



**Bernard Agulhas,
CEO with Senator Sarbarnes
and Imre Nagy, Director: Inspections
at the IFIAR meeting**

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IRBA news has had a makeover. Let us know what you think of our new look.

FROM THE CEO'S DESK

The first half of the calendar year has come and gone. And we continue to push the limits on our capacity to do more, achieve more, and deliver more. These ambitious goals do not only apply to the IRBA, but equally to the profession, which needs to respond to the myriad of changes which continuously come about from data moving across our borderless world.

We attended the International Forum of Independent Audit Regulators' (IFIAR) meeting earlier in the year, and had the privilege to meet Senator Sarbanes who co-authored the renowned Sarbanes-Oxley Act (pictured on the cover). He shared with us the process to legislate the critical reforms following the business and audit failures at the time, and the challenges encountered to ensure that there was an understanding that the changes were required for the public protection. It was an important reminder that, if all stakeholders appreciated the ultimate objective to serve and protect the public, the matters which were not so important would take up less of everyone's limited capacity spent on legal and political processes. Twenty years into our own democracy, we are still young, but have the advantage of learning from others' experiences and refocus our energies on what will make a difference, not in the short term, but the future.

While the International Audit and Assurance Standards Board (IAASB) will be voting out the new Auditor Reporting Standard at their September meeting, to respond to the needs of investors and users for more information, South Africa has been hosting the leadership from the International Integrated Reporting Council to stimulate debate on the value of integrated thinking and integrated reporting. This re-emphasises the need to eliminate borders and collaborate at all levels; and recognise that our current thinking must result in sustainable solutions. Sustainability might be one component of Integrated Reporting, but a critical component for the future.

We also need to appreciate the benefits of collaboration between regulators and the profession. As part of our inspections approach, we have been engaging with firms on possible areas of improvement where our findings indicated shortcomings. Appreciating that both the firms and the IRBA share a common interest to maintain high audit quality, we have had very positive meetings with the leadership of the firms where we completed inspections and identified a need for some remedial action. We also started to share the common findings with the wider profession (refer to page 14). Our workshops on the common reasons which lead to investigations of auditors was a similar initiative to raise

awareness amongst auditors to be proactive in identifying possible causes for audit failures.

While we continue to engage with the Treasury to implement the recommendations in the World Bank's Report on the Observance of Standards and Codes (ROSC), which had been adopted by the Minister of Finance, we have made some progress on identifying the processes to introduce Limited Liability Partnerships and structures for the regulation of the wider accountancy profession. Although these are only two of the recommendations in the ROSC, it will already go some way to eliminate the current imbalance in oversight between auditors and other accountants, including the Broad-Based Black Economic Empowerment (B-BBEE) verification industry. While it remains uncertain whether the IRBA will regulate the B-BBEE verification industry, we have put in place processes to support and regulate auditors who deliver services in this industry. The ROSC is available at www.worldbank.org/ifa/rosc

Business and the profession have recognised long ago that South Africa is not isolated from the continent of which it is but one country. Similarly, the IRBA is planning initiatives to engage more with jurisdictions on the continent to share best practices and offer support to improve reporting and governance in Africa.

Finally, we are in the process of completing our final consultation with the profession to prepare for the implementation of the Audit Development Programme (ADP) in January 2015. The ADP is the new programme to qualify auditors and ensure that, when they register with the IRBA, they have developed the necessary competencies to sign off on audit reports on which the public place reliance, including those competencies to function in a dynamic and increasingly complex, but exciting, environment. We are also fortunate to participate in projects to change the international standard on auditor competencies, which will better equip auditors to respond to this environment.

So we will continue to push the limits (and the borders), while working with our stakeholders to achieve our common objectives - which is why there is no better time than the present to be part of the auditing environment.



Bernard Peter Agulhas
Chief Executive Officer

STANDARDS

New Director: Standards

Sandy van Esch, Director: Standards, retired at the end of May 2014, having spent most of her working life contributing and strengthening the profession through lecturing, auditing and standard setting. Sandy has been succeeded by Imran Vanker. Please refer to the General News section for more on Sandy's career and farewell.

Sandy's team would like to thank her on a personal level for her incredible dedication to the team, and for inculcating a passion for audit in each of us.

Ciara, Nicki, Yussuf, Saadiya, Anne, Ian and Retsi

Email addresses for queries

A reminder to use the following email addresses:

All Reportable Irregularity related emails to:

ristandards@irba.co.za

All ethics-related queries to:

standards@irba.co.za

All B-BEE-related queries to:

B-BBEEQueries@irba.co.za

All other standards-related queries to:

standards@irba.co.za

Committee for Auditing Standards (CFAS)

Frequently Asked Questions on the Guide for Registered Auditors: Engagements on Attorneys Trust Accounts

The Guide for Registered Auditors: *Engagements on Attorneys Trust Accounts* (the Guide) was issued on 28 February 2014. In response to some Frequently Asked Questions, a communique was issued which provides clarity on:

- **The effective date of the Guide:**

The Guide applies to all engagements on attorneys trust accounts and the related auditor's reports issued subsequent to 1 March 2014.

- **The status of the SAICA Guide:**

The SAICA Guide has been withdrawn.

- **The reason why Registered Auditors (RAs) need to apply the Guide:**

RAs are referred to the *Status and Authority of Quality Control, Auditing, Review, Other Assurance, and Related*

Services Pronouncements, wherein it states:

"In terms of section 1 of the Auditing Profession Act, No 26 of 2005 (the Act), a Guide is included in the definition of "auditing pronouncements" and in terms of the Act, the auditor must, in the performance of an audit, comply with those standards, practice statements, guidelines and circulars developed, adopted, issued or prescribed by the Regulatory Board".

All RAs undertaking such engagements must apply the guidance in the Guide to meet the requirements of the applicable Rules of the Provincial Law Societies and in order to be able to issue the new format of auditor's report (Appendices 4 and 5).

- **Auditing of the attorneys' financial statements (business accounts)**

Paragraph 25 of the Guide clarifies this and states:

"There is no requirement in the Act or the Rules for an attorney's financial statements to be audited. Such requirement may emanate from another Act, such as the Companies Act. However, an auditor is required by the Rules to undertake an engagement on the compliance of attorneys trust accounts with the Act and the Rules, whether or not an audit is conducted on the financial statements".

- **Reportable Irregularities**

Where an auditor has reason to believe a reportable irregularity has occurred or exists, by reason of that auditor's access to the attorney's business accounts, in the course of the auditor's engagement on the attorneys trust accounts, although the auditor is not appointed to audit the financial statements of the attorney, the obligation to report to the IRBA still arises. An auditor's responsibility is clarified in paragraphs 24, 26 and 27 of the Guide.

- **Signing of the Attorney's Annual Statement on Trust Accounts**

It has been asked if all the partners of the attorneys' firm are required to sign the Attorney's Annual Statement on Trust Accounts. This is a decision that each attorney's firm will need to make as it represents an acknowledgment that each attorney in that firm has complied with the relevant Provincial Law Societies' Rules. The attorney's firm may decide to delegate this responsibility to certain partners or may require all partners to sign.

