

Proposed Due Process Policy

30 November 2012

Comments requested by 31 January 2013



Committee for Auditing Standards

**Proposed Due Process Policy for the Development,
Adoption and Implementation of Quality Control, Auditing,
Review, Other Assurance, and Related Services
Pronouncements**

REQUEST FOR COMMENTS

REQUEST FOR COMMENTS

The Committee for Auditing Standards (“CFAS”) of the Independent Regulatory Board for Auditors (the “IRBA Board”) approved the release of its proposed *Due Process Policy for the Development, Adoption and Implementation of South African Quality Control, Auditing, Assurance and Related Services Pronouncements (proposed Due Process Policy)*. This proposed *Due Process Policy* may be modified in light of comments received, before being issued in final form.

This publication may be downloaded free-of-charge from the IRBA website: www.irba.co.za

This proposed *Due Process Policy* was prepared by the CFAS. The statutory responsibility of the CFAS is to assist the IRBA to:

- develop, maintain, adopt, issue or prescribe auditing pronouncements;
- consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and
- promote and ensure the relevance of auditing pronouncements.

In line with the IRBA’s legislative mandate, the IRBA objectives are to create the framework and principles to contribute to the protection of the public who rely on the services of registered auditors and to support registered auditors who carry out their duties competently, fearlessly and in good faith. The goal is to help create an ethical, value-driven financial sector that encourages investment, confidence and promotes sound practices by *developing and maintaining auditing standards which are internationally comparable*.

The mission 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.

Respondents are asked to submit their comments electronically to the Director: Standards - Sandy van Esch (svanesch@irba.co.za). All comments will be considered a matter of public record and will ultimately be posted on the IRBA website (www.irba.co.za). Comments may also be faxed for the attention of the Director: Standards at: +27 086 575 6535 or mailed to:

The Director: Standards
The Independent Regulatory Board for Auditors
P O Box 8237
Greenstone1616
South Africa

Comments should be submitted by **31 January 2013**

Should you have any queries, or experience any technical difficulties in downloading the documents, please email the Standards Department at: standards@irba.co.za or contact:

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REQUEST FOR COMMENTS

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EXPLANATORY MEMORANDUM

Introduction

This memorandum provides background to and an explanation of the proposed Due Process Policy (*proposed Due Process Policy*) of the Committee for Auditing Standards (CFAS) that sets out the following:

- the statutory composition, powers and duties of the CFAS and its formal operating processes in terms of the Auditing Profession Act, No 26 of 2005 (the “Act”) and the Resolutions delegating the powers and duties contained in sections 22(2) and 22(3) to the CFAS and its various Standing Committees and Task Groups;
- the due process followed by the CFAS for the adoption of authoritative International Engagement Standards, and non-authoritative International Practice Notes and Staff publications issued by the International Auditing and Assurance Standards Board (IAASB) that are prescribed by the IRBA; and
- the due process to be followed in future by the CFAS in developing authoritative South African *Engagement Standards, Guides* that may contain both authoritative and non-authoritative guidance, and non-authoritative *Practice Notes*, for issue by the IRBA.

Background

Following the promulgation of the Act, effective from 1 April 2005, the CFAS succeeded its predecessor, the Public Accountants’ and Auditors’ Board’s (the PAAB) auditing standards setting committee - the Auditing and Assurance Standards Board (the AASB). The CFAS was constituted in accordance with section 22 of the Act and the Resolutions passed by the IRBA Board¹ to give effect to the relevant sections of the Act.

The due processes followed by the CFAS for the consideration and adoption of the IAASB’s International Engagement Standards and the development of South African Engagement Standards, Practice Statements (SAAPS) and Guides were the same as the processes followed previously by the AASB contained in the AASB South African Preface issued in September 2004, although these were not formally codified by the CFAS.

