



irba

INDEPENDENT REGULATORY BOARD FOR AUDITORS

ISSUE

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NEWS

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ADDRESS BY TREVOR MANUEL

MINISTER

The Independent Regulatory Board for Auditors (IRBA) was officially launched at a gala dinner held on 2 August 2006. We were privileged to receive the main address from the Honorable Minister of Finance, Mr Trevor Manuel. His address is reproduced below.

"I am honoured and privileged to address this, the launch of the **Independent Regulatory Board for Auditors** (IRBA). We gather here today on the 2nd day of what has come to be known as Women's month, August. During this month, and particularly on 9 August, we flash our minds back in time to the day when our mothers and our grandmothers, tired of the cruelty visited upon them, boldly dared the odds and took up the cudgels on behalf of themselves and future generations.

ADDRESS BY MINISTER TREVOR MANUEL

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Rallying around the cry, "Wathint' abafazi, wathint' -imbokodo", women in our country set the tone for future involvement of all women in the struggle for justice and equal rights. We look back with pride and gratitude and remember our brave women like Lilian Ngoyi, Helen Joseph, Sophie de Bruyn, Rahima Moosa, Ruth First, Charlotte Maxeke, Winifred Kgoare, Ellen Khuzwayo and many others.

As we celebrate this seminal moment, let us not dare forget the sacrifice that the women made that lead to a just society in South Africa. But even more importantly, let us continue to pick up the gauntlet that the women threw down on that historic day. This struggle by the women was not just for their own sake but for a better society in which all, including men, would enjoy a better life free of fraud and corruption, among others.

This poses an important challenge to IRBA, not only to ensure that the auditing profession affirms women but also to rise to the challenge of its calling, which is to protect the public interest. Let us not be shy to seek ways in which we can continue to ensure that this profession does what is necessary to redress the legacy of apartheid and discrimination against women. Out of 24 308 chartered accountants in South Africa as of January this year, 4 385 are registered auditors of which 3 008 perform the attest function. Of these 4 385 registered auditors, only 618 are women.

As we launch IRBA I wish to draw your attention to the fact that while strides have been made in many professions since 9 August 1956, the IRBA has a long way to go to ensure representivity not only in terms of race but also in terms of gender. Much ground still needs to be covered as the statistics show that the profession seriously lags behind in ensuring a fair representation of the citizens of our country.

We owe it to all those women, men and children who gave up what they had to ensure that we today taste the sweet fruits of our liberation.

Let me confine myself to matters of the auditing profession. Today as we launch the Regulatory Board, we are mindful of the challenges facing the auditing profession which Prof. William T. Allen, Chair of the USA Independent Standard Board, referred to in 1998 as being in "mortal danger". Subsequent to this telling comment the world experienced corporate failures that our President, Mr Thabo Mbeki described as "spectacular". These corporate scandals put the profession into increased spotlight. While these corporate failures are not new, they bring to the fore the debate that has dogged the regulators and the profession for more than 75 years, and that is whether self-regulation is appropriate or not. Increasingly the realisation is that self-regulation has failed.

I do not need to convince you that the profession has come a long way since the invention of record-keeping in about 4000 BC, to the discovery of the double entry system by about 1200 AD, and to the emergence of auditing and accounting as a profession in the late 1880s. During this period, auditors used to be independent. Alex Berenson, in his book *The Number* says, "the British auditors auditing American companies were paid by, and answered to, their countrymen not the companies whose books they were auditing".

This was because of the American companies' dependence on the British capital markets, which frittered away as the capital markets developed in the US. The auditors' independence has since been severely compromised.

Authorities around the world have wrestled with the question of regulating the auditing profession since the times of the great depression to the late seventies when the US authorities questioned the anticompetitive practices of the self-regulated profession. The changes in the regulatory regime, however, were minimal and had limited impact. The authorities succumbed to relentless lobbying against

legislating the regulation of the auditing profession, mainly by the big auditing firms.

The last 25 years or so have seen the consolidation in the auditing industry, increase in the provision of non traditional audit services by audit firms against the backdrop of a weak regulatory framework. In the same period the world has experienced numerous corporate failures, especially in the last five years. The disturbing feature of these corporate failures is that auditors are said to have either aided or were complicit in some of the malfeasance that led to the collapses. Some of the practices that resulted in these collapses amounted to downright fraud and corruption.

Paul Volcker, former Chairman of the USA Federal Reserve, and Chairman of the Trustees of the International Accounting Standards Committee Foundation said, "The fact is the collapse of Enron and the new sense of crisis only exacerbate problems that have increasingly plagued the industry for years. Those problems are plainly not limited to one company, one auditing firm, or one country. Nor are they matters for accounting and accountants alone." He went on to say, "As policymakers, we have endlessly lectured emerging markets about the importance of transparency, good accounting and ending cronyism.

Confidence in the financial reporting system is, we rightly point out, an essential element in ensuring that markets are allocating capital effectively. In a well-functioning, disciplined financial system, we shouldn't be surprised by shoddy book-keeping. And, now we discover, those lectures apply at home - even in the United States where we have taken such pride in our accounting standards and practices and in our open and active securities markets."

President Mbeki argues that fraud and corruption in the public and private sector "directly undermines the critically important national effort to defeat poverty and underdevelopment, and thus ensures sustained progress towards achieving the goal of a better life for all. Our country and people therefore count on the auditors and accountants, who are trained to analyse financial accounts and records, and are thus able to determine whether the money flows point to wrongdoing of one kind or another. This assumes that these auditors and accountants are people of integrity who will, at all times, respect the ethical imperatives that are fundamental to, and should characterise their profession. It also assumes that these honest professionals would be inspired by a level of courage and commitment to the public good that would oblige them to report any corruption they may unearth, to enable our law enforcement authorities to take the necessary action to punish the corrupt."

While many of those in the profession are inspired by ideals of upright ethical conduct, sadly the same cannot be said of everybody as we now painfully know.

But, we must accept that the temptations are both strong and real, and their pressure so overwhelming because wrongdoing could become so pervasive that it might be difficult to distinguish from appropriate conduct. This state of affairs prompted the economist Professor Paul Krugman to write, "The same holds true of corporate malfeasance, whether or not it actually involves breaking the law, executives who devote their time to creating innovative ways to divert shareholder money into their own pockets probably aren't running the real business very well (think Enron, WorldCom, Tyco, Global Crossing, Adelphia). Investments are chosen because they create the illusion of profitability, while insiders cash in their stock options are a waste of scarce resources. And if the supply of funds from lenders and shareholders dry up

because of a lack of trust, the economy as a whole suffers."