STANDARDS cont.

ISA 610 (Revised 2013), *Using the Work of Internal Auditors: The use of direct assistance by internal audit to an external auditor*

The Board has now determined that the use of “direct assistance” will be permitted in South Africa. External auditors who make use of “direct assistance” provided by internal auditors should be alert to the extensive Requirements and Application Material in the grey shaded paragraphs in ISA 610 (Revised 2013), *Using the Work of Internal Auditors*. Auditors are also reminded that the engagement partner still takes full responsibility for the engagement. Where direct assistance by internal audit is used, compliance with the ISA 610 requirements will be subject to inspections of engagement files by the IRBA.

The effective date for the grey shaded sections of ISA 610 (Revised 2013), for audits of financial statements for periods ending on or after 15 December 2014 remains applicable, with early adoption permissible.

CFAS Regulated Industries and Reports Standing Committee (RIRSC)

The IAASB Auditor Reporting Project update

This is presently the main project on the IAASB agenda, and will have broad implications on the work of the Registered Auditor. The IAASB issued an exposure draft, *Reporting on Audited Financial Statements: Proposed New and Revised International Standards on Auditing (ISAs)* during 2013.

The proposed new and revised ISAs are as follows:

- Proposed ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*;
- Proposed ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*;
- Proposed ISA 260 (Revised), *Communication with Those Charged with Governance*;
- Proposed ISA 570 (Revised), *Going Concern*;
- Proposed ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*; and
- Proposed ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*.

It is anticipated that the IAASB, after considering the comments on the exposure drafts, will approve the new and revised ISAs at their September 2014 meeting and that they

will be issued during the first quarter of 2015. It is expected that the new and revised ISAs will be effective for audits of financial statements for periods beginning on or after 15 December 2015.

Once the new and revised ISAs have been issued by the IAASB, the IRBA will communicate its strategy on how it will respond to these changes to auditor reporting.

CFAS Public Sector Standing Committee (PSSC)

Joint IRBA/AGSA Guide for Registered Auditors: *Guidance for Registered Auditors: Performing Audits where the AGSA has Opted not to Perform the Audit*

The Joint IRBA/AGSA *Guide, Guidance for Registered Auditors: Performing Audits where the AGSA has opted not to Perform the Audit* (Joint Guide) was approved by the Board to issue at its meeting held in May 2014.

The Joint Guide provides information that will assist RAs when performing regulatory audit engagements, including the audit of the financial statements, predetermined objectives, and compliance with laws and regulations for section 4(3) public sector entities, which the AGSA has opted not to audit, in accordance with the requirements of The Public Audit Act (PAA).

Joint IRBA/AGSA Guide for Registered Auditors: *Guidance on Performing Audits on Behalf of the AGSA*

The Joint IRBA/AGSA *Guide, Guidance for Registered Auditors: Guidance on Performing Audits on Behalf of the AGSA* (Joint Guide) was approved by the Board to issue at its meeting held in May 2014.

The Joint Guide provides information that will assist RAs to perform regularity audit engagements, including the audit of the financial statements, predetermined objectives and compliance with laws and regulations, on behalf of the AGSA, in conformance with the AGSA's specific requirements and the requirements of the PAA.

STANDARDS cont.

CFAS Sustainability Standing Committee (SSC)

The CFAS issued an illustrative engagement letter, the related illustrative assurance report and guidance thereon, for use by RAs in South Africa on sustainability engagements, in order to promote consistency in the layout and wording of the engagement letter and the assurance report for a sustainability assurance engagement. The *illustrative engagement letter* for the assurance engagement, *illustrative assurance report* and the *guidance* may be downloaded from the IRBA website at: www.irba.co.za

CFAS B-BBEE Advisory Committee

Validity of B-BBEE Certificates

RAs are reminded that the IRBA has provided a letter setting out the authority for B-BBEE Approved Registered Auditors (BARs) to issue valid B-BBEE Verification Certificates, and for all RAs to issue EME Certificates, contained in Statement 005, *Broad Based Black Economic Empowerment (B-BBEE) Verification* (Government Gazette No. 34612 on 23 September 2011). The IRBA letter may be downloaded from our IRBA website www.irba.co.za and provided by BARs to their clients to explain the validity of such certificates issued in terms of the B-BBEE Codes of Good Practice issued in 2007 (the 2007 B-BBEE Codes) and Sector Codes, which were subsequently issued.

RAs are encouraged to contact the Standards Department via email B-BBEEqueries@irba.co.za for assistance regarding B-BBEE assurance matters.

Frequently Asked Questions (FAQs) on Assurance Engagements on Broad-Based Black Economic Empowerment (B-BBEE) Verification Certificates

BARs are reminded of the *Frequently Asked Questions (FAQs)* with responses, issued by the Committee for Auditor Ethics (CFAE). These FAQs will assist BARs with implementation of the South African Standard on Assurance Engagements (SASAE) 3502, *Assurance Engagements on Broad-Based Black Economic Empowerment (B-BBEE) Verification Certificates* and the IRBA Code (Revised) when dealing with ethical issues encountered by practitioners undertaking B-BBEE assurance and advisory engagements. The FAQs may be accessed at the B-BBEE webpage on the IRBA website: www.irba.co.za.

The International Audit and Assurance Standards Board (IAASB)

International Standard on Assurance Engagements (ISAE) 3000 Revised, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)*

The IRBA Board approved the adoption of ISAE 3000. This Standard was issued by the International Audit and Assurance Standards Board (the IAASB), in December 2013. ISAE 3000 is effective for assurance engagements when the assurance report is dated on or after 15 December 2015 – earlier implementation is permissible.

IAASB re-exposure of the proposed ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information and Proposed Consequential and Conforming Amendments to Other ISAs (proposed ISA 720 (Revised))*

Significant concerns were raised about the way in which the specific proposals of proposed ISA 720 (Revised), issued in November 2012, were formulated. Due to the significance of the comments received, and the changes made to the proposed ISA 720 (Revised) based on those comments, the IAASB re-exposed the proposed ISA 720 (Revised) in April 2014.

Respondents were required to submit their comments to the IRBA by 4 July 2014, i.e. two weeks before the IAASB comment date deadline of 18 July 2014, for consideration of the CFAS Task Group preparing the IRBA response.

The IAASB proposes enhancements to the International Standards on Auditing focused on financial statement disclosures

The IAASB released for public comment proposed changes to the International Standards on Auditing (ISAs) to clarify expectations of RAs when auditing financial statement disclosures, in May 2014.

The IAASB believes that the proposed changes, mainly to application material in the ISAs in order to further support the proper application of the standards' requirements, as set out in the exposure draft, are an appropriate response to the concerns raised about the need to clarify the expectations of auditors when auditing financial statement disclosures, as well as to the need for additional guidance to assist auditors in addressing the practical challenges arising from the evolving nature of disclosures.

STANDARDS cont.