This proposed *Due Process Policy* has been prepared to clarify and make publicly available the due process followed by the CFAS when:

- recommending the adoption of authoritative IAASB International Standards and non-authoritative International Practice Notes issued by the IAASB to the IRBA Board for approval to issue and prescribe for registered auditors; and
- clarifying the process followed by the CFAS in the development of authoritative *South African Standards, South African Guides* that may contain both authoritative and non-authoritative guidance and non-authoritative *South African Practice Notes* and *Discussion Papers*. The *proposed Due Process Policy* should be read in conjunction with the *proposed South African Preface, exposed simultaneously with this proposed Due Process*.

¹ The “IRBA Board” means the “Regulatory Board” comprising the non-executive members appointed by the Minister of Finance in terms of section 11 of the Auditing Profession Act, 2005, for the governance of the IRBA.

Effective Date

Subject to comments received on exposure, the CFAS intends to finalise the proposed *Due Process Policy* in the first half of 2013.

Guide for Respondents

While the statutory composition, powers and duties of the CFAS contained in the Act and in the Resolution that gives effect to the Act cannot be varied, the due process followed by CFAS in the adoption of International Engagement Standards and International Practice Notes, and the development of South African Engagement Standards, Guides and Practice Notes² and may be amended to take account of comments received on exposure of the proposed *Due Process Policy*.

The CFAS welcomes comments on all matters addressed in the exposure draft.

Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and, where appropriate, make specific suggestions for any proposed changes to wording. When a respondent agrees with proposals in this exposure draft it will be helpful for the CFAS to be made aware of this view.

Request for specific comments:

1. Do respondents agree with the proposed due process followed for the adoption and prescribing of IAASB International Standards and International Practice Notes for use by registered auditors?
2. Do respondents agree with the proposed due process to be followed for the development of authoritative South African Engagement Standards, to be prescribed for application by registered auditors?
3. Do respondents agree with the proposed due process to be followed in the development of Guides that may contain both authoritative and non-authoritative guidance to meet legislative requirements of various regulators?
4. Do respondents agree with the proposed due process to be followed for the development of non-authoritative South African Practice Notes as guidance for registered auditors?

² Currently issued as IRBA South African Auditing Practice Statements (SAAPS)

PROPOSED DUE PROCESS POLICY FOR THE DEVELOPMENT, ADOPTION AND IMPLEMENTATION OF QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES PRONOUNCEMENTS

Issued November 2012

Introduction

1. The mission of the Independent Regulatory Board for Auditors (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 (auditors), in accordance with internationally recognized standards and processes.
2. In line with the IRBA's legislative mandate, the IRBA's objectives are to create the framework and principles to contribute to the protection of the public who rely on the services of auditors and to support auditors who carry out their duties competently, fearlessly and in good faith. The goal is to help create an ethical, value-driven financial sector that encourages investment, confidence and promotes sound practices by developing and maintaining auditing standards which are internationally comparable.
3. This Due Process Policy is issued to serve the public interest by facilitating an understanding of the objectives and operating procedures of the CFAS in the development, adoption and implementation of high-quality standards on *Quality Control, Auditing, Assurance and Related Services Pronouncements* issued by the IRBA, which are relevant and internationally comparable.

The Committee for Auditing Standards

4. Section 4(c) of the Auditing Profession Act, 2005 (Act 26 of 2005) (the "Act") empowers the IRBA to prescribe standards of professional competence with which auditors must comply in performing their duties as auditors.
5. Section 20(2) of the Act establishes the Committee for Auditing Standards (CFAS) as a permanent committee in terms of section 22 of the Act that sets out the composition of the CFAS and its primary responsibilities. The composition and detailed responsibilities of CFAS are embodied in sections 9.3 to 9.6 of the IRBA Resolution dated ... as amended from time to time. This document sets out the "*Delegation of Powers and Assignment of Duties to the CFAS*" and effectively establishes the Terms of Reference of the CFAS.
6. Section 22(2) and 22(3) of the Act set out the powers and duties of CFAS and are addressed in paragraph 9.4 of the resolution, extracts of which are included in **(Appendix A)**.