We can add to Krugman's list of examples of corporate malfeasance from our own, and tragically growing list of South African stories. It is to provide a bulwark against the temptation that we need strong, competent auditors. And, it is to protect such strong, competent auditors that we need good legislation, such as the Auditing Profession Act.

This Act has, as its object, the protection of public interest through the following, amongst others: -

- Creating an independent regulatory board that is free from real or perceived domination by registered auditors;
- Establishing a committee for auditor ethics which should minimise, if not eliminate, any doubt as to what is acceptable behaviour;
- Enhancing international investor confidence through the encouragement of adherence to international best practice in respect of auditing and accounting;
- Ensuring the auditing professional competence and due care through mandatory, continued professional development of auditing professionals;
- Ensuring a robust and independent disciplinary process that is transparent, equitable and effective;
- Levelling the playing fields to allow for the possibility of suitable professional bodies to be recognised if they meet criteria set by the Regulatory Board; and
- Empowering the regulatory authorities through ensuring that auditors report certain irregularities.

It is with great pride that we celebrate the changes effected by the Auditing Profession Act since it sets the profession in South Africa apart and ahead of the pack. We know that the single most important objective of this act is the restoration of the pride and professionalism of the auditing profession. We are also painfully aware that some of the innovations in the Act will require special attention and we must demonstrate our willingness to partner and learn by periodic reflection in order to improve on the workings of the Act.

It is expected that the new Regulatory Board and the sector will work closely to rid the profession of the albatross it now carries around its neck since the corporate failures I talked about earlier were uncovered. I pledge my support and that of the National Treasury in strengthening this body so that it will accomplish the mammoth task set for it.

Jane Diplock, Chairman of the New Zealand Securities Commission advises that, "There is no place in the current world environment for small countries to take a narrow parochial view. In order to take our place in international markets, and to make our markets attractive to investors, we have to be seen to be in line with international best practice and to achieve international standards."

As a policymaker in a small country, I share Ms Diplock's concern.

The determination of this government is a bit stronger - we will not sit around and wait for international best practice, we will assist in the development thereof.

Now, we have the legislation, and we have the Independent Regulatory Board. But, we still have emerging stories of corporate skulduggery and sometimes, even of auditors' complicity. Now we must use the power to ensure that South Africa is a country where businesses flourish because they comply with the

ADDRESS BY MINISTER TREVOR MANUEL

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statute and rules, and not because they cheat. This is the power vested in the IRBA.

As I conclude, Programme Director, let me point to a number of issues that I think the IRBA should address itself to. While this body is new, it builds on a foundation that the PAAB (Public Accountants' and Auditors' Board) has laid and so I firmly believe that these challenges can be met with courage and can be overcome.

What are the challenges for IRBA going forward?

- Calling auditors to integrity.
- Restoring faith to a profession that has been hit by scandal, undertones of which continue to unfold in SA and the rest of the world.
- Re-skilling the old members and ensuring that new entrants into the profession buy into a culture that promotes ethical, behavioural practices in executing their duties.
- Strengthening oversight of the profession, and ensuring that mechanisms to enforce conformity and compliance are developed and are effective.

- Actively seeking to ensure that the goals of equity and transformation in the profession are vigorously pursued.

I wish to congratulate the Board on the work done thus far and remind the board members that their task is that of ensuring a smooth transition to the appointment of the new Board, in terms of this legislation. I wish you success in your endeavours and offer the Ministry of Finance and the National Treasury's unwavering support.

I thank you."

AUDIT TECHNICAL

IFAC TO DEVELOP ISA GUIDE FOR SME AUDITS

IFAC announced that it plans to continue its support for small and medium practices (SMPs) and small and medium entities (SMEs). It is proceeding with

the development of guidance materials designed to assist in the implementation of (ISAs) in audit engagements of SMEs. The guide, which will be based on ISAs

effective as of December 31, 2006, is expected to be published by June 2007.

IAASB RELEASES NINE EXPOSURE DRAFTS OF PROPOSED ISAS

The International Auditing and Assurance Standards Board (IAASB), the independent standard-setting board under the auspices of the International Federation of Accountants (IFAC), released the following proposed exposure drafts resulting in a revision and redrafting of the extant International Standards on Auditing (ISAs):

In November 2006:

- ISA 260 (Revised and Redrafted), Communication with Those Charged with Governance; and
- ISA 320 (Revised and Redrafted), Materiality in Planning and Performing an Audit.

In December 2006:

- ISA 540 (Revised and Redrafted), Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures; and

- ISA 580 (Revised and Redrafted), Written Representations.

In addition, the IAASB released exposure drafts of the following proposed ISAs redrafted according to the new clarity drafting conventions:

In November 2006:

- ISA 450 (Redrafted), Evaluation of Misstatements Identified during the Audit.

In December 2006:

- ISA 230 (Redrafted), Audit Documentation;
- ISA 560 (Redrafted), Subsequent Events;
- ISA 610 (Redrafted), The Auditor's Consideration of the Internal Audit Function; and
- ISA 720 (Redrafted), Reading Other Information in Documents Containing Audited Financial Statements.

Combining ISA 540 and ISA 545

Proposed ISA 540 (Revised and Redrafted) is a combination of ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures (Other Than Those Involving Fair Value Measurements and Disclosures) and ISA 545, Auditing Fair Value Measurements and Disclosures. The IAASB approved ISA 540 (Revised) in September 2006 as a basis for applying the clarity drafting conventions. As part of the redrafting of ISA 540 (Revised), the IAASB decided that the similarities between estimates and fair value information could be emphasised, and redundancy eliminated, by combining ISA 540 (Revised) and ISA 545 within the proposed revised and redrafted ISA 540.

AUDIT TECHNICAL

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The purpose of the proposed ISA 540 (Revised and Redrafted) is to reinforce best practice and cause the auditor to give appropriate attention to areas of accounting judgment, such as assumptions, and to possible bias.

Clarity Drafting Conventions

The exposure drafts drafted according to the clarity drafting conventions form part of the IAASB's ambitious 18-month program to redraft existing standards and to develop new and revised standards following the new drafting conventions, which were developed after extensive consultation with interested parties, such as the IAASB's Consultative

Advisory Group and national auditing standard setters, and public consultation. Key elements of the new drafting conventions include: basing each standard on the objective of the auditor with respect to the subject matter of the standard; separating the requirements that the auditor is required to follow from guidance on their application; eliminating the present tense to describe actions by the auditor, which raised ambiguity about whether such actions were required; and other structural and drafting improvements to enhance the overall readability and understandability of the standards. Standards redrafted in this way are described as "redrafted."

If further revision has been undertaken, a standard is described as "revised and redrafted."

The Committee for Auditing Standards (CFAS) of the Independent Regulatory Board for Auditors (IRBA) invites comments on the proposed ISAs for auditors.

