February 2016Reference is made to the communique titled ˈ*IRBA Strengthens Auditor Independence by Mandating Disclosure of Audit Tenure*ˈ issued on 4 December 2015, regarding the publication of a Rule in the Government Gazette Nr 39475 of 4 December 2015, and the further clarification issued on 10 December 2015.To further assist auditors with the application of the Rule, the IRBA developed a set of Frequently Asked Questions (FAQ), as attached. The communiques referred to above have been attached to the FAQ for ease of reference.Registered Auditorsˈ attention are drawn to the following important matters:1. The objective of the above Rule is to disclose the length of time which the audit firm had been involved with the client. It is therefore irrelevant whether the client had changed the format through which it traded, and the substance over form principle should be applied.
2. Auditors are strongly discouraged from disclosing any information which would detract from the readerˈs understanding of the length of time the firm had been involved with the client, for example by disclosing the details of the firmˈs partner rotation policy and current engagement partnerˈs tenure on the engagement. The objective of the above Rule is to raise transparency regarding the firmˈs tenure and not that of the individual auditor.
3. The IRBA will monitor compliance with the above Rule through inspections, and will consider any disclosure which could mislead the public in a serious light.
4. Auditors should draw the Rule and the guidance issued by the IRBA to the attention of the chair of the audit committee.
5. Auditors are encouraged to disclose audit tenure in their reports even if the Rule does not apply to the client.

**Bernard Peter Agulhas****Chief Executive Officer** |

***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* |