The following ISAs are affected by the proposed changes:

- ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*;
- ISA 210, *Agreeing the Terms of Audit Engagement*;
- ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*;
- ISA 260 (Revised), *Communication with Those Charged with Governance*;
- ISA 300, *Planning an Audit of Financial Statements*;
- ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*;
- ISA 330, *The Auditor's Responses to Assessed Risks*;
- ISA 450, *Evaluation of Misstatements Identified during the Audit* and
- ISA 700, *Forming an Opinion and Reporting on Financial Statements*.

Respondents were encouraged to submit their comments to the IRBA by 28 August 2014, i.e. two weeks before the IAASB comment date deadline of 11 September 2014, for consideration of the CFAS Task Group preparing the IRBA response. Comments could be submitted by email to standards@irba.co.za, in both a PDF and Word file.

ETHICS

Committee for Auditor Ethics (CFAE)

IRBA Board approved the Code of Professional Conduct

RAs are reminded that the IRBA Board approved the adoption of the amendments made to the International Ethics Standard Board for Accountants (IESBA) Code during 2013 as amendments to the IRBA Code (2014) on 18 February 2014. The IRBA Code (Revised 2014), was issued on 17 March 2014 and may be downloaded from the IRBA website: www.irba.co.za

In order to facilitate implementation of the IRBA Code (Revised 2014), regard being had to its impact on the inspections, investigations and disciplinary functions of the IRBA, and as early adoption is permitted by both the IESBA and the IRBA, the Board approved the incorporation of all the amendments into the revised IRBA Code in February 2014, with an effective date of 1 April 2014.

Small and Medium Practices

The International Federation of Accountants (IFAC) Small and Medium Practices (SMP) Committee

The SMP Committee of IFAC represents the interests of professional accountants who work in SMPs. The committee develops guidance and tools, and works to ensure the needs of the SMP and small- and medium-sized entity (SME) sectors are considered by standard setters, regulators, and policy makers. The committee also speaks out on behalf of SMPs to raise awareness of their role and value, especially in supporting SMEs, and the importance of the small business sector overall.

SMPs may find the publications available on the IFAC website useful in running their practices, especially in the audit of SMEs.

These publications have not been adopted by the IRBA as they were not subject to the IAASB's due process for development of International Standards, or the CFAS due process for adoption of International Standards and guidance. However, SMPs may refer to the guidance issued by the SMP Committee at their discretion, and may find the guidance useful, but are advised that RAs are still required to apply all auditing pronouncements adopted, developed and issued and prescribed by the IRBA, including the IAASB International Standards.

The SMP Committee page is regularly updated with articles, resources and other forms of support. www.ifac.org/about-ifac/small-and-medium-practices-committee

IESBA issues exposure draft on *Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients*

The IESBA, on 20 May 2014, released the *Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients* exposure draft, relating to certain provisions of the Code addressing non-assurance services for audit clients for public comment. As the IRBA Code of Professional Conduct for Registered Auditors adopted Parts A and B of the IESBA Code, a CFAE Task Group will consider the proposed amendments to Part A and B of the IESBA Code and will submit comments to the IESBA.

RAs and others were invited to submit any comments regarding the proposed changes to the IRBA by 4 August 2014 (i.e. 2 weeks prior to the IESBA comment date deadline of 18 August 2014) for consideration in preparing a response to the IESBA to standards@irba.co.za, in word format. Copies of the exposure drafts and links to the IESBA website are included on the IRBA Ethics web page:

www.irba.co.za/index.php/ethics-standards-functions-73

REPORTABLE IRREGULARITIES

Below are statistics related to reportable irregularities processed by the IRBA.

REPORTABLE IRREGULARITIES RECEIVED				
	Year ended 31 March 2014		Year ended 31 March 2013	
Number of reports received and files closed within 40 days	570	97%	630	93%
Number of 2nd reports received late (after due date)	19	3%	46	7%
Total number of RIs received	589	100%	676	100%

CONTINUING/NOT CONTINUING RIS: OF THE TOTAL NUMBER OF RIS RECEIVED:				
	Year ended 31 March 2014		Year ended 31 March 2013	
Continuing	345	59%	418	62%
Not continuing	235	40%	257	38%
Did not exist	9	1%	1	0%
Total number of RIs received	589	100%	676	100%

TYPE OF ENTITY: OF THE TOTAL NUMBER OF RIS RECEIVED:		
	Year ended 31 March 2013	
Proprietary Limited	436	74%
Non-profit company/organisation/Section 21 company	38	6%
Close corporation	37	6%
Limited	17	3%
Retirement fund	11	2%
Trust	9	2%
School	8	1%
Body corporate	7	1%
Estate agent	6	1%
Attorney's trust account	3	1%
Other entities	17	3%
Total number of RIs received	589	100%



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LEGAL

QUARTERLY REPORT FROM THE DIRECTOR: LEGAL FOR THE PERIOD 1 JANUARY 2014 TO 31 MARCH 2014

Investigating Committee

The Investigating Committee met twice during this period (11 February 2014 and 25 March 2014) and referred 39 individual matters to the Disciplinary Advisory Committee with recommendations.

Disciplinary Advisory Committee

The Disciplinary Advisory Committee met twice during this period (23 January 2014 and 28 February 2014) and disposed of 39 matters, as follows.

Decisions not to charge:

- **Two** matters in terms of Disciplinary Rule 3.5.1.1 (the respondent is not guilty of unprofessional conduct; this includes the situation where the conduct in question might be proved but even if proved does not constitute unprofessional conduct).
- **Nine** matters in terms of Disciplinary Rule 3.5.1.2 (the respondent having given a reasonable explanation for the conduct).
- **Four** matters in terms of Disciplinary Rule 3.5.1.4 (being that there are no reasonable prospects of succeeding with a charge of improper conduct against the respondent).
- **Two** matter in terms of Disciplinary Rule 3.5.1.5 (being that in all the circumstances it is not appropriate to charge the respondent with improper conduct).

Decision to charge and matter finalised by consent order

Seventeen practitioners were fined:

- **Seven matters** related to inspections conducted by the Inspections Department. All of these related to a lack of audit documentation.
 - **Six** related to the 3rd cycle 2nd inspection, category C.
 - **Three** practitioners were fined R30,000, with R15,000 suspended for three years on conditions;
 - **Three** practitioners were fined R20,000, with R10,000 suspended for three years on conditions
 - **One** related to the 3rd cycle 2nd inspection, category A. The practitioner was fined R20,000, with R10,000 suspended for three years on conditions

- **Two** matters related to the same company and were referred by the JSE.

The practitioners each issued an unmodified opinion in respect of successive financial statements which contained a significant departure from IFRS. This related to the fair value of an intangible asset on acquisition that was disclosed in goodwill and not separately in intangible assets. The practitioners' unmodified opinions, without correction of the disclosures relating to goodwill, were accordingly inappropriate.

The practitioners were each fined R100,000, with a contribution of R5,000 towards costs, and publication in general terms.

- **One matter** related to inadequate audit documentation (working papers) relating to the audits and inadequate disclosures in the accompanying financial statements. The practitioner was the auditor of two companies and accounting officer of one related close corporation. He issued auditor's reports containing unqualified opinions and accounting officer's reports for two successive years. The financial statements of both companies were deficient regarding the disclosure of financial instruments, related parties and the going concern and, additionally, the financial statements of one company were deficient regarding rental income and administration fees. The financial statements of the close corporation were deficient regarding the corresponding disclosure of rental income and administration fees.