The deadlines for comments to the CFAS on the proposed new ISAs range from **2 February 2007 to 13 April 2007**.

The IRBA is assisting the IAASB to redraft ISAs under the Clarity Project - Editor.

CFAS RELEASES EXPOSURE DRAFT OF PROPOSED SAAPS

The CFAS released an exposure draft of a proposed new South African Auditing Practice Statements (SAAPS) 5, Reporting on Donor Funding.

The objective of the SAAPS is to provide guidance to auditors that provide audit, assurance and related services to an entity that:

- (a) provides donor funding (donor); or
- (b) receives and distributes donor funding (intermediary); or

- (c) receives donor funding (recipient).

The SAAPS states that the objective of the auditor is to evaluate the nature of the engagement to be performed at an entity that is a donor, an intermediary or a recipient so as to issue an appropriate report in the circumstances.

As such the proposed SAAPS provides guidance in relation to the following two critical areas:

- (a) Understanding the donor contract

in order to establish the terms of the engagement; and

- (b) Issuing an auditor's report that meets the requirements of the established terms of engagement and the applicable assurance framework.

The CFAS invites comments on the proposed SAAPS. The proposed SAAPS and an Invitation to Comment can be accessed on the IRBA's website. **The deadline for comments to the CFAS is 5 March 2007.**

ISA 700 (REVISED), ISA 701 AND ISA 800 EFFECTIVE 1 JANUARY 2007

The International Standard on Auditing (ISA) 700 (Revised), The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements and ISA 701, Modifications to the Independent Auditor's Report and ISA 800, The Auditor's Report on Special Purpose Audit Engagements, become effective for auditor's reports dated on or after 31 December 2006. On 15 December 2006, the CFAS

issued a news release advising registered auditors as to the effect of ISA 700R and ISA 701 on an auditor's report issued in South Africa.

This news release included an example of an unmodified independent auditor's report on a complete set of general purpose financial statements in relation to a South African company adapted for South African practice and the

requirements of the Companies Act of South Africa.

ISA 700R resulted in conforming amendments to ISA 800, The Auditor's Report on Special Purpose Audit Engagements. The conforming amendments to ISA 800 are also effective for auditor's reports, in relation to special purpose audit engagements, dated on or after 31 December 2006.

AUDITOR EXEMPTED FROM CERTAIN PROVISIONS OF AUDITING PROFESSION ACT, ACT 26 OF 2005

The following provision, which deals with an amendment to the Second Small Business Tax Amnesty and Amendment of Taxation Laws Act, 2006 (Act No. 10 of 2006), has been published in the Revenue Laws Second Amendment Bill dated 31 October 2006:

“2A. (1) Where a registered auditor of an entity assists or advises an entity in connection with an application or prospective application for amnesty in terms of the Small Business Tax Amnesty and Amendment of Taxation Laws Act, 2006 (Act No. 9 of 2006), the

registered auditor is exempted from the provisions of section 45 of the Auditing Profession Act, 2005 (Act No. 26 of 2005), in respect of any law administered by the Commissioner for the South African Revenue Service that may come to his or her attention in the course of providing that assistance or advice, whether such an application is in fact made by or on behalf of that entity or not.

(2) The registered auditor must possess written proof of an appointment to assist or advise an entity in

connection with an application or prospective application for amnesty in terms of the Small Business Tax Amnesty and Amendment of Taxation Laws Act, 2006 (Act No. 9 of 2006), to qualify for the exemption provided for in subsection (1).”

Subsection (1) is deemed to have come into operation on 1 August 2006.

Please note that this provision is only released in a Bill at this stage. We will advise once the Bill becomes legislation.

COMPANIES ACT AMENDMENT BILL

The Companies Act Amendment Bill has been passed by Parliament and will be signed into legislation by the President in the near future. The Bill can be accessed at www.info.gov.za/gazette/bills/2004/b10d-04.pdf

REPORTABLE IRREGULARITIES - NOVEMBER 2006

Registered auditors should be well aware of reportable irregularities (RIs) by now, and the IRBA continues to receive reports on an almost daily basis. The summaries below set out:

- the number of reportable irregularity reports that have been received by the IRBA to date (Table 1); and
- a breakdown of the types of RIs which, in the registered auditor’s opinion, are regarded as continuing (Table 2).

For further information on reportable irregularities please refer to the guide *Reportable Irregularities: A Guide for Registered Auditors* on the IRBA website at <http://www.irba.co.za>

Statistics – Reported to date

(Table 1)

Date	MI's	Cumulative 1 st reports	Cumulative 2 nd reports	Continuing RIs
15 Months ended 31 March 2006	82			
31 July 2006		175	154	83
26 September 2006		251	223	140
22 November 2006		373	328	184

Statistics – Nature of RIs

(Table 2)

Type of Reportable irregularity	%
Tax irregularities / Contravention of tax laws	30
Contravention of Companies Act	20
Contravention of Companies Act & tax irregularities	15
Reckless trading	14
Contravention of Microfinance Act	11
Pension Fund Irregularities	3
Contravention of PFMA	2
Other	5

UNIVERSITY OF JOHANNESBURG CONFERENCE

The Faculty of Economic and Financial Sciences of the University of Johannesburg held a three day international conference at Sun City from 16 -18 October 2006.

Panel discussions included:

- Adding Value in the Financial World
- Pricing policies and the changing consumer: Adding value by inference?

- Reportable Irregularities and the Auditing Profession Act: Adding Value by interpretation
- Perspectives on IFRS: Are they adding value?
- Decision making under uncertainty: a financial perspective
- Financial planning: Adding value to the future?



(L-R) Prof Ben Marx (University of Johannesburg); Bernard Agulhas (IRBA); Prof Louis de Koker (University of Johannesburg); Prof Suresh Kana (Pricewaterhouse Coopers)

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LEGAL

QUARTERLY REPORT FROM THE DIRECTOR: LEGAL FOR THE PERIOD 1 APRIL 2006 TO 30 JUNE 2006

With effect from 1 April 2006, the disciplinary functions of the Board have been carried out in terms of the Auditing Profession Act; the procedures in terms of this Act are somewhat different from those under the Public Accountants' and Auditors' Act. However, in terms of the transitional procedures, matters which were already before the Investigation and Disciplinary Committees under the old dispensation continue to be finalised in terms of those processes. All the matters that fall within the ambit of this report were finalised in terms of the old

Act. The only change which took effect immediately was what was previously known as the Investigation Committee and is now the Investigating Committee.

In short, in terms of the new Act, the Investigating Committee will no longer be able to finalise cases. It is empowered to recommend to the Board whether a matter should be prosecuted or not, and if it recommends that a matter be prosecuted, this must be done before a Disciplinary Committee.