**COMMITTEE FOR AUDITING STANDARDS: PROPOSED DUE PROCESS POLICY FOR THE
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Membership of the Committee for Auditing Standards

7. The Composition of CFAS is provided for in section 22 (1) of the Act and must consist at least of the following persons appointed by the IRBA:
 - a. Five registered auditors;
 - b. One person with experience of business;
 - c. An incumbent of the office of the Auditor-General, or a person nominated by that incumbent;
 - d. An incumbent of the office of the Executive Officer of the Financial Services Board, or a person nominated by that incumbent;
 - e. One person with experience in the teaching of auditing at a University recognised or established under the Higher Education Act, 1977 (Act No 101 of 1977);
 - f. One person nominated by any stock exchange licensed under the Securities Services Act (Act no 36 of 2004)
 - g. The Commissioner of the South African Revenue Services Act, 1977 (Act No 34 of 1977), or a person nominated by the Commissioner; and
 - h. An incumbent of the office of the Registrar of Banks, or a person nominated by that incumbent.
8. The CFAS may co-opt and appoint additional members onto the CFAS to address user needs of identified constituencies.
9. CFAS members act in the common interest of the public at large and the worldwide auditing and assurance profession. This could result in their taking a position on a matter that is not in accordance with current practice in their firm, nor in accordance with the position taken by those who nominated them for membership of the CFAS, and /or may be in conflict with the IRBA's public interest mandate. Members should communicate any conflict of interest at the commencement of a CFAS meeting and refrain from voting on a matter on the Agenda of a CFAS meeting that is the subject of that conflict.

Chairman of CFAS

10. If a chairman is not appointed by the IRBA Board³ the CFAS must annually elect a chairman from among its members [section 20(3)(d)]. If the chairman of CFAS is absent or for any reason unable to perform his or her functions, the members present must elect a chairman from those present for the meeting concerned.

³ The "IRBA Board" means the "Regulatory Board" comprising the non-executive members appointed by the Minister of Finance in terms of section 11 of the Auditing Profession Act, 2005, for the governance of the IRBA and is the Accounting Authority of the IRBA.

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Term of appointment of members

11. Paragraph 9.9 of the resolution provides that the term of office of CFAS members will be three years, renewable twice only, for no more than two further terms of three (3) years each, provided that:
 - a. if the incumbent of the office referred to in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) serves on CFAS, he or she shall serve on the CFAS for as long as he or she remains an incumbent of that office; and
 - b. if the incumbent of the office referred to in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) nominates a person to serve on CFAS, he or she shall serve on the CFAS until the incumbent of that office withdraws his or her nomination.
12. CFAS members who absent themselves from two meetings in any twelve month period may be requested to resign from the CFAS.

Nominations process

13. When members' term of appointment comes to an end, the IRBA issues a public call for nominations for members of CFAS, other than Regulator's Representatives, provided for in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) above; the incumbents of such offices may be varied at any time by the said incumbent.
14. Nominations received are shortlisted and candidates interviewed by a small committee comprising at least two directors of the IRBA and two members of the CFAS Steering Committee to identify those persons having the appropriate knowledge, experience, skills and time to serve on the CFAS and any of its standing committees or task groups in the relevant capacity for which members are sought.
15. The nominations received and recommendations of the interviewing committee are considered by a sub-committee of the IRBA Board, the Operations Committee (OPSCOM), which will determine whether or not to support the recommendations for individuals in order for the IRBA Board to appoint them as members of CFAS.

Technical Advisors

16. Each CFAS member has the right to appoint one technical advisor who may participate in the discussions at CFAS meetings, with the permission of the Chairman, but may not vote on any matter before CFAS.

Public Observers

17. CFAS holds quarterly statutory meetings to discuss the development of, and to approve or recommend the issuance, of auditing standards, practice notes, guides or other papers. These meetings are open to the public. Public observers may participate in discussions, with the permission of the chairman, but have no vote on any matter before CFAS. Attendees must complete a **Public Observer's Form** that can be downloaded from the IRBA website: www.irba.co.za.
18. Agenda papers of the meetings of the CFAS may be published on the IRBA website www.irba.co.za.

