



irba

INDEPENDENT REGULATORY BOARD FOR AUDITORS

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NEWS



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MESSAGE FROM THE

CEO

It is here.

In April 2011 the President signed the new Corporate Legislation into law and into the history books of South Africa - books consisting of many chapters reflecting thankless efforts, endless hours and limitless research. So, was it worth it?

Before slipping back into the comfortable mode of criticising what is probably the most important legislation in our country, let us not forget the actual goals which government have set for itself through

the legislation. Section 7 of the Act includes, amongst others, the following purposes of the legislation:

'To:

- (b) promote the development of the South African economy by—
 - (i) encouraging entrepreneurship and enterprise efficiency;
 - (ii) creating flexibility and simplicity in the formation and maintenance of companies; and
 - (iii) encouraging transparency and high standards of corporate governance as appropriate, given the significant role of enterprises within the social and economic life of the nation;
- (c) promote innovation and investment in the South African markets.'

These are hefty ideals, befitting a country that was hungry for change and less complicated systems, while simultaneously striving for transparency and good governance, the pillars of a democracy. To achieve the right balance is easier said than done.

The Companies Act and Regulations go a long way to reduce costs and regulation. For example, the

introduction of an independent review for companies which no longer require a full scale audit should result in savings in time and money. Whether this outcome will be achieved remains to be seen, but it is incumbent on all stakeholders to implement processes and strategies to ensure this outcome, and to comply with the spirit of the act. Still, the outcomes must be consistent with the mandate of other statutory bodies such as the IRBA. So, as long as the public interest is protected, it will be easy to align the IRBA's mandate with the goals of the corporate legislation. I believe that this has been achieved.

The public interest is protected where assurance provided on financial information is reliable and trustworthy. This is possible if the individuals providing the assurance are competent to deliver the service, comply with relevant standards and codes of ethics, and are subject to some form of oversight. It is my belief that the legislation provides for this.

Combined with high standards of governance and transparency required of companies, this has to increase confidence in the SA financial markets. And with confidence growing to the required level, investment has to follow.

I believe the thankless efforts, endless hours and limitless research was worth it.

Note from editor: The IRBA has met with the relevant role players at the Department of Trade and Industry and the new Commission. As we clarify the intention behind the relevant sections in the legislation and regulations, we will communicate that to registered auditors.

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EDUCATION, TRAINING AND PROFESSIONAL DEVELOPMENT

THE IRBA CELEBRATES THE TOP ACHIEVERS IN THE 2010 PUBLIC PRACTICE EXAMINATION!

The IRBA hosted the 2nd PPE top ten candidate's luncheon on 5 April 2011 at the Origins Centre, Wits, to honour and celebrate candidates who achieved the top ten positions in the 2010 PPE.

Temba Zakuza, Chairman of the IRBA Education Committee (EDCOM) and outgoing IRBA Board Member welcomed the guests and commended those who have played a pivotal role in shaping the future

of these top achievers. He spoke about the level of responsibility and duty these candidates will have in upholding the profession and ensuring the future growth and development of the country.

Hein Wagner, who was born blind, captured the attention of the audience when he delivered an inspirational keynote address drawing on his own life lessons and success. Most of all, he reminded candidates that they are able to achieve whatever it is that they want in life. Hein continues to achieve his goals using just four of the five senses; which begs the question - how much more can we do with all five senses?

Industry leaders, training officers, professional bodies and other stakeholders came together to congratulate those candidates who excelled in the final test of professional competence for Registered Auditors. Bernard Agulhas, the IRBA's CEO, together with Carmen Krull (2009 PPE top ten candidate) presented the top ten candidates with honours certificates and trophies. The top candidate also received a floating trophy.

The following candidates achieved the top ten places:

1	Alastair Marais
2	Madeleine van Brakel
3	Alexa Joubert Shamir Ramjee
5	Amar Naik Joel Kletz
7	Saaleha Akoojee Caron Bramwell Melanie Cope Hettie Meyer Charné Joubert

The IRBA hosts a Support Programme that is aimed at assisting repeat, transformation candidates, who have failed previous attempts at the PPE. The 2010 IRBA Support Programme received a portion of its funding from FASSET.

Laine Katzin, Director of the IRBA Education, Training and Professional Development, presented

Waleed Hamed Omar with an award for being the top Support Programme candidate in the 2010 PPE. Ms Katzin also encouraged stakeholders to actively participate in the transformation initiatives of the profession.