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INVESTIGATING COMMITTEE

The Investigating Committee met twice during this period and disposed of 30 cases as follows:

Ten matters were not proceeded with:

- Five were withdrawn by the complainant;
- In five matters the committee was unable to proceed because of an absence of evidence.

Three cases in terms of Disciplinary Rule 3.9.1 (the accused having given a reasonable explanation for the conduct).

Three cases in terms of Disciplinary Rule 3.9.2 (the conduct complained of not constituting unprofessional conduct).

Four cases in terms of Disciplinary Rule 3.9.3 (there being no reasonable prospect of proving the accused guilty).

Ten practitioners were found guilty and punished, by consent, as follows:

- One practitioner was cautioned. The matter related to the possibility of a perception of partiality.
- Nine practitioners were fined. The matters were as follows:
 - Two related to attorney's trust account audit (R75,000 of which R20,000; R10,000 was

suspended on conditions)

- Two were practice review related (R75,000 of which R37,500 was suspended on conditions; R25,000)
- One related to generally unacceptable conduct in public (R10,000)
- One was trainee accountant - related (R50,000)
- Three related to negligence (R10,000; R5,000; R20,000).

DISCIPLINARY COMMITTEE

The Disciplinary Committee met three times during this period, and heard two matters, as well as handing down judgement in a third.

First matter

On 11 April 2006 the committee met to hear a matter which was partly heard, and postponed until 15 June 2006, and then postponed until 27 July for finding and sentence.

The Committee also handed down its finding in the matter which was heard on 14 October 2005. The Chairman of the committee, Mr Gihwala, delivered the finding of the committee; for the sake of good order it is reproduced here in full:

SUMMING UP

The accused in this matter appears before this Disciplinary Committee in terms of Rule 4 of the Disciplinary Rules of the Public Accountants' and Auditors' Board (PAAB) charged with:-

- 6 (six) charges of improper conduct within the meaning of Rule 2.1.14 of the Disciplinary Rules in that he failed to answer or deal appropriately, within a reasonable time, with correspondence or other communications from the Law Society and from the PAAB which required a reply or other response; and
- 1 (one) charge (7th charge) of improper conduct within the meaning of Rule 2.1.5 of the Disciplinary Rules in that he, without reasonable cause or excuse, failed to perform his duties as auditor of the company, being work or duties commonly performed by a practitioner, with such a degree of care and skill as in the opinion of the PAAB may reasonably be expected, or he failed to perform the work or duties, at all; and
- A further charge (8th charge) of

improper conduct within the meaning of Rule 2.1.20 of the Disciplinary Rules in that, without reasonable cause or excuse, he contravened or failed to observe certain provisions of the Code.

In the alternative to all charges, the accused is charged with improper conduct within the meaning of Rule 2.1.21 of the Disciplinary Rules in that he conducted himself in a manner which is improper or discreditable or unprofessional or dishonourable or unworthy on the part of a practitioner or which tended to bring the profession of accounting into disrepute in respect of both.

The accused is legally represented by attorney [M] who provided this tribunal with the requisite authority to do so; the pro forma complainant is Mr [S].

The accused pleaded guilty to the first six main charges and not guilty to the 7th and 8th.

The pro forma complainant duly accepted the plea of guilty by the accused on the first 6 charges but not that in respect of charges 7 and 8.

According to the charge sheet, the facts giving rise to the charges of improper conduct within the meaning of Rule 2.1.5 (i.e. the 7th charge) are:-

- On or about 18 May 2004, the accused signed an auditor's report in respect of [certain] Annual Financial Statements, which report reflected the accused and/or his firm as the auditor of the Company;
- In the auditor's report, the accused

reported that he had audited the Annual Financial Statements and that in his opinion the financial statements fairly presented, in all material respects, the financial position of company at 29 February 2004, and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practice.

[the company] at 29 February 2004, and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practice.

- In fact, and contrary to the practitioner's report referred to above, the accused was not the auditor of the Company, not having been properly appointed as such. He was therefore not authorised to sign the Audit Report.
- In fact, and contrary to the accused's audit opinion forming part of the report referred to above, the Annual Financial Statements did not fairly present the financial position of the Company at the relevant date, but were wrong and/or misleading in the following respects:-
 - The balance sheet, read with note 5 of the Annual Financial Statements referred to the issued ordinary share capital of the Company as being R100 divided into 100 ordinary shares of R1.00 each whereas in fact the issued share capital of the Company was R200 divided into 200 ordinary shares of R1.00 each;

- The balance sheet failed to reflect a substantial creditor in an amount of approximately R1.3 million, being a loan from an associated company, [SACM] (Proprietary) Limited;
- Paragraph 4 of the director’s report referred to the fact that the director, Mr [M], owned all the shares of the Company whereas in fact Mr [M] owned only 30% of the issued share capital of the Company.

Those facts giving rise to the charge within the meaning of Rule 2.1.20 (i.e. the 8th charge) are:

- The Company was registered by the Registrar of Companies and Close Corporations on 27 January 2003;
- The auditors who were appointed in that capacity at the date of registration of the Company were [H], which auditors were not removed from office and held office as such until the date of liquidation of the Company, alternatively, continue to hold office as auditors;
- On or about 5 March 2004, the accused purported to accept office as auditor of the Company by signing a letter of engagement;
- Pursuant to his purported engagement, referred to above, the accused conducted an audit of the Annual Financial Statements and signed the auditor’s report, referred to above, in respect of the Annual Financial Statements;
- By accepting appointment, alternatively purporting to accept appointment, as auditor of the Company, the accused failed to comply with the provisions of paragraph 15.15 to 15.28 of the Code and in particular paragraph 15.22, in that he:-

- failed to explain to the prospective client, the Company, his duty to communicate with the existing auditor; and/or
- failed to ascertain if the prospective client, the Company, had informed the existing auditor of the proposed change and had given permission to discuss the Company’s affairs fully and freely with the practitioner; and/or
- failed to request the permission referred to in paragraph 15.22.3 of the Code; and/or
- failed to communicate with the existing auditor, as required by paragraph 15.22.4 of the Code.

In order to prove the accused’s guilt in respect of the aforesaid charges, the pro forma complainant relied on the testimony of a single witness, a practising accountant and auditor, who took it upon himself to lay the complaint against the accused which complaint gave rise to this hearing.

It is apposite to note that the pro forma complainant, in order to secure a guilty finding against the accused, needs to prove on a balance of probabilities, one or more of the facts upon which the charges are based.