In respect of the audit of the financial statements, the practitioner failed to keep audit working papers and/or failed to obtain audit evidence; alternatively he failed to keep adequate working papers and/or failed to obtain adequate audit evidence.

The practitioner was fined R30,000, of which R15,000 was suspended for three years on conditions, with an order of R5,000 towards costs, and publication in general terms.

- **One matter** related to a deceased estate and a close corporation which formed part of an estate, where the practitioner misrepresented to his client that the estate had been wound up and finalised.

In respect of the close corporation he charged fees to

LEGAL cont.

which he was not entitled and was late in producing the AFS for various years.

Consequently the related tax returns were not rendered on time. In addition the practitioner failed to answer correspondence from the Board appropriately.

The practitioner was fined R75,000, R25,000 of which was suspended for three years on conditions, with a contribution of R5,000 towards costs, and publication in general terms.

- **One matter** related to a JSE listed company where financial statements contained errors arising from the application of IFRS 3, Business Combinations, and IAS 32 and 39 relating to Financial Instruments on which the practitioner issued an unmodified opinion. The disclosures, which were inadequate, had been prepared by the company's IFRS advisor.

The practitioner had not audited the disclosures but relied on the work of the company's IFRS advisor. Reliable information was available to the practitioner when the financial statements were issued, and could reasonably be expected to have been obtained and taken into account in the audit of the financial statements. As a consequence of the inadequate disclosures in the financial statements the practitioner's unmodified opinion was inappropriate. The practitioner should have issued a modified opinion.

The practitioner was fined R100,000, with an order of R5,000 towards costs, and publication in general terms;

- **One matter** related an attorneys trust account where the practitioner issued an unmodified assurance report when the attorney's firm did not maintain proper accounting records in compliance with the requirements of the Attorneys Act and relevant Law Society rules, and the balance in the trust banking account was less than the total of the balances of the trust creditors thus indicating a shortage. The practitioner further failed to answer or to deal appropriately with correspondence from the Law Society.

The practitioner was fined R100,000, with a contribution of R5,000 towards costs, and publication in general terms.

- **One matter** related to the non-submission of various types of tax returns by the practitioner while he was a sole proprietor. He pleaded guilty to failure to submitting VAT

201, EMP 201(PAYE), EMP 201 (UIF), EMP 501, IRP 501 and IT12 returns, in respect of his own business, in the Magistrates Court. The practitioner was fined R50,000, R25,000 of which was suspended for three years on conditions, with a contribution of R5,000 towards costs, and publication in general terms.

- **One matter** related to inadequate audit documentation (working papers), inadequate disclosure in financial and doubts about the respondent's independence.

In respect of the audits of financial statements for two reporting periods conducted in accordance with International Standards on Auditing (as claimed in the relevant auditor's reports), the respondent failed to keep audit working papers and/or failed to obtain audit evidence, alternatively he failed to keep adequate working papers and/or he failed to obtain adequate audit evidence in respect of the respondent's independence, risk assessment and response to assessed risks, fraud risk, laws and regulations, related parties, a loan receivable, litigation, going concern and subsequent events. The respondent also failed to obtain an appropriately dated management letter.

In addition there were misstatements in the financial statements arising from inadequate disclosures, including the use of the going concern assumption when there were going concern indicators and, as a consequence, the respondent's unmodified opinion which included an emphasis of matter paragraph with regard to the going concern was inappropriate.

At the time of issuing the auditor's report, the practitioner had received a significant loan from the company that gave doubt as to the respondent's independence.

The practitioner was fined R100,000 with a cost contribution of R5,000. As the respondent was no longer registered imposition of the sentence was postponed until such time as the respondent may seek re-registration.

- **Two matters** related to the trust account of an estate agent, which operated largely as a managing agent of body corporates.

Unmodified assurance reports were issued for two successive years by different practitioners when the estate agent did not maintain proper accounting records in compliance with the requirements of the estate Agency Affairs Act, and the balance in the trust banking account was significantly less than the total of the balances of the trust creditors.

LEGAL cont.

The **first practitioner** was fined R100,000, R50,000 of which was suspended for three years on conditions, with a contribution of R5 000 towards costs, and publication in general terms. The **second practitioner** was fined R150,000, R75,000 of which was suspended for three years on conditions with a contribution of R5,000 towards costs, and publication in general terms.

Two matters were **referred back** to the Investigating committee for reconsideration.

Decision to charge and matter referred to the Disciplinary Committee

Three matters were referred to the Disciplinary Committee for disciplinary hearings.

DISCIPLINARY COMMITTEE

The Disciplinary Committee sat three times during this period (on 16 and 17 January, 10 and 12 March), to hear four matters.

FIRST MATTER

On 16 and 17 January 2014 the Committee considered the matter of Mr T who was present and represented. This was a matter referred by the Auditor-General South Africa ("Auditor General"). The Respondent had been in the employ of the Auditor General at the time of the offences, but was currently in public practise. At the commencement of the proceedings the Respondent pleaded not guilty to all three charges of improper conduct, however, on day two of the proceedings, the Respondent admitted guilt in respect of charges two and three. The plea was accepted.

THE CHARGES

Charge Two

The Respondent pleaded guilty to contravening rules regarding improper conduct 2.4, 2.6, and 2.17.

The second charge related to the respondent having amended the audit report of a trading entity, by removing non-compliance issues, despite having been advised by his superior not to do so, and without following the Auditor General's standard procedure where there were differing views on an audit report.

Charge Three

The Respondent pleaded guilty to contravening rules regarding improper conduct 2.4, 2.6, and 2.17.

The third charge flowed from the second charge, and dealt with the respondent dishonestly advising an employee at the Auditor General that he had obtained permission from his superior, at the time, to amend the audit report on the financial statements of the trading entity by removing the material findings relating to non-compliance.

SENTENCE

The Committee had to give careful consideration to the fact that the offences involved an element of dishonesty and ordinarily once there is an element of dishonesty it is an offence which results in the ultimate sanction which is a permanent removal from the register. However the Committee took into account a number of features of this matter which made it distinguishable from those matters in which the ultimate sanction for these purposes had been imposed.

These included the fact that the respondent was a relatively recent entrant to the profession and was relatively inexperienced at the time of the offences concerned. He had personal commitments to his family, including three children and had expressed unequivocal remorse and expressly acknowledged that he committed an extremely serious lapse of judgment which gave rise to the offences in respect of which he had pleaded guilty.

The sentence imposed was as follows:

- The Respondent was removed from the register of auditors with effect from 18 January 2014, which sentence was suspended for a period of five years on conditions;
- The Respondent was ordered to make a contribution of R278,000 to the costs incurred by the Investigating and Disciplinary Committees in connection with the investigation and hearing, which amount included R28,000 wasted costs incurred by the Board in respect of a postponement granted to the Respondent;
- Publication in IRBA News of the facts of the matter, the charges, the fact that the Respondent pleaded guilty to the charges and the sentence imposed, without reference to the name of the Respondent.

