**DEFINITIONS OF PUBLIC PRACTICE, PROFESSIONAL ACTIVITY AND ASSURANCE**

1. **Definition of public practice in the Auditing Profession Act, 26 of 2005:**

“public practice” means the practice of a registered auditor who places professional services at the disposal of the public for reward.

2. **Definition of professional activity in the Code of Professional Conduct:**

“professional activity” means an activity requiring accountancy or related skills undertaken by a Registered Auditor, including accounting, review, other assurance and related services, taxation, management consulting and financial management.

3. **Definition of professional services in the Code of Professional Conduct:**

“professional services” means professional activities performed for clients. These include but are not limited to:

(a) Audit, review, other assurance and related services:

(i) Financial statement audits and reviews, other assurance and related services such as regulatory reporting, sustainability, compliance and performance reporting;

(ii) Company accounting advisory services such as preparation of accounting records and financial statements in accordance with recognised financial reporting standards and applicable statutes; and

(iii) Company statutory services.

(b) Taxation services:

(i) Tax return preparation and submission;

(ii) Tax calculations for the purpose of preparing accounting entries;

(iii) Tax planning and other tax advisory services; and

(iv) Assistance in the resolution of tax disputes;

(c) Advisory services:

(i) Accounting, advisory and financial management advisory services: accounting support, conversion services for new and revised accounting standards, financial modelling and project management;

(ii) Business performance services: business effectiveness, people and change management, operational and business finance;

(iii) Internal audit: risk and compliance services, review and monitoring of internal controls, risk management compliance services, corporate governance and audit committee advisory services;

(iv) Corporate finance services: mergers and acquisitions, valuations, infrastructure financing, debt and capital markets, due diligence reviews, transaction services and designated advisor services to listed companies;

(v) Corporate recovery services: liquidation and insolvency administration, curator bonis, administration of deceased estates, judicial management and trusteeships;

(vi) Financial risk management services: actuarial services, banking and risk advisory, regulatory and compliance services, technical accounting;

(vii) Information Technology (IT) advisory: security, privacy and continuity, enterprise resource planning, information system audit services, IT project advisory, governance and performance; and

(viii) Forensic services: dispute advisory and resolution; ethics and integrity monitoring, fraud risk management, intellectual property and other investigations and regulatory compliance.

**4. What is assurance work?**

The IRBA considers assurance work to include:

A. High risk audits and related assurance work:

This refers to audits that are performed by RAs and firms that are required in terms of legislation or regulation. Currently, these audits include:

* Audits required in terms of the Companies Act of 2008, of:
  + public companies;
  + state-owned enterprises; and
  + private companies with a public interest score of above 350.
* Audits of subsidiaries of listed companies as required by the JSE Ltd until the listing requirement 3.88 was amended with effect from 30 September 2014.
* Audits of banks and regulatory returns to the SARB in terms of the regulations to the Banks Act.
* Audits required by legislation under the Financial Services Board, of:
  + insurance companies;
  + collective investment schemes;
  + pension and retirement funds;
  + provident funds; and
  + any other audits required by the Financial Advisory and Intermediary Services Act (FAIS).
* Audits of Medical Schemes.
* Audits on behalf of the Auditor-General:
  + Secondment of staff to assist the Auditor-General – no opinion is expressed and consequently these engagements should be excluded;
  + Performance of an engagement under the supervision of the Auditor-General (so called “contracted out” engagements). Although this audit opinion is signed by the Auditor-General, a substantial portion of the work is performed by the contracted firm. These engagements should be included; and
  + Audits performed and signed by a firm in terms of Section 4(3) of the Public Audit Act. These engagements should be included.
* Audits of Attorneys trust accounts.
* Audits of Estate Agents (business and trust accounts).
* Audits of Co-operatives.
* Audits of non-profit organisations where the turnover is **more than R50 million**.
* Audits of all tertiary educational institutions.
* Assurance work related to other regulatory returns in respect of **any of the above audit clients**.
* An audit of a private company with a PI score below 350 where the MOI was altered to include an audit requirement. Such an engagement is not considered to be a voluntary audit.

B. Special risk assurance work:

* B-BBEE verification assurance services (where provided as a B-BBEE approved registered auditor).

C. Low risk assurance work, being all assurance work not already stated above and including:

* Voluntary audits by decision.
* Independent reviews required in terms of the Companies Act of 2008.
* Other assurance work.