It is common cause that:-

- On or about 18 May 2004, the accused signed the auditor’s report in respect of the Annual Financial Statements which auditor’s report reflected the accused and/or his firm as the auditor of the Company;
- In the auditor’s report, the accused reported that he had audited the Annual Financial Statements and that in his opinion the financial statements fairly presented, in all material respects, the financial position of the company at 29 February 2004 and the results of its operations and cash

flows for the year then ended in accordance with generally accepted accounting practice.

- The Company was registered by the Registrar of Companies and Close Corporations on 27 January 2003;
- The auditors who were appointed in that capacity at the date of registration of the Company were [H].

The gravamen of the charges against the accused in respect of the 7th charge is, contrary to the accused’s audit opinion, the Annual Financial Statements did not fairly present the financial position of the Company at the relevant date but were wrong and/or misleading in the following respects:-

- the share capital of the Company was incorrectly stated;
- a substantial creditor was not reflected;
- the ownership of the shares in the Company was wrongly recorded.

The complainant is an auditor and accountant of at least 20 years standing. It would, therefore, be fair to assume that he is an experienced practitioner with a clear understanding of what is required to prove the accused’s guilt.

He is the one who, of his own volition, made the complaints against the accused. Yet, he arrived at the hearing to testify against the accused without his file with documentation. When asked why he did not bring his file with documents along, his response was that he was not asked to; surely, a reasonable man of his experience who took it upon himself to make the complaint in the first place, needed no reminder to bring his file with documents along. Had he done so, many uncertainties which arose because of the conflicting versions between that of the complainant and the accused and his witness could have been avoided.

In an affidavit jurat on 25 October 2004 the complainant states:-

"3. We have not been asked to resign as auditors to [RRCAS] (Pty) Ltd. We were never approached by [A] requesting whether we had any objection to them accepting the appointment as auditors of the Company.

I would think it is safe to assume that when the complainant speaks of "we" he refers to his partners and members of the staff employed in his firm. If this is indeed so, the complainant's viva voce evidence does not strictly accord with his written complaint to the PAAB.

The complainant testified - *"There had been no correspondence, nor any communication with my office, or with me, personally - maybe with my office, but certainly not with me personally - as to whether we were asked to resign or not."*

Furthermore under cross-examination the complainant conceded that he could not dispute that the accused had sent him a letter, which the accused maintained he had sent, even though such letter was never received by him.

The next main issue concerning the complainant's evidence is his explanation of how the financial statements/balance sheet failed to reflect a substantial creditor in an amount of approximately R1.3 million, being a loan from an associated company, [SACM] (Pty) Limited.

Without going into any detail, suffice it to say that the complainant's evidence on this issue is rejected. He was involved in preparing what he referred to as non-binding heads of agreement of a sale of business which was signed by the parties involved and having a formal agreement of sale prepared by a firm of attorneys. However, the formal agreement was never signed and the complainant is not able to offer any

explanation for that. However he concedes, correctly so, that when the transaction was implemented in which he played no part, the parties could have changed the terms of their agreement which he had previously recorded.

Mr [M], the witness who testified for the defence, was emphatic in his evidence; it was the intention to acquire the business of [SACM]; however, when it became apparent that that business was under police scrutiny for alleged criminal conduct, he walked away and did not go ahead with the transaction. His testimony on this score is crystal clear and unchallenged and that being so, there can be no real reason why [R&R] should even show a liability of R600k to [SACM] in its balance sheet.

According to the complainant's evidence, there are 3 shareholders in [R&R] and there are 3 share certificates to support this. However, [M] maintains he is the sole shareholder of [R&R]. He acknowledges having signed the relevant certificates but did so blind when presented with a bundle of documents for signature by one of the former directors of [SACM] whom he trusted.

It is hard to believe that [M] who appeared to be quite a shrewd businessman, signed the share certificates in the way and under the circumstances that he claims he did. However, if regard is had to the circumstances under which [M] withdrew from the initial sale agreement, coupled with the fact that he contended that he did not understand the difference between a bookkeeper and auditor until he needed to present audited financial statements to Lloyds of London, and the complainant's own acknowledgement that the claims regarding [M]'s shareholding in [R&R] was subject to investigation, [M]'s version becomes a lot more creditable. In addition, why would [M] have as his shareholders, persons who engage in a business similar to his which he intended to buy but walked away from because

of alleged criminal conduct?

Notwithstanding all of the aforesaid, was the accused properly appointed as the auditor of the Company [R&R]? If he was not, all of the other issues are academic.

The Companies Act governs the appointment of auditors. It is clear that [H] were the first auditors of [R&R].

The accused failed to lodge with the Registrar of Companies and Close Corporations, the prescribed form CM31, referred to in Schedule 2 of the Companies Act, 1973 relating to his appointment as auditor of the Company.

There is no evidence whatsoever that the Company followed the requisite procedure to secure the appointment of the accused as its auditor. That being the case, the accused was clearly not properly appointed as required by law. Accordingly, he was not the auditor of the Company and not in a position to sign the auditor's report in respect of the Annual Financial Statements of [R&R].

It is therefore unnecessary to make any finding whether:-

- The share capital was incorrectly stated;
- The balance sheet failed to reflect a substantial creditor; and
- Who the shareholders of [R&R] are. There is a letter from the complainant dated 17 February 2005 addressed to the Director, Legal PAAB wherein he states:-

6. Also be advised that the claims by Mr [M] in regard to his shareholding in [R&R] are subject to investigation by the Scorpions Unit.

7. *The relationship between [SACM (Pty) Limited] in regard to monies owed is also subject to an investigation by the Scorpions Unit."*

As far as the second charge of improper conduct is concerned, the accused is alleged to have contravened or failed to observe certain provisions of the Code.

This enquiry/hearing is a quasi-judicial by nature. The normal rules of evidence apply. Although the pro forma complainant conceded that he had not proved that the accused:-

- failed to explain to the prospective client his duty to communicate with the existing auditor; and
- failed to ascertain if the prospective client, the Company, had informed the existing auditor of the proposed change and had given permission to discuss the Company's affairs fully and freely with the practitioner; and
- failed to request the permission referred to in paragraph 15.22.3 of the Code.

There was evidence that a CM31 form was completed but erroneously lodged with SARS by the client who was requested to file same at CIPRO/DTI. It is appropriate to mention that the CM31 was not properly completed; however that was not made an issue of by the pro forma complainant.

The pro forma complainant sought a guilty finding against the accused on the basis of the accused's failure to communicate with the existing auditor as required by paragraph 15.22.4 of the Code.

There is no evidence of the Code or what it entails before this hearing. Accordingly, even if the evidence established that the accused failed to communicate with the existing auditor, in the absence of evidence what the Code requires of practitioners, more

specifically paragraph 15.22.4 thereof, the pro forma complainant would not have discharged the necessary burden of proof to secure a guilty finding.