The event was closed by Dr Suresh Kana, the IRBA's Deputy Chairman, who offered candidates seven guidelines by which to achieve success. The seven guidelines are:

1. Have a strong sense of your future direction
2. Accept your leadership responsibilities with pride and determination
3. Be passionate about your profession
4. Stand up against corruption
5. Make the best of what you have
6. Keep growing
7. Promote civility amongst all people

(A copy of the full speech is available on the IRBA website.)

Abraham Ramano

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Inspirational keynote speaker, Mr Hein Wagner



Top candidate for 2010 Alastair Marais, picture with Temba Zakuza and Carmen Krull (Top 10 2009)

EDUCATION, TRAINING AND PROFESSIONAL DEVELOPMENT

CONTINUED



The pick of the crop - 2010 PPE Top 10 group



Best Support Programme candidate, Waleed Hamed Omar, with Laine Katzin and Temba Zakuza



Madeleine van Brakel, Saleeha Akoojee and Suresh Kana



Successful 2010 PPE candidates from the Free State. They were all congratulated during the recent SAICA Central Region annual dinner in Bloemfontein



*SAICA Central Region PPE candidates
Left to right
Franco Zaayman, Christelle Zaayman,
Bernard Agulhas, Zama Kubheka and Kobus van Coller*

STANDARDS

APPROVAL OF THE IRBA FOR REGISTERED AUDITORS TO PROVIDE ASSURANCE ON B-BBEE

The IRBA continues to engage with the dti in finalising the Notice for the *Code of Good Practice 005* containing the approval of the IRBA for registered auditors to provide B-BBEE Ratings Certificates. The training requirements and process to be followed by auditors who wish to sign off on rating certificates is still being finalised by the dti with the Universities participating and will be communicated as soon as possible to the auditors.

Recognising that valid B-BBEE Ratings Certificates are a matter of public interest, the dti's training requirements

support registered auditors' responsibilities under the IRBA Code of Professional Conduct to have the necessary knowledge, skills and resources regarding any professional services they are required to provide to clients. The IRBA will issue such additional guidance as it considers necessary for auditors once the dti's training requirements are finalised.

Consequently, registered auditors, other than those already accredited by SANAS as Verification Agencies, are not permitted to issue B-BBEE Rating Certificates until the dti has published the *Code of Good*

Practice 005, duly signed by the Minister, and individual registered auditors have met the training requirements of the dti. Thank you to those firms who responded to our recent inquiry regarding interest and potential capacity to provide ratings certificates once approved to do so.

The process for approval by the IRBA of individual auditors to sign off on B-BBEE Ratings Certificates will be communicated as soon as it is finalised. If you have any further questions please contact the Director: Standards at 087 940 8871.

COMMITTEE FOR AUDITING STANDARDS (CFAS)

CURRENT PROJECTS

The following proposed SAAPS and/or Guides were considered by the CFAS in May 2011 for approval to issue on exposure for a period of 30 days for public comment:

- **Proposed SAAEPS XX Assurance Engagements on XBRL Tagging of Information and/or Instance Documents** was approved by the CFAS for issue on exposure for 30 days. At the request of the JSE Limited, a CFAS task group was established to develop a SAAEPS to provide audit and assurance practitioners with assistance by providing information on XBRL; what it is, and how it works; and guidance on assurance services relating to XBRL tagging that a practitioner may be asked to perform. The need for guidance arises through the increased number of listed companies submitting their audited financial statements in an XBRL format to the JSE. The final SAAEPS will be considered by CFAS in August 2011.

CFAS PUBLIC SECTOR STANDING COMMITTEE (PSSC)

- The PSSC met during April 2011 to consider any further changes to the Proposed Guides developed by the AG-SA's ARD staff in consultation with the members of the PSSC. The following Proposed Guides were approved by the CFAS for issue on exposure for a period of 30 days:
 - **Proposed Guide for Private Sector Auditors Auditing in the Public Sector;** and
 - **Proposed Guide for Private Sector Auditors in the Audit of Predetermined Objectives.**

The final Guides will be considered by CFAS in August 2011. The PSSC has played an important role in facilitating the development of useful guidance for private sector auditors engaged in public sector audits. This relationship between the National Auditing Standard Setter and the AG-SA is unique in the world and we believe will contribute to enhancing audit quality and reporting on

public sector financial statements, governance and accountability.

