

15 March 2019

Imran Vanker
Director: Standards
Independent Regulatory Board for Auditors
standards@irba.co.za

Dear Imran

**DELOITTE COMMENTS REGARDING THE PROPOSED GUIDE FOR REGISTERED AUDITORS:
ASSURANCE ENGAGEMENTS ON FRESH PRODUCE AGENTS' TRUST ACCOUNTS (THE GUIDE)**

We appreciate the opportunity to provide our comments on the proposed guide for registered auditors.

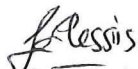
There are two annexures to this letter being:

Annexure A: Response to request for specific comments, which includes comments to the specific questions posed by the IRBA in the Explanatory Memorandum; and

Annexure B: General comments on the proposed guide.

We would be pleased to discuss our letter with you or your staff at your convenience. If you have any questions, please do not hesitate to contact Liezl du Plessis at 012 482 0126 or 082 374 2765.

Yours faithfully,



Liezl du Plessis
Deloitte & Touche
Partner

Annexure A: Response to request for specific comments

The Explanatory Memorandum requests for comments on specific matters. These comments are provided in the table below.

Specific Matter	Response and further explanation on response
1. Are there any aspects of this proposed Guide with which respondents disagree? Please provide details and suggestions for correction and/or improvements.	No.
2. Are there any aspects of this proposed Guide that are unclear and require further guidance? If so, please list those aspects and the guidance required.	<p>Yes.</p> <p>1. The term "significant trust account activities" is used in the guide however, this is not described or defined and it may be insightful to provide guidance on what to consider when determining whether an activity is significant (page 17 of 71).</p> <p>2. The definition of misstatement described in the "Definitions" section of the guide does not also consider omissions, which is part of the standard definition of misstatements described in the IASE 3000 standard (page 13 of 71).</p> <p>3. The guide describes fidelity funds however this may not be relevant for the purposes of this guide since the scope of the assurance report is only the trust account as described in Section 20 of the Act (page 16 of 71).</p> <p>4. The following are proposed amendments to the illustrative representation letter included in Appendix 2:</p> <ul style="list-style-type: none"> a. Instead of the letter be addressed to "sirs", it would be preferred to include "To Auditor" as described in ISA 570 b. Include the below four items to also be represented: <ul style="list-style-type: none"> i. We have fulfilled our responsibility in terms of the engagement letter dated [date]; ii. All information provided is accurate and complete; iii. We have communicated to you all deficiencies in internal control relevant to the engagement that are not inconsequential which we are aware of; and iv. [Any other matters]. <p>Furthermore, the following item included in the letter is unclear:</p> <p>"All events occurring subsequent to the date of the report which may affect the trust accounts and the appropriateness of your conclusion have been disclosed to you."</p> <p>5. Appendix 3 of the guide includes proposed procedures where the procedures state that the practitioner must "ensure" certain factors for example, the procedure to address Rule 27.3 states the following as the procedure</p> <p>"Ensure that, for the period under review, the agency has kept full and correct accounting records of all monies received, kept or expended, assets and liabilities, financial</p>

Specific Matter	Response and further explanation on response
	<p>transactions and agricultural produce received, kept, sold or lawfully destroyed. "</p> <p>These procedures may be difficult to be fulfilled and may be contradictory to where we state that sampling may be used.</p> <p>6. Rule 27.3 of the Agricultural Produce Agents Council's Rules states that the trust accounting records should represent fully and accurately in accordance with generally accepted accounting practice the state of affairs of the of the fresh produce agent and explain the transactions and financial position of the fresh produce agent. The word "correct" should thus change to "accurate".</p> <p>7. Number 60 and 61 of Appendix 3 is unclear and require further guidance. The proposed guide does not refer to the Agricultural Produce Agents Council's "Credit Sales Policy".</p> <p>8. The following are the proposed amendments to the illustrative annual auditor's report included in Appendix 4 of the guide:</p> <ul style="list-style-type: none"> a. Only certain rules included in the Rules is included in the scope of the ISAE 3000 engagement. The applicable rules should be included in the introductory paragraph of the audit report, and not only in the footnote. b. The summary procedures should include obtaining the written representation letters and considering subsequent events as a procedure. c. The other information paragraph should be included. <p>9. It is unclear if the illustrative reports contained in the guide as noted in paragraphs 69 and 70 shall replace the reports as set out in Annexure B and C to the rules in respect of fresh produce agents.</p>
<p>3. Are there further aspects that should be included in this proposed Guide? If so, please list those aspects and the guidance required.</p>	<p>Yes</p> <p>1. The guide provides guidance on how to agree the terms of the engagement with the fresh produce agent. It may also be insightful to include the following guidance from ISAE 3000:</p> <p>"On recurring engagements, the practitioner shall assess whether circumstances require the terms of engagement to be revised and whether there is a need to remind the fresh produce agent of the existing terms of the engagement."</p> <p>2. The guidance does not include the responsibilities of the practitioner in relation to other information as described by ISAE 3000 paragraph 62.</p>

Annexure B: General comments on the proposed guide

Reference to the proposed Guide	Comments
Appendix 1	The IRBA had issued illustrative engagement letters for ISAE 3000 engagements however the proposed engagement letter included in Appendix 1 is not in line with the issued illustration.
Paragraph 10	This paragraph refers to "Glossary of Terms (2017)", but it is unclear where this can be located.
Footnote 16	Update the footnote to state "paragraph 31 – 36 and A60 to A75"
Paragraph 56	Replace "APAC" with "the Council".
Number 60 and 61 of Appendix 3	Replace "APAC" with "the Council".