Furthermore, it would seem to us that a conviction on charges 7 and 8 would in many ways constitute a case of double jeopardy in that several of the elements to secure a guilty finding on the one charge are required for the other.

FINDING

Accordingly the findings are as follows:-

- Guilty on the first 6 charges of improper conduct within the meaning of Rule 2.1.14 of the Disciplinary Rules.
- Guilty on the 7th charge of improper conduct within the meaning of Rule 2.1.5 insofar as the accused was reflected as the auditor of the Company.
- Not guilty on the 8th charge of improper conduct within the meaning of Rule 2.1.20.

SENTENCE

The accused has been found guilty of seven charges of unprofessional conduct all of which are serious even though the first six are identical in nature. It is probably true to say that the most difficult part of proceedings such as this is to find a suitable sentence that will take into account the nature and severity of the offences, the interests of the PAAB and its members, and also the personal circumstances of the practitioner.

It is so that the accused could have avoided being charged with the first six offences of which he has been convicted.

It is clear that his parlous financial position and almost non-existent infrastructure contributed greatly to him being charged and convicted of these offences.

It is not desirable to group a number of

convictions together for the purpose of sentence. However, the circumstances of this case certainly warrant a deviation from the normal rule. The charges are identical in nature.

Due and proper consideration has been given to the offences and the personal circumstances of the practitioner. This committee is satisfied that a suitable sentence would be a fine even though it is aware that the practitioner finds himself in a difficult financial position.

Accordingly, the sentence is as follows:-

- In respect of the first six convictions, which are taken together for the purpose of sentence, the accused is sentenced to a fine of R10,000 of which R5,000 is suspended for a period of five years on condition the accused is not found guilty of unprofessional and/or improper conduct within the meaning of Rule 2.1.14 of the disciplinary rules of the PAAB within the period of suspension.
- In respect of the conviction of improper conduct within the meaning of Rule 2.1.5 the accused is sentenced to a fine of R5,000 of which R2,500 is suspended for a period of five years on condition the accused is not found guilty of unprofessional and/or improper conduct within the meaning of Rule 2.1.5 of the disciplinary rules of the PAAB within the period of suspension.
- The accused is ordered to make a contribution of R12,500 towards the costs of these proceedings to the PAAB.
- The facts of this matter this committee's findings and sentence shall be published, without reference to the practitioner's name, in IRBA News.

SECOND MATTER

The Committee met on 12 May 2006 to hear a matter which was part heard and which was postponed again until 27 July 2006.

PUBLIC SECTOR

IPSASB UPDATE

The International Public Sector Accounting Standards Board (IPSASB) approved the following documents at its meeting in July 2006:

International Public Sector Accounting Standards

- Disclosure of Financial Information about the General Government Sector.
- Revised standards under the general IFRS improvement project.
- Preface to International Public Sector Accounting Standards.
- IPSAS 1 – Presentation of Financial Statements.
- IPSAS 3 – Accounting Policies, Changes in Accounting Estimates and Errors.
- IPSAS 4 – The Effect of Changes in Foreign Exchange Rates.

Exposure Drafts

- Employee Benefits based on IAS 19 – Employee Benefits.
- Impairment of Cash Generating Assets based on IAS 36 – Impairment of Assets.
- Financial Reporting Under the Cash Basis of Accounting – Disclosure Requirements for Recipients of External Assistance.

REGISTRATION

WHAT DIFFERENCE DOES IT MAKE TO THE BOARD IF YOU ARE ATTEST OR NON-ATTEST?

It appears from responses received to the letter attached to the interim invoices for the period 1 January to 31 March 2007 that there may be some confusion amongst practitioners about how the Board views attest and non-attest practitioners, and what the licence to practise means in this regard.

From the Board's perspective, the difference between attest and non-attest status has the following consequences:

- The annual licence to practise, which will be sent to practitioners shortly, is nothing more than the formalisation on an annual basis of what payment of annual fees has always given practitioners – the right or the entitlement to perform the attest function. Whether practitioners do or do not perform the attest function is a functional decision made by themselves, dictated by their professional and firm requirements.
- There is no differentiation between the fees charged to attest and to non-attest practitioners. The distinction is made by the Board primarily to distinguish those practitioners who are required to undergo practice

review from those practitioners who are exempt from this process.

- Currently, should a practitioner wish to change his/her status from non-attest to attest, he/she simply notifies the Practice Review Department accordingly, and they will send him a pro forma affidavit to complete, which will help them to determine whether the practitioner falls within the three year or six year cycle of review.
- From an Education and Training perspective, the fact that a practitioner is non-attest does not exempt him/her from complying with the prescribed Continuing Professional Development (CPD) requirements.

THE FUTURE SCENARIO

In the future, the distinction between attest and non-attest practitioners will become more relevant, as will the distinction between applicants for registration who have passed the Public Practice Examination (PPE) recently and those that passed the PPE more than three years ago, and those

applicants previously registered with the Board who have been out of practice for more than three years.

The following processes will be followed from 1 April 2008:

- **Practitioners who are currently registered as non-attest and wish to change to attest:**
 - If the practitioner is able to show that he/she has audit relevant CPD, as described in the CPD policy document, he/she may simply notify the Registrar that he/she wishes to change his/her status, and the Registrar will communicate with him/her regarding the completion of the pro forma affidavit described earlier.
 - If the practitioner is able to show only specialist CPD (such as tax), then he/she must complete a proficiency assessment. This assessment will take the form of an audit file which the practitioner will be asked to review.

REGISTRATION

CONTINUED

- **Applicants wishing to register with the Board more than three years after:**

- (a) they were last registered with the Board;
(b) they passed the PPE; or
(c) they completed their training contract

whichever is the later, must:

- If such an applicant has some kind of CPD record of audit relevant CPD (for example, he/she may have been a manager in a large firm and might have been registered with SAICA and have done their CPD), only write the proficiency assessment.
- If such an applicant has no CPD, or alternatively, he/she has no audit relevant CPD, write the PPE.

Although the above procedures will only be implemented from 1 April 2008, the purpose of this article is to alert practitioners to what the future holds in this regard as soon as possible so that practitioners and their trainees are aware of these requirements in good time, and can start preparing for them.

INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE BOARD

From 01 JUNE 2006 to 31 AUGUST 2006

ABAKAH - GYENIN MESHACH MIGHTY
AYUB AMAANULLAH
BASHIER ZAHEEDA
CAWDRY ANDREW GRANT
GCABASHE TSEDISO ZWELETHU
GRIST JEREMY PETER
HENDSON DENISE
HORN ANTONY RICHARD

KHATIEB ABDUL KADIR
LUTHULI MTHOKOZISI RAYMOND
MBILI CYNTHIA NTOMBENINGI
MOLEFE DINEO
O'NEIL CHRISTIAAN HENDRIK
PIENAAR PETER CHARLES
PENNELLS JACQUES
RUSSON JONATHAN

TROLLOPE CHARLES EDGAR
VAN DYK NICOLAAS
WU CHIA CHAO
XHOBASA PHUTHOLOGANG PETER
YSSEL HESTER MAGDALENA
ZONDO DIATILE ELIZABETH LILY

INDIVIDUALS REMOVED FROM THE REGISTER OF THE BOARD

From 01 JUNE 2006 to 31 AUGUST 2006

BARNARD ENOS JOSEPH (Resigned)
BLOMKAMP MICHAEL WALTER CHARLES (Resigned)
BOTHA JOHANNES (Resigned)
BOTHA LOUIS JACQUES (Resigned)
BRANDT HORST HERMANN (Resigned)
BURKE KEVIN JOHN (Deceased)
CANN JAKE EDWARD WILLIAM (Resigned)
D'ABBADIE AUGUSTE PHILIPPE (Resigned)
DE BUSSER ROBERT FRANK (Resigned)
DIXON DOROTHY ANN (Resigned)
DREYER ANDRIES JOHANNES (Resigned)
DUNNE RICHARD MATTHEW WINGFIELD (Resigned)
DU PLESSIS JAN HARM (Resigned)

EVANS ROBERT WILMORE (Resigned)
GLASER ALEC (Deceased)
GOSLETT JANET ANNE (Resigned)
HALL HENDRIK JOHANNES (Resigned)
HOUNSELL SHERYLE (Resigned)
JOHNSON - ROBSON DESMOND SINCLAIR (Resigned)
KEMP BRONWYN GUDRUN (Resigned)
KRAMER ELLIS SIDNEY (Removed)
LAW IAN RICHARD MACLOED (Resigned)
LININGTON MARK WILLIAM (Resigned)
MICHIE ALVIN GIBSON (Resigned)
MNXASANA NOMAVUSO PATIENCE (Resigned)

MUN - GAVIN MICHAEL ANTHONY (Resigned)
OLDHAM MICHAEL CAMPBELL (Resigned)
O'NEILL JOHN EDWARD (Resigned)
PATCHETT GEORGE FRETIGNY (Resigned)
RIDL CHRISTOPHER WALTER (Resigned)
ROGOFF ALY (Deceased)
SUSSMAN TREVOR FELIX (Resigned)
SWAIN WILLIAM JOHN (Resigned)
THOMAS NEVILLE HAROLD (Resigned)
VOSLOO GERHARD (Resigned)
WATKINS BRIAN JOHN (Resigned)
WILKINSON JOHN TATLOCK CUNLIFFE (Resigned)

INDIVIDUALS ADMITTED TO THE REGISTER OF THE BOARD

From 01 JUNE 2006 to 31 AUGUST 2006

ABDOOL SAMAD TASNEEM
AJOOHDA MINNESH
ALBACK AMANDA TOISE
ALLY ZAMEERA
ALT STEPHAN HOWARD
BABOOLAL ROHAN MAHENDRA ADHAR
BOOYSEN IZELLE
BOTHA ERNEST ADRIAAN LODEWYK
BOTHA LINDA COLLEN
BREYTENBACH JACQUES
BROCKBANK HOWARD JOHN
CASSEL KERRY LEE
CHIKWESHE OLIVER
COETZEE MARNUS NICO
COMBRINK WILMA
CREMER GAYLE EVADNE
CRONJE GREGORY
DART LIESL FAY
DENNEHY BRIAN STEPHEN
DE COSTER GINA GILBERTE LUCIE
DU PLESSIS LIEZL
DU PREEZ ALSUE
DZIWA SIMBARASHE KUDZAI
EBRAHIM FAROUK
EBRAHIM FATIMA ABDUL SAMID
ENGELBRECHT DEREK
ENGELBRECHT JACQUES
FLANAGAN DANIEL MARK
FOURIE CHRISTOFFEL JACOBUS
FROHBUS KEVIN ERROL
GANZ NICHOLAS JOHANNES
GROBLER IWAN HERMANUS
HADJEE NAEEM MOHAMMED SALIM
HARTMANN NOREEN ADELE
HILLEN ROGER
ISMAIL RUBY

JACKSON JOELENE DAWN
JOUBERT KNUD EJNAR
KEIRBY - SMITH BRIGITTE FRANCE
KOTZE JAKOBUS FREDERICK MICHAL
KRZYCHYLKIEWICZ MACIEJ ZBIGNIEW
LABUSCHAGNE ADRIAAN JOHANNES
LATCHMINARAIN VASANTH SEEBRETH
LE GRANGE CARMEN LEE-ANN
LIEBENBERG JUSTIN PAUL
LOMBARD TONITA
LOUW JOHANNES HERMANUS COETZEE
MACHABA LIVHUWANI SHIRLEY
MANTHE WAYNE STEWART
MANTYI MANDISI
MAREE ANNA MAGARETHA CHRISTINA
MARULE RICHARD DIBONENG
MC PHEE SEAN DAVID
MENTZ MARIAN
MEYER MICHAEL
MOEPI TIEHO LAWRENCE
MOHAN ASHIKA
MUTSHARANI RATSHIBVUMO RODNEY
NAKA DARMESH NARSIH
NEL ARNO
NJIKIZANA TAPIWA HUDSON
NTSHINGILA MOTLALEPULA MICHAEL
NYEMBE BONGISIPHO
OLIVIER SARAH LIEZEL
OPIE SHIREEN VERONICA
PAINO VINCENZO FRANCESCO
PIENAAR ABEL JACOBUS
PIENAAR CAROLINA MARGARETHA
PIENAAR CHANELLE
PIENAAR SUSANNA ELISABET
POTGIETER JOHAN
PRETORIUS JOSEPH ERASMUS

PRINSLOO FRANS FREDERIK
PRINSLOO PAUL PHILLIP
RANDALL ALAN
REES GARETH MORGAN
RINGWOOD CORINNE LEIGH
ROOPLAL ANOOSHKUMAR
SAAYMAN JESSICA-ANNE
SABATINO LOUIS MICHEAL
SADEK MOHAMED ZAKARIA
SIMMS GARY MARTIN
SOMMERVILLE ROBIN ALEXANDER
STRETTON CATHERINE ELIZABETH
TILAKDARI AVENDTH ROYITHLAL
TILLY CASSIM
TURNER EDWARD ARTHUR
VAN DER MERWE HENDRIK LODEWYK
VAN DER RYST KARIN
VAN DER WALT BERNARD
VAN DER WALT SANDY
VAN BLERK SEBASTIAN SAMUEL
VAN KAMPEN MARINDA
VAN NIEKERK ALBERT
VAN ROOYEN ERNEST PHILLIP
VAN ZYL ANDRE
VENTER ANNELINE
VILJOEN CORNELIA DORDTHEA
VISSER LETITIA
VISSER THERESA
VORSTER SHAUN
VUSO MATSOTSO JOHANNA
WEBB BRIGITTE
WELDON SEAN GUY
WILLIMOTT MARK SHARMAN
WISE ALEXANDER JOHN