The following SAAPS will be considered by CFAS in August 2011 for approval and issue on exposure for 30 days for public comment:

- **The Proposed SAAPS XX The Auditor's Engagement in respect of Attorneys' Trust Accounts** will be considered by the CFAS for approval to issue as an exposure draft. The Proposed SAAPS will be exposed for a period of 30 days in the second quarter of 2011 and once approved and issued will replace the extant *SAICA Guidance for Auditors: The Audit of Attorney's Trust*

Accounts in terms of the Attorney's Act, No 53 of 1979 and the Applicable Rules of the Provincial Law Societies that will then be withdrawn. The Proposed SAAPS has been developed through a lengthy and thorough process of consultation between the CFAS task group and the Provincial Law Societies, the Attorneys Fidelity Fund, the Joint Attorneys' and Accountants' Committee (JAAC) of SAICA and auditors with considerable experience in such engagements.

- **Proposed SAAPS on the Audit of Medical Schemes:** The CFAS task group comprising auditors with expertise in the audit of medical schemes, representatives of the Medical Council and IRBA staff is working on the proposed Guide that is expected to go to the CFAS meeting in August 2011 for approval for issue on exposure for a period of 30 days. We acknowledge the contributions of the Medical Council and those firms who have contributed various sections of the guide presently being collated. It is hoped that the final approved SAAPS will be issued before the end of the year and will provide guidance for the 2011 year end audits.
- **ISAE 3402 Assurance Reports on Controls at a Service Organisation – A CFAS task group** has been established to consider issues arising from the requirements for a service organisation auditor to provide such reports and to develop guidance on such engagements

and related regulatory reports that may be required for example, by medical schemes and retirement funds. It is likely that such guidance may be incorporated in the relevant Industry Guidance to be produced by those task groups.

CFAS REPORTS STANDING COMMITTEE (RSC)

- The updating of the **Revised SAAPS 3 Illustrative Independent Auditors Reports:** for changes arising from the Clarity ISAs, the Companies Act, 2008 and Regulations, effective from 1 May 2011, and the inclusion of reports on public sector entities and government departments, as required by the Auditor-General South Africa has been delayed. The revision will be completed during the second quarter of 2011. In the interim, an example of the wording changes to the standard ISA 700 auditors' report arising from the Clarity ISAs will be communicated to auditors in June 2011 and made available for download from the IRBA's website.

RSC REGULATORY REPORTS

Financial Services Board (Fsb)

- **Long Term and Short Term Insurance – SAM Project:** The IRBA continues to participate in this project and is appointed to the Steering Committee and the Pillar II and Pillar III working groups of the FSB - Solvency Assessment and Management (SAM) Project. This project is expected to extend over the next

three years. Good progress is being made with this project. The IRBA has submitted comments on various discussion papers at a high-level impacting on future regulatory returns and audit and reporting requirements.

- **Retirement Funds:** Proposed changes to the auditor's reports in the annual return were considered at the SAICA Retirement Funds Project Group meeting in May 2011. The IRBA is considering FSB proposals regarding the Section 13B requirements in order to reach consensus with the reporting requirements for auditors. Comments have been provided on the proposed changes to the Section 15 reports for large funds.
- **Nominees Reporting:** Discussions continue between the RSC Task Group and FAIS Department regarding the format of a draft ISAE 3000 report on Nominees controls and processes that meets the needs of FAIS.

CFAS SUSTAINABILITY STANDING COMMITTEE (SSC)

- The SSC met in February 2011. A task group is assisting the committee with the preparation of comments on Proposed ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*. The comments on the exposure draft were submitted to the IAASB on 10 June 2011. The committee is considering the provision of guidance for auditors on integrated reporting.

ACTIVITIES OF THE INTERNATIONAL AUDIT AND ASSURANCE STANDARDS BOARD (IAASB)

The IRBA assisted by the various relevant CFAS task groups have, or will submit comments on the following discussion papers and exposure drafts.