LEGAL cont.

SECOND MATTER

On 10 March 2014 the committee convened again in a matter which was part heard, to hear arguments on sanction. Judgement was handed down on 28 June 2013 however sentence is reserved.

THIRD MATTER

On 12 March 2014 the Committee considered the matter of Mr M. The Respondent was present and unrepresented. The Respondent pleaded guilty to, and was found guilty of, six charges levelled against him, involving an element of dishonesty.

THE CHARGES

Charge One

The Respondent pleaded guilty to contravening the rules regarding improper conduct 2.4.1, 2.6, and 2.17.

In respect of the first charge, the respondent fraudulently misrepresented to his client, that the latter had signed a resolution as a director of a company, when the truth of the matter was that the respondent had falsified the signature of his client on the resolution.

Charge Two

The Respondent pleaded guilty to contravening the old disciplinary rules 2.1.4.1, 2.1.20, and 2.1.21.

In respect of the second charge, the respondent had completed and signed several application documents to open a bank account with a bank in Mauritius by misrepresenting to the bank that he was authorized to sign the relevant application documents, when in fact he was not so authorized.

Charge Three

The Respondent pleaded guilty to contravening the old disciplinary rules: 2.1.4.1, 2.1.20, and 2.1.21.

In respect of the third charge, the respondent had submitted several documents to the Mauritius Financial Services Commission ("the Commission") by making misrepresentations to the Commission that those documents were regular and authentic, when in truth and in fact, they were not.

Charge Four

The Respondent pleaded guilty to contravening rules regarding improper conduct 2.4.1, 2.6, and 2.17.

The fourth charge was based on the fact that the respondent had misrepresented that an order form issued by an entity which provided assistance to persons who wished to register off-shore trusts in the Isle of Man, as well as a Declaration of Trust were signed by his client and that he had authority to act for him in the registration of a trust, when in truth and in fact the order form and the Declaration of Trust were not signed by his client and the respondent did not have the authority to act for him.

Charge Five

The Respondent pleaded guilty to contravening the old disciplinary rules 2.1.4.1, 2.1.20 and 2.1.21.

The fifth charge dealt with a misrepresentation made by the respondent to his client that the latter had signed a Declaration of Trust when in truth and in fact the Declaration of Trust was signed by the respondent.

Charge Six

The Respondent pleaded guilty to contravening old disciplinary rules 2.1.4.1, 2.1.20, and 2.1.21.

In respect of the sixth charge, the respondent had directed an email to several persons in which he misrepresented that that email emanated from an official of the bank in Mauritius, and in which confirmation was given that an account was opened by the bank for the company concerned, when in truth and in fact the said email did not emanate from the bank and the contents of that email were not true.

SENTENCE

The Committee concluded that the suspension was appropriate having regard to the nature of the charges of which the Respondent has been convicted, and his response thereto. Although the charges were multiple in their nature and comprised a series of fraudulent activities perpetrated against several individuals and entities, they related to the same client whom the Respondent had sought to please.

The Committee placed emphasis on the seriousness of the charges concerned and accepted that all of them involved an element of dishonesty, which strike at the heart of the integrity

LEGAL cont.

and professional reputation of the profession to which the Respondent belongs. It accepted that the interests of that profession as well as the public it serves are vital and have to be adequately protected by means of an appropriate sentence.

The Committee also took into account the contrition displayed by the Respondent for his misdeeds, the fact that there was no financial prejudice to persons or entities affected by his misrepresentations and that he did not obtain undue financial benefit those factors should not be over-emphasized at the expense of the interest of the community. In the final analysis the Respondent was driven by his expediency to please his client at the expense of his professional obligation to maintain and display the requisite honesty and professional duties in both to his client and the profession to which he belongs.

The fraudulent and dishonest conduct of the Respondent is reprehensible and in the ordinary course would merit removal from the register of auditors without suspension. However each matter must be dealt with on its merits. The recommended suspension strikes a fair balance between the interest of the Community, the auditing profession and the respondent.

For the above reasons, charges one to six were taken together for the purposes of sentence.

- The Respondent was removed from the register of auditors with effect from 31 March 2014, which removal was suspended for a period of five years on conditions;
- A fine of R100,000 was imposed;
- The Respondent was ordered to make a contribution of R150,000 to the costs incurred by the Investigating and Disciplinary Committees in connection with the investigation and hearing;

Publication in IRBA News of the facts of the matter, the Charges, the fact that the Respondent pleaded guilty to the Charges and the sentence imposed, and the reasons or a fair summary of those reasons, without reference to the name of the Respondent.

FOURTH MATTER

On 12 March 2014 the Committee considered the matter of Mr T J van Heerden Lochner of Lochner & Associates. The Respondent was present and represented. The Respondent

pleaded guilty to, and was found guilty of, four charges levelled against him.

THE CHARGES

Charge One

The Respondent pleaded guilty to contravening old disciplinary rules 2.1.1, 2.1.2, 2.1.5, 2.1.20 and 2.1.21.

The first charge dealt with a statutory contravention and related to the professional services rendered by the respondent to an unrehabilitated insolvent client which entailed advising him on the corporate structure and management of setting up a public company to conduct his business affairs unlawfully.

Charge Two

The Respondent pleaded guilty to contravening old disciplinary rules 2.1.1, 2.1.2, 2.1.5, 2.1.20 and 2.1.21.

The second charge related to a lack of independence in that the respondent reported on the financial statements of the public company as auditor and reported on the prospectuses of the public company as independent reporting accountant.

Charge Three

The Respondent pleaded guilty to contravening old disciplinary rules 2.1.1, 2.1.2, 2.1.5, 2.1.20 and 2.1.21.

The third charge related to a failure to report material irregularities and reportable irregularities which had taken place or were taking place in the public company and that had caused or were likely to cause financial loss or prejudice to the public company.

Charge Four

The Respondent pleaded guilty to contravening the old disciplinary rules 2.1.1, 2.1.2, 2.1.5, 2.1.20 and 2.1.21.

The fourth charge related to the respondent not keeping proper accounting and secretarial records.

SENTENCE

- The Respondent's name and his firm's name (Lochner & Associates) were removed from the register of registered

LEGAL cont.

auditors with effect from midnight on 31 March 2014.

- A fine of R100,000 was imposed in respect of each of the four charges, payment of which was suspended until such time as the Respondent is re-registered with the Board and shall be a condition for such re-registration.
- The Respondent shall not apply for re-registration at any time before 31 March 2019, and shall not automatically be entitled to entry onto the register after that date.

- The Respondent was ordered to pay a contribution towards the reasonable costs of the Board in the amount of R500,000.
The charges against the Respondent, his conviction thereon, as well as the facts or a fair summary of those facts giving rise to the charges and conviction, as well as the sanction which has been imposed shall be published in IRBA News, and the Respondent's name and that of his firm shall also be published in IRBA News.



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INSPECTIONS

Firm Remedial Action – 2014

This process is based on one of the core principles of the International Forum of Independent Audit Regulators (IFIAR), of which the Irba is a founding member. The core principle states the following:

IFIAR Core Principle 11: Audit regulators should have a mechanism for reporting inspections findings to the audit firm and ensuring remediation of findings with the audit firm.