GOVERNANCE

Members of the CFAS approved by the IRBA

The IRBA would like to congratulate the following individuals on their appointment as members of the Committee for Auditing Standards (CFAS):

PHILLIP AUSTIN	REGISTERED AUDITOR - DELOITTE	FRANS PRINSLOO	NELSON MANDELA METROPOLITAN UNIVERSITY
MICHAEL BOURNE	REGISTERED AUDITOR - ERNST & YOUNG	FREDA EVANS	JSE LTD.
KEITH BOWMAN	REGISTERED AUDITOR - BDO SPENCER STEWARD	JONAS MAKWAKWA	SOUTH AFRICAN REVENUE SERVICES
SURESH KANA	REGISTERED AUDITOR - PRICEWATERHOUSECOOPERS	MADODA PETROS	SOUTH AFRICAN RESERVE BANK
FRANK TIMMINS	REGISTERED AUDITOR - GRANT THORNTON	ED SOUTHEY	WEBBER WENTZEL BOWENS
SANDY VAN ESCH	REGISTERED AUDITOR - KPMG	DERICK SPAVINS	KPMG
JAN VAN SCHALKWYK	THE OFFICE OF THE AUDITOR-GENERAL	MICHIEL ENGELBRECHT	PRICEWATERHOUSECOOPERS
WILLEMEN DE JAGER	FINANCIAL SERVICES BOARD	HENK HEYMANS	PROBETA ACCOUNTANCY DEVELOPMENT (PTY) LTD

Members of the CFAE approved by the IRBA

The IRBA would like to congratulate the following individuals on their appointment as members of the Committee for Auditor Ethics (CFAE):

FUNEKA NTOMBELA	REGISTERED AUDITOR - PRICEWATERHOUSECOOPERS	JABU KUZWAYO	USER OF FINANCIAL STATEMENTS SOUTH AFRICAN RESERVE BANK
GERARD PARIS	REGISTERED AUDITOR - ALPHA MILLIARD CHARTERED ACCOUNTANTS	NASIEMA VAN GRAAN	USER OF FINANCIAL STATEMENTS OMAM SA (PTY) LTD
ULRICH SCHACKERMAN	REGISTERED AUDITOR - GRANT THORNTON	SHAUN DAVIES	JSE LTD.
VUYO JACK	USER OF FINANCIAL STATEMENTS EMPOWERDEX	JEANETHA BRINK	ADVOCATE
EDWARD KIESWETTER	USER OF FINANCIAL STATEMENTS SOUTH AFRICAN REVENUE SERVICES		

NOTICE TO ALL CALLERS

The IRBA staff deal with a considerable number of calls from both registered auditors and members of the public on a daily basis. For the most part, enquiries can be dealt with to the caller's satisfaction.

However, there are occasions when a caller does not receive the feedback or information that he or she expects, and becomes aggressive or argumentative with the IRBA staff member. In such cases the staff member will politely inform the caller that he or she will hang up the phone if the caller continues to be rude or abusive, and will indeed do so if necessary.

We trust that the need for such action will seldom arise.

NEW OFFICIAL DESIGNATION FOR AUDITORS

At a meeting of the Independent Regulatory Board for Auditors (IRBA) held on 23 August 2006 it was resolved that the official designation to be used by persons registered with the IRBA is 'Registered Auditor', or 'RA' in its abbreviated form.

The Afrikaans equivalent of the term is 'Geregistreerde Ouditeur' or 'GO'. IRBA is in the process of obtaining translations of the term in the other 9 official languages as well.

With immediate effect registrants should use the term 'Registered Auditor', as opposed to the designation 'Registered Accountant and Auditor' or "RAA" that was prescribed in the previous Public Accountants' and Auditors' Act.

An icon for the new RA brand is being finalised and registered, and RAs will be encouraged to use it with pride in future.

In order to minimise the cost implications, we do not expect RAs to implement the change overnight. We suggest that going forward all new material such as stationery be printed bearing the new 'RA' designation.

LETTER FROM SP CLAASEN

Geagte mnr. Hoosain

Baie geluk met die nuwe "IRBA News", opvolger van Maneo.

Die nuwe uitgawe is baie professioneel, met waardevolle inligting. Ek hou ook van die indeks op die voorblad.

Onthou tog asseblief die praktisyne in die kleiner praktyk en publiseer gereeld iets wat vir hom spesifiek van waarde kan wees.

Groete.

S.P. Claassen

Ons beplan om 'n aparte afdeling vir klein praktisyne in die toekoms in te sluit.

Sien in die tussentyd artikel onder "Audit Technical" op bladsy 4 - **Redakteur**.

THE LIGHTER SIDE OF THE IRBA

IRBA GALA DINNER 2 AUGUST 2006

The past 9 months have been a particularly busy and stressful period for all at the IRBA, Board members and staff alike, while we have implemented the transition from the Public Accountants' and Auditors' Board to the new IRBA. We are pleased to report that progress has been good, and that we are on schedule with the implementation plan that was finalised in April of this year.

So when Wednesday 2 August dawned there was good reason to celebrate, and the celebration was done in style with a gala launch dinner at the Gallagher Estate ballroom, in Midrand. The weather outside was very cold, damp and windy, but this did little to dampen

the spirits of the 350 guests on the evening. Attendees included board and committee members, key stakeholders and guests from related organisations, our valued suppliers and service providers, as well as the IRBA staff.

A beautiful black and gold setting was enhanced by thousands of deep red roses. Master of ceremonies for the evening was well-known television and media personality, Tim Modise, who introduced the various speakers and video clips with flair and just the right amount of humour. The highlight of the evening was undoubtedly an address by the Minister of Finance, the Honourable Trevor Manuel. His speech

is reproduced in full on pages 1-4.

Entertainment was provided by The Afro Tenors, who received several standing ovations during their performance. The lovely background music was courtesy of the talented guitar duo, CH2. The entire evening was successfully co-ordinated by the very competent team at Eventworx.

The evening was made possible thanks to a very generous partnership with Absa Private Bank.

Joanne Johnston
Manager: Communications.



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