Project	Status
IAPS status, proposed withdrawal and proposed IAPS 1000 Special <i>Considerations in Auditing Complex Financial Instruments</i>	Comments on exposure draft submitted 11 February 2011

STANDARDS

CONTINUED

ISRS 4410 (Revised) <i>Compilation Engagements</i>	Comments on exposure draft submitted 31 March 2011
ISRE 2400 (Revised), <i>Engagements to Review Historical Financial Statements</i>	Comments on exposure draft submitted 20 May 2011
<i>The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications</i>	Comments on discussion paper submitted 1 June 2011
ISAE 3410 <i>Assurance Engagements on Greenhouse Gas Statements</i>	Comments on exposure draft submitted 10 June 2011
<i>Audit Quality: An IAASB Perspective</i>	Public survey received for submission by 30 June 2011
ISAE 3000 <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>	Comments on exposure draft due 16 September 2011
ISA implementation monitoring project	On-going project next due to report by 30 September 2011

Details of progress on these projects, including comments received can be found at www.ifac.org/IAASB/Projects.php

NATIONAL STANDARD SETTERS MEETINGS WITH THE IAASB

The CFAS Chairman, Director: Standards and the IRBA CEO attended the National Standards Setters (NSS) meetings in Toronto on 28-29 April 2011 also attended by 13 other countries. The main themes of the meeting included: an update on convergence amongst countries adopting and translating the ISAs; developments in audit and assurance reporting and trends in demands for compliance reporting on corporate governance and integrated reporting. The IAASB reported on progress in engaging with a broader spread of stakeholders in the development of auditing standards to enhance audit quality.

The IAASB also provided an update on proposed revised standards including: feedback from comments on ISRE 4410 Compilations, and issues addressed by the Proposed ISRE 2400 (Revised) Task Force. The Audit Quality Task Force reported on its meetings in Toronto earlier in the week and discussed a survey to be circulated shortly for responses by NSS requesting input from a broad range of stakeholders to identify factors perceived as affecting audit quality.

Concerns were expressed regarding the audit of financial statement disclosures that have become far more complex and in certain respects may be unauditible. Issues identified by the IAASB ISA 720 Task Force working on the proposed revision of ISA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Contained Audited Financial Statements* were discussed. Concerns regarding difficulties experienced by group auditors in complying with certain requirements in ISA 610 *Using the Work of Internal Auditors* were also discussed, in particular, those arising in circumstances where access to information and performance of additional procedures requested is restricted, for example, by management of components held as equity investments in group situations.

ETHICS

REVISED CODE AND RULES

Registered Auditors will undoubtedly have updated, or are actively engaged in updating their firm's quality control requirements and audit methodologies to accommodate the requirements in the revised **IRBA Rules Regarding Improper Conduct (the "Rules") and Code of Professional Conduct for registered auditors (the "Code")** effective from 1 January 2011.

We are aware of concerns around *Independence Requirements* in Sections 290 of the Code for an audit or review and Section 291 for other assurance engagements. This includes the more stringent

independence requirements for public interest entities and related partner rotation requirements. The CFAE will be focusing on Sections of the Code that may require further research and guidance in their implementation in South Africa, such as auditor rotation and public interest considerations, and continues to support the Inspections and Legal Departments on technical aspects in the implementation of the Code and initiatives of the International Ethics Standards Board (IESBA).

It is also expected that training of all trainees and audit professionals employed in audit firms have been completed

and risk management manuals and audit methodologies updated for these changes. We encourage auditors to carefully consider the implications for their firms and not merely to adopt a tick-box approach in

compliance with the new Code and revised Rules.

The IESBA has recently issued the exposure draft - IFAC Policy Position Paper #4 *A Public Interest*

NATIONAL STANDARD SETTERS MEETINGS WITH THE IESBA

The CFAE Chairman and Director: Standards attended the National Standards Setters (NSS) meetings in Toronto on 27 April 2011 along with 11 other countries. The main themes of the meeting were consideration of incorporating guidance in circumstances where professional accountants become aware of suspected fraud and illegal acts in entities where they may be employed and which may give rise to unethical conduct.

Concerns raised by the International Organization of Securities Commissions (IOSCO), the association of organisations that regulate the world's securities and futures markets, regarding the inclusion of inadvertent violations in the Code, were discussed and support expressed for removal of "*inadvertent independence violations*" arising in an audit or

Framework for the Accountancy Profession. This ED is of particular interest to South Africa in light of the more stringent independence and rotation requirements for public interest entities in the Code and

review engagement as it is necessary for auditors to consider all aspects of independence from the stage of acceptance of the engagement, through the performance, to final sign off on the audit report. It is expected that amendments to the IFAC Code will result.