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Standing Committees of the Committee for Auditing Standards

19. Paragraph 9.4.7 of the resolution provides that the CFAS shall have the power to constitute subcommittees and task groups which it deems necessary to assist it in the carrying out of its functions and duties, and to appoint the members thereof.
20. Those subcommittees that have a continuing role and function are established as CFAS "standing committees" and are to be chaired by a CFAS member. Standing committees (refer **Appendix B**) may draw on the technical expertise of various individuals or regulators, as appropriate, who are appointed as members of the standing committees. When deemed necessary a CFAS standing committee may establish task groups to assist with specific projects and may include individuals having specialised knowledge, experience and skills who are not members of the CFAS.

Voting

Quorum for the CFAS meetings

21. A quorum for a meeting of the CFAS requires the presence in person, or by simultaneous telecommunication link, of **at least 50% of the members**.

Recommendation for approval for issue of authoritative standards and guides

22. The approval of the IRBA Board is required for the issue and prescribing of authoritative standards, or guides, whether developed by the CFAS, or issued by the IAASB, and to be adopted and prescribed for registered auditors in South Africa.
23. Following completion of due process and consideration by the CFAS the meeting approves a recommendation to the IRBA Board for approval to issue and prescribe the relevant authoritative standard and / or guide for use by registered auditors. The CFAS recommendation is usually achieved by consensus, but if not, the recommendation to the IRBA Board shall be put to a vote and requires agreement by **three quarters (75%) of the members**, present in person at the CFAS meeting, or participating by way of simultaneous telecommunication link for it to be recommended to the IRBA Board.
24. Dissenting opinions will be included in the minutes of the CFAS meeting. Each member of the CFAS, including the chairman, has the right to one vote. A member has the right to appoint a proxy in writing.

Approval of non-authoritative practice notes and exposure drafts for issue

25. The CFAS may approve non-authoritative practice notes and exposure drafts for issue whether issued by the IAASB and to be adopted for issue and use in South Africa, or developed by the CFAS as guidance for registered auditors. Such approval follows due process and is ordinarily achieved by consensus of the CFAS members, but if not, shall be put to a vote and requires the agreement by **two thirds (66 2/3%) of the members**, present in person at the CFAS meeting, or participating by way of simultaneous telecommunication link for it to be issued.
26. Dissenting opinions will be included in the minutes of the meeting. Each member of the CFAS, including the chairman, has the right to one vote. A member has the right to appoint a proxy in writing.

Process for adoption and development of pronouncements

International Developments

27. The CFAS keeps abreast of global developments affecting the auditing profession, amongst other sources, through monitoring the agendas of the International Consultative Advisory Group (CAG) and those of the International Federation of Audit Regulators (IFIAR) – Standards Working Group, and by monitoring communications from IFAC regarding guidance or global developments with relevance for the auditing profession, informs the CFAS agendas and activities.

Adoption of authoritative or non-authoritative pronouncements developed by the IAASB

28. The CFAS closely monitors and tracks the strategy and standard setting activities of the IAASB and its Task Forces by considering the content of the IAASB Agendas at its quarterly meetings.

29. The CFAS contributes to standard setting activities of the IAASB, when the opportunity arises, in the development of proposed auditing, review, other assurance and related services standards providing insights from South Africa's experience in the implementation of the IAASB's International Standards.

30. The IAASB's proposed international pronouncements and consultation papers issued on exposure internationally are exposed simultaneously in South Africa. A communiqué is issued simultaneously to registered auditors, for all IAASB's proposed international pronouncements, requesting comments to be submitted to the IRBA, fourteen (14) days before the comments are due to be submitted to the IAASB, or to submit them directly to the IAASB by the due date. All comments received, are considered by a task group of CFAS in preparing the IRBA comments, with regard being had to the views of the IRBA as the audit regulator, before being submitted to the IAASB.

31. The Public Interest Oversight Board (PIOB) oversees the work of the IAASB, and its Consultative Advisory Group, to ensure that authoritative pronouncements developed by the IAASB have followed due process and are responsive to the public interest, prior to approving them for issue.