Audit regulators should have a process that ensures that criticisms or potential defects in an audit firm's quality control systems and issues related to an audit firm's performance of audits that are identified during an inspection are reported to the audit firm. Audit regulators' reporting processes should include the preparation and issuance of a draft inspection report, a process for the audit firm to respond, and the preparation and issuance of a final inspection report. In addition, audit regulators should have a process for ensuring that audit firms satisfactorily address inspection findings that were reported to the audit firm by the audit regulator.

Effectively from this year (2014/15), the IRBA Inspections Department implemented a process whereby firms and RAs that had unsatisfactory inspections are requested to submit (together with their written undertaking) a root cause analysis and action plan to address significant audit quality issues reported to them. These plans can be highly effective and can yield the necessary improvements needed if the firms and practitioners buy into the remediation process through the development and implementation of appropriate prospective remedial plans. Therefore in an effort to promote sustainable audit quality, the IRBA will continue to engage more with the firms at the right level and at the right intervals to:

- Encourage firms to enhance their action plans and incorporate same into their annual cycle of continuous improvement.
- Follow up on the firms' action plans during re-inspection within/after approximately 12 months. (Every firm is unique and knows best what initiatives should work in its particular environment/culture).

Although not exhaustive, below are some general actions that can be implemented by firms as part of their remedial plans (these are general and not specific to any firm):

- Embedding quality throughout the audit process;
- Fortify the importance of professional scepticism by the engagement team, and overcome the trust relationship with clients from a business perspective;
- Support from firm leadership – sound tone at the top. Do audit leadership create the right culture for quality audits?

- Rebalancing workloads/realigning staff – allowing sufficient time;
- Allocating an engagement team that is experienced, know the industry and the client and can execute consistently;
- Encourage consultation;
- Improving tools to assist engagement teams execute quality audits consistently;
- Creating a culture of shared accountability for audit quality;
- Incorporating and recognising audit quality in performance reviews;
- Limiting who audits listed/specialised entities – concentrating expertise;
- Moving technical support into the practice offices, near audit teams; and
- Balancing commercialism and professionalism.

Inspections Findings Newsflash 1 of 2014

In terms of our objective to improve communication and share information, the Inspections Department implemented a process whereby a newsflash will be issued from time to time to highlight significant non-satisfactory findings which were identified during inspections.

Based on the fourth quarter Inspection Committee results of 2014 that ended on 31 March 2014, we provided a summary of examples of the most common non-satisfactory inspection findings identified.

The examples below should be interpreted with caution and should not be seen as exhaustive nor be considered in isolation. The selection of firms, engagements and focus areas for inspection is based on identified risk factors and these results may not be representative of the profession as a whole. Not all findings apply to every firm and where they do apply to more than one firm there are inevitably differences in the degree of application.

Engagement Inspections:

The following are examples of findings that resulted in the most non-satisfactory inspection outcomes:

Materiality

- Insufficient or no justification on file for the basis and level of planning, performance and final materiality, that is fundamental to ensure that the engagement team obtains sufficient audit evidence to support the audit opinion.

INSPECTIONS cont.

Fraud and significant risks

- Fraud risks were identified on the audit file; however these were not identified and treated as significant risks as required by ISA 240.
- Revenue was not assessed as a significant risk on the audit file and there was no documented justification as required by ISA 240.
- There were no significant risks identified on the audit file.
- No documented verification of journals, even though it is deemed a significant risk by ISA 240.
- No documented Related Party completeness assessment.

Risk of Material Misstatement (RoMM)

- RoMM for all balances, classes of transactions and disclosures at the assertion level was assessed as low or medium.
- RoMM was assessed as low, but there were no test of controls documented on file to reduce the control risk to a risk level that is lower than high.

Sampling

- There was no documented link between the risk assessment and sample sizes. (The higher the risk the greater the sample size.)
- There was no evidence on file that all balances and transactions equal to or greater than performance materiality were verified by the engagement team.

Disclosure and presentation

- Incorrect/insufficient disclosure in the annual financial statements, but no documented consideration by the engagement team of the impact on the audit opinion.
- Incorrect classification of loans as long and short term.

Consolidation

- No documented consideration of whether the consolidation exemption criteria were met and the possible impact on the audit opinion.

Other failures to identify material misstatements and/or obtain sufficient appropriate audit evidence at assertion level

- Property, plant and equipment (valuation) assessment of significant components, method of depreciation, useful lives and residual values.
- Revenue - completeness and occurrence.

- Shareholders' and directors' loans – measurement in terms of the framework and impairment.
- Inventory – classification as an asset or expense.
- Deferred tax – measurement and justification of deferred tax assets.

Firm Inspections

The following examples of firm findings resulted in the most non-satisfactory inspection outcomes:

- High risk findings not identified and appropriately addressed on engagement quality control/pre-issuance reviews (engagement performance element of ISQC1).
- High risk findings not identified and appropriately addressed on post-issuance reviews (monitoring element of ISQC1).

Recommendation

Firms and practitioners are encouraged to analyse the above deficiencies, and if applicable, incorporate sustainable solutions into their processes of continuous improvement. Most of the examples listed above are directly as a result of the following:

- Insufficient and/or inappropriate audit evidence documented to support the audit opinion;
- Failure to identify and assess material misstatements in the financial statements; and
- Deficiencies in the effectiveness of internal quality control review (EQCR and Monitoring elements of ISQC1).



Imre Nagy

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REGISTRY

Individuals Admitted To The Register of the Board from 19 February 2014 to 30 June 2014

