

Guide

July 2014



Guide for Registered Auditors

Signing Authority, Naming Conventions and Stationery

Independent Regulatory Board for Auditors

PO Box 8237, Greenstone, 1616

Johannesburg

Copyright © March 2014 - the Independent Regulatory Board for Auditors (IRBA). All rights reserved. Permission is granted to make copies of this work provided that such copies, in whichever format, are for the purpose of registered auditors discharging their professional duties, for use in academic classrooms or for personal use and provided such copies are not sold for income and provided further that each copy bears the following credit line:

“Copyright © by the Independent Regulatory Board for Auditors. All rights reserved. Used with permission of the IRBA.” Otherwise, written permission from the IRBA is required to reproduce, store or transmit this document except as permitted by law.

**GUIDE FOR REGISTERED AUDITORS
SIGNING AUTHORITY, NAMING CONVENTIONS AND STATIONERY**

Contents	Page
Introduction	4
Assurance employees	4
Other professional employees signing non-assurance reports under the name and letterhead of the registered audit firm	4
Naming conventions	5
Non-assurance firms	5
Stationery	5

1. **Introduction**

As detailed in section 38 of the Auditing Profession Act, 26 of 2005, Registered Auditors may practise their profession through any of the following entities:

- A sole proprietorship;
- A partnership in which all the partners are individual Registered Auditors;
- An incorporated company in which all directors must be shareholders, all shareholders must be directors, and all directors and shareholders must be individual Registered Auditors.

2. **Assurance employees**

There is no reason why professional staff should not be registered as Registered Auditors with the IRBA if they are so qualified, and there is no prohibition in the Auditing Profession Act on those Registered Auditor employees being registered as “assurance” or performing assurance work.

If audit firms have elected to permit their employees, who are Registered Auditors, to perform assurance work:

- Such employees must be registered with the IRBA as “assurance”.
- The name of the Registered Auditor employee, as well as his/her designation and capacity in which he/she is signing, must be clearly set out under the signature line on the report, adjacent to the name of the firm.
- It is the responsibility of the firm to ensure that the necessary quality assurance procedures are in place to mitigate any risk to the firm.

3. **Other professional employees signing non-assurance reports under the name and letterhead of the registered audit firm**

There is no prohibition on employees who are not Registered Auditors signing non-assurance reports under the name and letterhead of the registered audit firm in which they are employed, for example, a chartered accountant (CA(SA)) employee signing a review report in terms of section 30(2) of the Companies Act, 2008.

If audit firms have elected to permit their employees who are not Registered Auditors to sign non-assurance reports under the name and letterhead of the firm:

- The employee must be registered with the relevant professional body.
- The name of the employee, as well as his/her designation and the capacity in which he/she is signing, must be clearly set out under the signature line on the report, adjacent to the name of the firm.
- It is the responsibility of the firm to ensure that the necessary quality assurance procedures are in place to mitigate any risk to the firm.

4. Naming conventions

Substantial confusion has been created because auditors have traditionally referred to senior employees as “directors” of a partnership or “partners” of an incorporated company.

Practice

- Terms including, but not limited to, “directors”, “salaried partners” and “associate partners” have been used for employees in partnerships to distinguish them from the “partners” in the true sense of the word.
- Terms including, but not limited to “partners”, “associate directors” and “deputy directors” have been used for employees in Incorporated companies to distinguish them from the shareholder-directors.

Guidance

- Firms should only use the word “partner” to denote Registered Auditors who are partners in a partnership that is registered as a firm with the IRBA, and only use the word “director” to denote Registered Auditors who are shareholder-directors in an incorporated company that is registered as a firm with the IRBA.
- Firms should not use the word “partner”, or any descriptive title incorporating the word “partner”, to denote an employee in an audit firm that is an incorporated company.
- Firms should not use the word “director”, or any descriptive title incorporating the word “director”, to denote an employee in an audit firm that is a partnership.
- Firms should use an appropriate alternative term such as “associate” without the appendage of “director” or “partner”.

It should be noted that the IRBA has no jurisdiction over the terminology used in (Pty) Ltd companies which are network firms, or which are part of a network, but which are not the registered audit firm.

5. Non-assurance firms

While Registered Auditors who are registered as “non-assurance” may register a firm in terms of section 38 of the Auditing Profession Act, 2005, they are not required to do so. Only Registered Auditors who perform the assurance function are required to practise through a firm registered with the IRBA.

6. Stationery

Registered Auditors’ stationery should be of an acceptable professional standard.

Apart from the name of the firm, its logo (if any) and the customary details regarding its addresses, telephone and fax numbers and e-mail addresses, Registered

Auditors' professional stationery must also contain the names of all partners of a partnership, or directors of an incorporated company (to be read with section 41(6) of the Auditing Profession Act, 2005, the Companies Act, 2008 and the Consumer Protection Act, 2008).

With regard to a firm's letterhead, the following guidance applies:

- The names of the Registered Auditors, who are the partners of a partnership or the directors of an incorporated company, as defined in section 38 of the APA, must be clearly distinguished from those Registered Auditors in the firm who are not partners or directors.
- If the firm's letterhead refers to the firm's website where the partner or director list can be obtained, the names of the partners or directors on the website must be clearly distinguished from those Registered Auditors in the firm who are not partners or directors.
- If the firm also employs people who are not Registered Auditors but who they wish to list on their letterhead, it must be very clear to the reader of the letterhead that these employees are neither Registered Auditors nor partners or directors in the firm.
- If the firm is associated with another firm (either a registered audit firm or a non-audit firm), these firms may be listed on the letterhead prefaced by the words "In association with".