32. The CFAS considers the final IAASB International Standards issued, and the related Basis of Conclusions, in response to comments received on exposure, at the CFAS meeting, following the issue of the IAASB International Standard. A proposal is prepared for consideration of the CFAS setting out the process followed and possible implementation issues for adoption in South Africa and, if satisfied, the CFAS members approve a recommendation to the IRBA Board for adoption and approval to issue and prescribe for registered auditors in South Africa (refer paragraphs 23-25 above).

33. When a non-authoritative IAASB International Practice Note is issued, it is considered at the next CFAS meeting, following its issue. The CFAS has regard to possible implementation issues affecting adoption in South Africa and if there are any, determines how they are to be addressed. Thereafter CFAS recommends the International Practice Note for issue by the IRBA, for use by registered auditors in South Africa (refer

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paragraphs 26-27 above). Non-authoritative International Practice Notes are available for use on issue.

34. Copyright permission is applied for from IFAC for new editions of the *IAASB Handbooks of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements* incorporating the authoritative and non-authoritative pronouncements issued by the IAASB since the previous edition, adopted and prescribed by the IRBA, was published. Once copyright permission is received, a Board Notice is gazetted by the IRBA, formally adopting and prescribing the new edition of the IAASB Handbook for use by auditors in South Africa.

Authoritative and non-authoritative pronouncements developed by CFAS

35. When a need for the development of local guidance is identified, a project proposal is prepared for consideration of the CFAS Steering Committee to recommend to CFAS for approval to proceed. The project proposal must set out:
- a. The purpose of the pronouncement to be developed and its priority;
 - b. Research conducted and other similar guidance already developed globally (where relevant);
 - c. The nature of the guidance to be developed namely, an authoritative standard, a guide with both authoritative or non-authoritative material, or a non-authoritative practice note; and
 - d. The technical and other resources available for the project; and
 - e. The anticipated timeframe for development.

The CFAS Steering Committee considers the proposal, the priority and available resources to work on the proposed pronouncement and either supports or declines to support the proposal at the CFAS meeting or refers it back to the relevant standing committee for further consideration of issues raised or suggestions made.

36. Once the proposal is approved by the CFAS, the standard, guide or practice note is included in the CFAS Work Programme and developed by the relevant standing committee or task group.
37. When ready, an issues paper is prepared for the next CFAS meeting and the proposed standard, guide, or practice note is presented by the Chairman of the relevant standing committee responsible for its preparation.
38. The CFAS meeting considers the issues and proposed standard, practice note or guide to be issued on exposure for public comment and determines whether:
- a. the proposed standard, guide or practice note should be referred back to the task group for further consideration; and
 - b. clarifies the authority of the proposed standard, guide or practice note, namely whether it will be authoritative or non-authoritative.

Proposed standards, guides or practice notes will be exposed for 60 days from date of issue, however, in exceptional circumstances the CFAS may, with agreement of

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the CFAS members, approve a shorter exposure period of 30 days (as provided in paragraphs 23 to 27).

39. Once the exposure period is over, all comments received are analysed by the Standards Department and considered at a meeting of the relevant standing committee and / or task group, which:
- a. recommends changes to the proposed pronouncement in response to comments received;
 - b. prepares, the proposed amendments and basis for conclusion regarding comments received, together with the relevant standing committee or task group's recommendation and responses to each comment; and
 - c. prepares an issues paper for CFAS, setting out the significant matters raised and recommendations made for consideration by the CFAS.

Comments received on the CFAS exposure drafts are uploaded to the IRBA website.

40. The final standard, practice note or guide, with the *Analysis of comments*, the *Basis for Conclusions* and *Issues Paper* is presented to CFAS by the chairman of the standing committee and / or task group. The significant matters are debated and agreed by consensus or voted on (as provided in paragraphs 23 to 27). CFAS may then:
- a. agree on final changes to be made to the pronouncement, or
 - b. refer the pronouncement back to the standing committee or task group for further consideration, research of specific aspects and further changes proposed; or
 - c. approve the authoritative standard or guide with such amendments as may be agreed, for recommendation to the IRBA Board for approval to issue and determine the effective date for implementation; or
 - d. approve the non-authoritative practice note for issue by the CFAS.
41. A final language, formatting and editorial review is conducted by the IRBA staff in order to ensure consistent quality for the type and nature of pronouncement to be issued. Final changes are circulated by round robin to the CFAS members and relevant CFAS standing committee or task group members before submission to the IRBA Board for approval and subsequent issue by the IRBA.
42. The approval and issue of a non-authoritative IAASB practice note or CFAS practice note or exposure draft does not require prior IRBA Board approval, and is communicated to registered auditors and others, by means of a Communiqué that is simultaneously uploaded to the IRBA website: www.irba.co.za and made available for download therefrom in a word or pdf format free of charge.