Convergence issues were discussed and the participants were very interested in the process followed in the development and revision of the IRBAs existing Code including the adoption of certain sections of the IFAC Code and adaptation for South Africa.

Concerns expressed by SMEs and SMPs regarding the length of the Code and practical challenges in implementation were discussed. The IESBA has proposed establishing a SME / SMP working group to identify issues and propose solutions.

The definition of a professional accountant is being reconsidered

Public Interest Score contained in the Companies Act, 2008, as amended and Regulations effective from 1 May 2011. The implications will be considered at the CFAE meeting in June 2011.

following recognition that the diverse careers followed by professional accountants globally require different competencies and skills. The International Accounting Education Standards Board (IAESB) is considering the implications for IES 8, in particular, for those practitioners who provide audit and assurance reports to the public and who require more specialised expertise. The CFAE Chairman serves as a member of the IAESB and is a member of the Task Force considering these issues. This has particular relevance for South Africa with the recent Regulations to the Companies Act, 2008, extending the right to independent professional accountants, who are members in good standing of professional institutes accredited by the IRBA to perform review engagements and provide opinions on annual financial statements of companies with a public interest score between 100 and 350 points, calculated in accordance with the Regulations to the Companies Act.

REPORTABLE IRREGULARITIES

Registered Auditors (RAs) are requested to note the following important information regarding Reportable Irregularities (RIs)

Both the first and second reports should be e-mailed to rstandards@irba.co.za or faxed to 087 940 8876. The original reports should then be posted to PO Box 8237, Greenstone, 1616 or delivered to the IRBA's offices in Building 2, Greenstone Hill Office Park, Emerald Boulevard, Modderfontein, 1609. The DOCEX number is DX008 Edenvale. We are pleased to announce

that **Ms Precious Hlalaphi** has been appointed as the new **RI Administrator** - her direct line is 087 940 8863.

The IRBA is currently going live with a new electronic system for recording of RIs that will trigger prompt reminders to auditors for submission of second reports, and other communications to auditors and regulators. If auditors or regulators experience any problems with these emails or have any questions, please contact the RI Administrator.

RAs must conclude whether the RI is continuing or not continuing and must please state this in their second reports. It is not acceptable to state that the RA is "*not able to conclude*".

Numerous queries received by the RI and Standards staff on a daily basis are addressed in the *Reportable Irregularities Guide* (the Guide) that may be downloaded from the IRBA website at www.irba.co.za/index.php/auditing-standards-functions-55/92?task=view. RAs are urged to refer to the Guide first before calling the IRBA.

Extensions to the submission of the second report, due within 30 days of the date of the first report, will only be granted in extreme circumstances, with the approval of the Director: Standards and/or the Chief Executive Officer of the IRBA.

Please include the following detail in your reports:

- The registration number of the entity being reported on;
- The individual RA's name (i.e. the report is to be signed in the name of individual RA responsible for the engagement as well as the audit firm);
- The RA's IRBA registration number;

- The individual RA's email address;
- The signed reports to be on the RA's letterhead;
- For the **first report** (section 45(1)): The information and such particulars of the reportable irregularity, as the registered auditor considers appropriate, are to be included; and
- For the **second report** (section 45(3)): Detailed particulars and information supporting the registered auditor's conclusion are to be included.
- Please make it clear if the RI is a Voluntary Disclosure Programme RI.

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LEGAL

QUARTERLY REPORT FROM THE DIRECTOR: LEGAL FOR THE PERIOD 1 JANUARY 2011 TO 31 MARCH 2011

INVESTIGATING COMMITTEE

The Investigating Committee met twice during this period and referred a number of matters to the Disciplinary Advisory Committee with recommendations. Four matters were resolved at the Investigating Committee stage, because complaints were withdrawn usually after assistance from the Committee in resolving the issues. These included two partnership disputes.

In addition six matters were not referred to the Committee mostly because they were mediated by the Directorate and for the most part the complaints were withdrawn. However, in one instance the complainant had died and his successor was not interested in continuing with the complaint.

DISCIPLINARY ADVISORY COMMITTEE

The Disciplinary Advisory Committee met once during this period and disposed of 12 matters, as follows.