Aboo Ayesha Bibi	Kaplan Devon Jay	Roos Bianca
Aboobaker Aadila	Karrim Arshad	Rossouw Izak Stewart Wiid
Arrow Frederick Stephanus	Kranhold Servaas	Schalekamp Floris
Bam Gustav	Kruger Samuel Johannes	Small Adele Wilma
Belling Dudley Terryn	Lavangee Farida Bibi	Smith Candice Jennifer
Bennett John Michael	Laws Luke John	Smith Conrad Petrus
Biggs Alke	Lira Sindy	Smith Shannon Leigh
Bolt Eric	Louw Paul Jakobus Hertzog	Soma Yatin
Botha Bernice Joana	Lungoomiah Isayvani	Songca Sibulele Lukhanyiso
Botha Gideon Jacobus	Madumo Lebogang	Stallard Samantha
Botha Werner Christiaan	Magner Peter Sean	Steyn Herman-Bosch
Budhripersadh Rishaal	Malherbe Marius Andre	Steyn Ruhan Casper
Combrinck Magrietha Elisabeth	Marota Ntona Success	Swart Joelene Althea
De Beer Theunie	Marques Paulo Jorge Cascão	Swart Monique
De Nysschen Eugene Vincent	Mayat Faatimah Ahmed	Tau Magolego Abednigo
De Villiers Wilhelmina Anna	Mazibuko Floyd Xolani	Tekie Daniel Misgina
De Waal Jan Gerhardus	Mbandazayo Luthando	Theron Sanel
De Wee Philippa Kathleen	Mbatha Andile Dawn	Trollip Layle Bianca
Dibishi Thamsanqa Phineas	Mcilroy Stuart Duncan	Tucker Steven Joseph
Diener Gordon Patrick	Meiring Frederik Jacobus	Van de Water Nadine
Dire Agnes Gomolemo	Moffs Michael	Van der Merwe Hester Sophia Jacoba
Du Plessis Eddy Gabriel Francois Nicholas	Mohammed Alli Riaz	Van der Merwe Wynhandt
Du Preez Johannes Daniël Benjamin	Moodally Teshika	Van Rooyen Nadine
Du Toit Mariana	Mosehane Rudzani Ronel	Van Straaten Jaco Francois
Dumalisile Caroline Nontatu	Motla Mamabele Lydia	Van Wyk Anton
Emery Ryan	Mulder Jacob Cornelis	Van Zyl Chantal
Fourie Alwyn Francois	Naicker Dale	Vercueil Maaïke Delene
Fourie Deodi	Nepgen Rino	Visser Marco Ernestus
Fourie Louis Jacobus	Ntshingila Nomathamsanqa Langelihle	Vorster Francois Cloete
Gioia Anita Marie	Ongansie Christopher Michael	Weideman Ben-Johan
Grové Matthys Cornelis	Oosthuizen Chantelle	Werner Swanepoel
Haffejee Mohamed	Philippou Christos	Yende Simphiwe
Hamel Johann Christiaan	Pienaar Albert Daniel	
Harryparsad Devak	Pietersen Nadia	
Heydenrych Lisa Anne	Pretorius Dean Michael	
Jamal Junaid	Pretorius Sindy	
James Vevegan	Rademeyer Melt	
Jansen van Rensburg Jeanette	Reid Helena	
Jansen van Vuuren Chanine	Robertson Struan Ian	

Individuals Re-admitted to the Register of the Board from 19 February 2014 to 30 June 2014

Adams Donald Montague	Greyling Gerrit Willem	Potgieter Johan
Bruwer Nadia Marissa	Kemp Bronwyn Gudrun	Prins Johannes Jurie
Dickman Neil Andrew	Limekaya Cuma	Ravhuhali Lufuno
Du Plessis Christiaan de Wet	Loots Jaco	Scott De Buys
Erasmus Marthinus Stephanus Albertus	Maré Marius Ignatius	Segon Cheryl Amanda
Fikkert Michael Hans	Massyn Johannes	Sono Siphon Eric
Geldenhuis Francois	Mkhwanazi Sifiso John	Tjale Alicia

REGISTRY cont.

Individuals Removed from the Register of the Board from 19 February 2014 to 30 June 2014

FULL NAMES	REASON	FULL NAMES	REASON
Adendorff Garth James	Retired	Gani Mahomed Salim Ismail	Resigned
Adler David Ephraim	Resigned	Gernholtz Ronald George	Retired
Armstrong Neville Duncan	Resigned	Gounden Anushuya	Resigned
Barnard Wilmy	Resigned	Gurland Charles Ellis	Resigned
Bean Selwyn Roy	Deceased	Havenga Jacobus Jan Daniel	Retired
Berry Marianne Frances	Resigned	Janse van Vuuren Francois Petrus	Resigned
Bhagwan Dharmesh Natval	Resigned	Katz Michael Theodore	Resigned
Boles Joseph Anthony	Resigned	Kaye-Eddie Dale Peter	Resigned
Bothma Gideon Jakobus	Resigned	Kilfoil Steven Kirk	Resigned
Brandt Elandre George	Resigned	King Richard Ireland	Resigned
Branford Justin William Acton	Resigned	Kotze Dirk Hendrik	Retired
Brink Jan Harm	Resigned	Krawitz Aubrey	Resigned
Brink Pieter Bredell	Deceased	Lambrechts Johannes Sauer	Resigned
Brown Malcolm John	Resigned	Lane Grahame Douglas	Resigned
Bruce David George	Resigned	Le Roux Isabella Hermina	Resigned
Bruni Gregorio Roberto	Resigned	Leenars Peter Anton	Resigned
Buchel Graeme Roger	Resigned	Levin Matthew Lionel	Resigned
Burbaitzky Gayle	Resigned	Lochner Theunis Jacobus van Heerden	Removed
Cacho Denis Vincent	Resigned	Lombard Anneke	Resigned
Catt Ian Richard	Resigned	Lombard Pieter Eduard	Resigned
Cawdry Andrew Grant	Resigned	Loots Jacobus Albertus Johannes	Retired
Cilliers Daniel Johannes	Resigned	Lovely Graham John	Resigned
Coetzee Abraham Paulus	Resigned	Manning Nicola	Resigned
Coetzer Gesina Maria Beatrix	Resigned	Martin John Bleddyn	Resigned
Combrink Leon Allan	Resigned	Masuku Sakhile Delani Cyril	Resigned
Cowley Robert	Resigned	Mathebula Donald Zondhiwa	Resigned
Daley Richard Bruce	Resigned	McDonald Paul Paton	Resigned
De Bruin Jacobus Stephanus	Resigned	Meyer Joseph Tobias Lombard	Deceased
De Gouveia Luiz Gregorio Rodrigues	Retired	Moggee Ruben Horatio	Resigned
De Klerk Salomien	Emigrated	Moosa Akhter Hoosen	Resigned
De Villiers William Johannes	Resigned	Mouton Agnes	Resigned
De Vries Oscar Peter Alexander	Resigned	Mqhavule Fezile Winfried	Resigned
Diemont Christiaan	Retired	Mtetwa Nomagugu	Resigned
Du Plessis Charl Eugene	Resigned	Nash Dewan Harold	Deceased
Du Plessis Johannes Jaco	Resigned	Nel Jacques	Resigned
Du Plessis Pieter George	Resigned	Newsome Robert Michael	Emigrated
Du Toit Daniel Petrus	Deceased	Noeth Johanna Cornelia	Resigned
Du Toit Jakobus Stefanus	Resigned	Nombembe Terence Mncedisi	Resigned
Du Toit Morne Jaco	Emigrated	Norman Leslie Elvin	Resigned
Duvenhage Werner	Resigned	Oosthuizen Lourens Erasmus	Resigned
Emery Ruan	Resigned	Oosthuizen Wian Johan	Resigned
Erasmus Hermann	Resigned	Peiser Milton Roy	Resigned
Fourie Elsibie Elichia	Resigned	Pereira Carlos	Resigned
Fourie Mynette	Resigned	Peters-Newman Kandice	Resigned
Francis Hadley James	Deceased	Pienaar Chanelle	Emigrated
Futter Ann	Resigned	Pillay Trishantanie	Resigned

REGISTRY cont.

Individuals Removed from the Register of the Board from 19 February 2014 to 30 June 2014 cont.