Approval by the IRBA Board

43. The CFAS recommendation is submitted to the next IRBA Board meeting, setting out:
- a. the background to the authoritative IAASB's international standard issued, or the authoritative IRBA standard or guide developed by the CFAS for issue;
 - b. the due process followed in South Africa, and motivation for the authoritative IAASB international pronouncement to be adopted or the IRBA standard or guide to be issued and prescribed for registered auditors in South Africa; and
 - c. the proposed effective date of the pronouncement.
44. Non-authoritative Practice Notes, whether issued by the IAASB or developed and approved by the CFAS, following approval at a meeting of the CFAS do not require prior approval of the IRBA Board for issue by the IRBA, however, the issue thereof is to be noted at the next IRBA Board meeting.
45. Authoritative standards approved by the IRBA Board for issue and prescribing for use by registered auditors are communicated to registered auditors. A Board Notice informs registered auditors of the adoption and issue and that the standards are prescribed for use by registered auditors, to apply from the effective date. Unless otherwise stated, registered auditors may apply an IAASB international standard or South African standard before the effective date specified therein.
46. The standard or guide is uploaded to the IRBA website: www.irba.co.za and is available for download, free of charge, in a word or pdf format.

Appendix A

Extracts from the resolution

“9.4 Powers and duties

CFAS shall perform the following powers and duties in terms of sections 22(2) and 22(3):

- 9.4.1 The duty to assist the Board to develop, maintain, adopt, issue or prescribe auditing pronouncements [section 22(2)(a)], including a review and proposed amendment of the current auditing pronouncements issued by the Public Accountants’ and Auditors’ Board;
- 9.4.2 The duty to assist the Board to consider relevant international changes by monitoring developments of other auditing standard-setting bodies and sharing information where requested [section 22(2)(b)];
- 9.4.3 The duty to assist the Board to promote and ensure the relevance of auditing pronouncements by –
 - 9.4.3.1 considering the needs of users of audit reports;
 - 9.4.3.2 liaising with the other committees of the Board on standards to be maintained by registered auditors and by receiving feedback from such committees on areas where auditing pronouncements are needed;
 - 9.4.3.3 ensuring the greatest possible consistency between auditing pronouncements and accepted international pronouncements; and
 - 9.4.3.4 consulting with professional bodies on the direction and appropriateness of auditing pronouncements [section 22(2)(c)];
 - 9.4.3.5 promoting debate through appropriate forums
- 9.4.4 the power to assist the Board to influence the nature of international auditing pronouncements by preparing comment on exposure drafts or discussion papers and replies to questionnaires prepared by the International Auditing and Assurance Standards Board or a successor body [section 22(3)(a)]; and
- 9.4.5 the power to assist the Board to influence the nature of international auditing pronouncements by nominating representatives to committees of the International Auditing and Assurance Standards Board or a successor body when requested to do so by the Board [section 22(3)(b)].
- 9.4.6 the power to consider and promote relevant changes in other assurance pronouncements in South Africa and internationally by:
 - 9.4.6.1 monitoring developments by other auditing standard-setting bodies and sharing information where requested; and
 - 9.4.6.2 making recommendations on other assurance services that can be provided by registered auditors.
- 9.4.7 CFAS shall have the power to constitute subcommittees and task groups which it deems necessary to assist it in the carrying out of its functions and

duties, and to appoint the members thereof. The following subcommittees are standing subcommittees of CFAS⁴.