Decisions not to charge

- one matter in terms of Disciplinary Rule 3.5.1.1 (the respondent is not guilty of unprofessional conduct; this includes the situation where

the conduct in question might be proved but even if proved does not constitute unprofessional conduct)

- four matters in terms of Disciplinary Rule 3.5.1.2 (the respondent having given a reasonable explanation for the conduct)

- one matter in terms of Disciplinary Rule 3.5.1.4 (there being no reasonable prospect of proving the respondent guilty of the conduct in question).

Decision to charge and matter finalised by consent

Six practitioners were fined.

- two matters were JSE referrals (R100,000 of which R25,000 was suspended on conditions; R20,000 of which R10,000 was suspended on conditions)
- one matter was an FSB referral (R70,000: sentence was postponed until such time as the RA - who had since resigned - is re-admitted to the register)

- two matters related to (unintentional) breach of confidentiality (R40,000 of which R20,000 was suspended on conditions; R30,000 of which R15,000 was suspended on conditions)
- one matter related to non-payment to SARS (since rectified) of an employee's PAYE (R5,000)

DISCIPLINARY COMMITTEE

The Disciplinary Committee met once during this period to hear the case of Mr P. He (pleaded guilty to and) was found guilty of the charge against him. He was present but unrepresented. It should be noted that the 'CAP' referred to is a brother of the Respondent.

The charge, as pleaded to, was as follows:

1. THE CHARGE

- 1.1 deleted
- 1.2 the Respondent is guilty of improper conduct within the meaning of rule 2.1.4 of the old disciplinary rules in that, in the respects set out in paragraph 2 below, he was dishonest in the performance of work or duties devolving upon him in relation to any work of a type commonly performed by a practitioner and/or in relation to any office of trust which he has undertaken or accepted; and
- 1.3 the Respondent is guilty of improper conduct within the meaning of rule 2.1.5 of the old disciplinary rules in that, in the respects set out in paragraph 2 below, he failed to perform any work or duties commonly performed by a practitioner with such a degree of care and skill as in the opinion of the Board may reasonably be expected, or he failed to perform the work or duties at all; and
- 1.4 the Respondent is guilty of improper conduct within

the meaning of rule 2.1.20 of the old disciplinary rules in that, in the respects set out in paragraph 2 below, he contravened or failed to observe paragraphs 4.1 (Integrity) and 4.4 (Professional competence and due care) and 4.6 (Professional behaviour) and 5.1 (Integrity and Objectivity) and 5.2 (Integrity and Objectivity) ...[deleted]... and 8.1 (Professional competence) and 10.3 (Practice matters - Tax practice) and/or 10.5 (Practice matters - Tax practice) and/or 10.15 (Practice matters - Clients' monies) ...[deleted]... ; and

- 1.5 the Respondent is guilty of improper conduct within the meaning of rule 2.1.21 of the old disciplinary rules in that, in the respects set out in paragraph 2 below, he conducted himself in a manner which was improper or discreditable or unprofessional or dishonourable or unworthy on the part of a practitioner or which tended to bring the profession into disrepute.

2. FACTS GIVING RISE TO THE CHARGE

- 2.1 During or about July 1997 [CAP] granted the Respondent a general power of attorney to manage his affairs in South Africa. [CAP] withdrew this power of attorney during or about June 2008. During the period

July 1997 to June 2008 the Respondent acted as [CAP]'s accounting and tax adviser and managed his affairs.

- 2.2 The Respondent is guilty of improper conduct as contemplated in paragraph 1 above in the following respects:

2.2.1 Appropriation of R40,000 belonging to [CAP]:

- 2.2.1.1 During or about April 2001, [CAP] instructed the Respondent to invest an amount of R40,000 (forty thousand rands) on his behalf. The Respondent ostensibly invested this amount on behalf of [CAP] in a money market fund managed by [a firm of accountants].
- 2.2.1.2 The Respondent failed and/or neglected and/or refused to provide [CAP] with any statement of account in respect of the monies apparently invested and/or failed and/or neglected and/or refused to provide [CAP] with any particular details of the investment vehicle and account number pertaining to the investment.