FULL NAMES	REASON	FULL NAMES	REASON
Posner Philip	Resigned	Stiff Jennifer Leigh	Resigned
Posthumus Herman	Resigned	Stipp ChrisMari	Resigned
Potgieter Morne	Resigned	Stokes Thomas Jacobus	Resigned
Prentice David Alexander	Resigned	Strauss Helena	Resigned
Pretorius Johannes	Resigned	Strydom Petrus Jacobus	Resigned
Prinsloo Anita	Resigned	Swanepoel Matheus Johannes	Resigned
Prinsloo Jannie	Resigned	Timmins Frank	Retired
Reid Anthony James Charlton	Resigned	Tropper Zelda Theresa	Resigned
Reyneke Schalk Willem	Resigned	Van der Colff Ashlene Ilse	Resigned
Riccardi Alberto Stefano	Resigned	Van der Merwe Carel Johannes Jacobus	Resigned
Richmond Michael John	Resigned	Van der Merwe Natalie	Emigrated
Roome Robert Centlivres	Resigned	Van der Westhuizen Jacob Nicolaas	Resigned
Rugbeer Ravi Samsunder	Resigned	Van Heerden Melanie Joan	Resigned
Saayman Charlene	Resigned	Van Heerden Veroeska	Resigned
Saffy Dean Bernard	Resigned	Van Schalkwyk Pieter Kleynhans	Resigned
Scott Barend Johannes	Resigned	Van Vlaanderen Albert Willem	Resigned
Senekal Stefan Johannes	Resigned	Van Zyl Pieter Frederick	Resigned
Sherratt Elizabeth	Resigned	Venter Jan Hendrik	Resigned
Shirk Brian Saul	Resigned	Visser Tobias Rossouw	Resigned
Sibiya Nompumelelo Precious	Resigned	Volschenk Gert Jacobus	Resigned
Sickle Charnell	Resigned	Willoughby David Gavin	Resigned
Smit Johannes Hendrik	Deceased	Willows Keith Graham	Resigned
Sparrius Otto	Emigrated	Wilson Michael Peter	Retired
Stein Hyman	Deceased	Wolfaardt Dirk Johannes	Resigned

Caroline Garbutt

Manager: Registrations

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COMMUNICATIONS

In the interest of improved communication with Registered Auditors and other stakeholders, a list of Communiqués sent by bulk e-mail during the reporting period for this issue are set

out below. These Communiqués may be downloaded from the IRBA website (www.irba.co.za) under the News section.

18 July 2014	Call for comments: Guidance on Section 90 of the Companies Act and FAQs
15 July 2014	Guidance on Signing Authority, Naming Conventions and Stationery
3 July 2014	ISA 610 (Revised 2013), Using the Work of Internal Auditors: The use of direct assistance by internal audit to an external auditor
19 June 2014	Bernard Agulhas re-appointed CEO of the Independent Regulatory Board for Auditors
19 June 2014	Frequently Asked Questions on the Guide for Registered Auditors: Engagements on Attorneys Trust Accounts
11 June 2014	ISAE 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information
3 June 2014	Temporary reinstatement of Tax Practitioner 01 (TP01) form
3 June 2014	Inspection Fees Payable to the IRBA with effect from 01 April 2014
27 May 2014	IESBA issues Proposed Enhancements to Certain Non-Assurance Services Provisions in Ethics Code
26 May 2014	Inspectors' Evaluation Process
21 May 2014	The IAASB proposes enhancements to the International Standards on Auditing focused on financial statement disclosures
21 May 2014	The IAASB re-exposes the proposed ISA 720 (Revised), The Auditor's Responsibilities Relating to Other Information and Proposed Consequential and Conforming Amendments to Other ISAs
25 April 2014	Illustrative Engagement Letter for the Assurance Engagement and Illustrative Assurance Report for use on Sustainability Reports
9 April 2014	Frequently Asked Questions (FAQs) on Assurance Engagements on Broad-Based Black Economic Empowerment (B-BBEE) Verification Certificates
8 April 2014	Validity of B-BBEE Verification Certificates issued by B-BBEE approved registered auditors, and EME Certificates issued by registered auditors
1 April 2014	Cold Reviews

GENERAL NEWS

Sandy's farewell

A hard drive, a teacher and an influencer – these were the words used to describe Sandy van Esch, Director Standards at her farewell on 4 June 2014. The farewell was attended by IRBA staff, Board members and members of the CFAS and CFAE committees.

Sandy's professionalism was revered as speaker after speaker expressed how much they have learnt from her over the years and how she was always ready to share her wealth of knowledge.

As the Board chairman, Adv Willem van der Linde, SC mentioned, this was the resemblance of the circle of life which shows renewal with Sandy passing on her skills to her team.

The CEO of IRBA, Mr Bernard Agulhas, thanked Sandy for her dedication, attention to detail and for supporting him to achieve the vision of the IRBA.

Sandy thanked everyone for their support throughout her profession. "Every step of the way there is a story about people, who you talk to and how you engage them will determine how far you can go with them. The profession is never boring – 47 years and I have never been bored for one day", Sandy said with a smile to end her speech.

Sandy van Esch was seconded by KPMG to the IRBA in 2008 as Acting Director: Standards at the request of Bernard Agulhas when he was appointed as the CEO of the IRBA. She was appointed Director: Standards with effect from 1 August 2009 and continued until her retirement on 4 June 2014.

Sandy was responsible for the IRBA's CFAS and the CFAE, their Standing Committees and Task Groups, and RIs reported. She represented the IRBA on the SAICA Industry Project Groups and committees.

Some of her achievements at the IRBA include the development by the CFAE of the new IRBA Code of Professional Ethics for Registered Auditors; numerous projects and standards setting activities of the CFAS and its various Standing Committees and Task Groups.

She contributed to the IAASB EDs and adoption of International Standards and development of local IRBA Assurance Standards, Practice Statements and Guides as well as CFAS and CFAE Due Process Policies and the IRBA Status and Authority of Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements that clarifies the status and authority of all auditing pronouncements for registered auditors, adopted or developed and issued by IRBA.

She participated on the International research project with the CFAS-SSC for the International Integrated Reporting Council (IIRC) on assurance on <IR> Integrated Reports developed

several Discussion Papers (published by the IIRC as a Background Paper) that informed the recent International Framework on Integrated Reporting <IR> issued by the IIRC in December 2013.



Nelson Mandela Day

IRBA celebrated Mandela day with the children at COMPASS Edenvale. IRBA staff donated clothes, toiletries, stationery, toys and lunch packs to the care centre and spent the afternoon with the children. As Nelson Mandela said "The world remains beset by so much human suffering, poverty and deprivation. It is in your hands to make of our world a better one for all, especially the poor, vulnerable and marginalised".

IRBA NEWS format change

Let us know what you think about the new look IRBA News. Send your views via email to lmanganye@irba.co.za. Hard copies of the newsletter will be made available on written request to those readers who do not have the technology to read it online.



Sandy and her husband at her farewell



Sandy and committee members from SAICA



Sandy with the new director Standards and the Standards team



CEO and Sandy van Esch at her farewell



Sandy and MANCO members



Donations from IRBA ready to be delivered to COMPASS



IRBA staff handing out snacks at COMPASS house



IRBA Staff preparing lunch packs for children at COMPASS



IRBA staff interacting with children at COMPASS



CEO doing his 67 minutes for Mandela Day