- 9.4.7.1 Steering Committee
- 9.4.7.2 Reports Committee
- 9.4.7.3 Public Sector Committee
- 9.4.7.4 Regulated Industries Committee ('RISC')

It is acknowledged that CFAS and certain of these subcommittees need to constitute ad hoc task groups from time to time to assist them in the carrying out of their functions and duties. These are constituted on whatever terms and conditions as are decided at the time of their establishment, on the understanding that they serve an advisory purpose only.

- 9.4.8 any power or function that is incidental to the powers and functions listed in 9.3.1 – 9.3.4 and 9.4.1 – 9.4.7 above [section 9(o)].

9.5 Terms and conditions of the appointment of members CFAS

Members of CFAS, including any persons that may be appointed when a vacancy should arise, are appointed on the following terms and conditions

9.5.1 Term of office of members of CFAS

Subject to section 20(1) and section 20(3)(c), members of CFAS's term of office will be three years, renewable ~~once~~ twice only for ~~a second term~~ no more than two further terms of three (3) years each, provided that:

[Amended at Board meeting 26 March 2010 pg ..]

- 9.5.1.1 if the incumbent of the office referred to in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) serves on CFAS, he or she shall serve on the CFAS for as long as he or she remains an incumbent of that office; and
- 9.5.1.2 if the incumbent of the office referred to in sections 22(1)(c), 22(1)(d), 22(1)(g) and 22(1)(h) nominates a person to serve on CFAS, he or she shall serve on the CFAS until the incumbent of that office withdraws his or her nomination.

9.6 Committee operations

9.6.1 Chairman

If a chairman is not appointed by the Board, CFAS must annually elect a chairman from among its members [section 20(3)(d)]. If the chairman of CFAS is absent or for any reason unable to perform his or her functions, the members present must elect from those present a chairman for the meeting concerned.

⁴ The Regulated Industries Standing Committee has been discontinued and its functions are dealt with by the Reports Standing Committee. A Sustainability Standing Committee and B-BBEE Advisory Committee were added as Standing Committees during the 2010 / 2011 and 2011 /2012 financial years, respectively (The Resolution will be updated by the IRBA Board in 2012/2013).

9.6.2 Meetings and attendance

CFAS must meet as often as circumstances require, but at least four (4) times per calendar year and at such time and place as CFAS may determine [section 15(1) read with section 20(5)]. CFAS shall regulate its meetings as it deems fit. Meetings of CFAS are open to the public, except where, in the opinion of the chairman of the meeting, any part of the meeting should be held in camera. Public observers may participate in discussions, with the permission of the chairman, but have no vote on any matter before CFAS”

Appendix B

Standing Committees

To address demands for development of relevant guidance for registered auditors, the CFAS has established the following standing committees:

	Standing Committees	Main functions
1.	CFAS Steering Committee	Guides the CFAS Agenda for its meetings and to consider and approve CFAS Project Proposals to be undertaken.
2.	CFAS Public Sector Standing Committee (PSSC)	Identify the need for and development of guidance for registered auditors performing engagements in the Public Sector in consultation with the Auditor-General South Africa to enhance quality public sector audits and reporting
3.	CFAS Reports Standing Committee (RSC)	Develops non-authoritative practice notes on: <ul style="list-style-type: none"> • Acceptable financial reporting standards applied in South Africa; • Illustrative auditors' reports, for use in the private and public sectors; and • The wording of assurance reports that meet the specific needs and legislative requirements of various regulators.
4.	CFAS Sustainability Standing Committee (SSC)	Conducts research for purposes of commenting on discussion papers and international and local exposure drafts for the purpose of developing guidance in performing and reporting on subject specific assurance engagements, such as sustainability reporting, integrated reporting and corporate governance reporting.
5.	CFAS B-BBEE Advisory Committee (BAC)	Developing a <i>South African Assurance Standard on Broad-Based Black Economic Empowerment (B-BBEE) Assurance Engagements (SASAE)</i> when performed by B-BBEE Approved Registered Auditors and will develop further guidance and advice as required for the IRBA in establishing appropriate regulatory requirements.