- 2.2.1.3 The aforesaid amount was subsequently appropriated and used by the Respondent without the authority of [CAP].
- 2.2.1.4 On or about 7 March 2007 the Respondent signed an acknowledgment of debt in favour of [CAP] for R78,900 (seventy eight thousand and nine hundred rands), being the capital amount and accumulated interest, in respect of monies appropriated by the Respondent.
- 2.2.1.5 Notwithstanding the acknowledgment of debt, the full amount has not been repaid to [CAP] by the Respondent and the balance thereof continues to be due and payable to [CAP].
- 2.2.2 **Unauthorised withdrawals from [CAP]'s cheque account:**
- 2.2.2.1 During the period that the Respondent acted as [CAP]'s accounting and tax adviser and managed his affairs, the Respondent made unauthorised withdrawals from [CAP]'s .Nedbank cheque account number [A schedule was attached indicating details of the amounts which had been withdrawn by the Respondent from the cheque account without being authorised to do so during the period November 2004 to June 2005 and on 15 March 2008].
- 2.2.2.2 In respect of items 8, 28 and 34 of the ... schedule, the Respondent permitted his wife to access [CAP]'s cheque book and to write out cheques, which amounted to a breach of confidentiality.
- 2.2.3 **Late rendition of [CAP]'s tax return:**
- 2.2.3.1 At all material times relevant hereto, the Respondent acted as [CAP]'s accounting and tax adviser.
- 2.2.3.2 In that capacity the Respondent was engaged, amongst other duties, to attend to the tax affairs of [CAP] and, in particular, timeously to render tax returns to SARS on behalf of [CAP].
- 2.2.3.3 The Respondent refused, alternatively, neglected, alternatively, failed to submit the relevant income tax returns on behalf of [CAP] timeously or at all for the 1999 year of assessment.
- 2.2.3.4 As a result of the Respondent's conduct as aforesaid, SARS imposed a late rendition penalty of R600 (six hundred rands) on [CAP].
- 2.2.4 **Failure to furnish [CAP] with documents:**
- 2.2.4.1 In the course of his engagement as [CAP]'s accounting and tax advisor, the Respondent was placed in possession of documents belonging to [CAP].
- 2.2.4.2 On or about:
- 2.2.4.2.1 9 August 2008, and
- 2.2.4.2.2 23 September 2008 respectively [CAP] requested the Respondent by e-mail to return certain documents belonging to him.
- 2.2.4.3 Notwithstanding the demands referred to in paragraph 2.2.4.2 above, Respondent failed, and/or refused, within a reasonable time, and/or failed entirely to deliver to [CAP], the following documents for the period July 1997 to August 2008:
- 2.2.4.3.1 bank statements belonging to [CAP];
- 2.2.4.3.2 cheque book stubs belonging to [CAP];
- 2.2.4.3.3 credit card statements belonging to [CAP];
- 2.2.4.3.4 Old Mutual insurance statements and correspondence related to [CAP] and his wife; and
- 2.2.4.3.5 The Respondent had no right of retention in respect of the documents listed in paragraph 5.1.4.3 above.
- 2.2.5 [deleted]
- 2.2.6 [deleted]
- 2.3 [deleted]

FINDING AND SANCTION

The finding and sanction of the committee were delivered by the vice chairman, Adv. Alan Dodson:

FINDING

"In the present instance there is a set of facts in respect of which [the Respondent] has admitted guilt, and on that basis he has also admitted guilt in respect of certain charges. The Board with reference to the last sentence of Rule 6.3.9 has indicated that it will not proceed with the charges in respect of which the plea of not guilty remains. In those circumstances the committee finds the Respondent guilty of - with reference to paragraph [1].2 of the charge sheet:

"Improper conduct within the meaning of Rule 2.1.4 of the old disciplinary rules, in that in the respects set out in paragraph [2], but only to the extent admitted by [the Respondent], he was dishonest in the performance of work or duties devolving upon him in relation to any work of a type commonly performed by a practitioner, and in relation to an office of trust which he had undertaken and accepted. With reference to paragraph [1].3 the Respondent is found guilty of improper conduct within the meaning of Rule 2.1.5 of the old disciplinary rules in that in the respects set out in paragraph [2] to the extent which he admitted them, he failed to perform any work or duties commonly performed by a practitioner with such a degree of care and skill as in the opinion of the Board may reasonably be expected, and he failed in certain respects to perform the work or duties at all. And with reference to paragraph [1].4, Respondent is guilty of improper conduct within the meaning of Rule 2.1.20 of the old disciplinary rules in that in the respects set out in paragraph [2], but only to the extent admitted by him, he contravened or failed to observe:
paragraphs [of the Code of Conduct]

- 4.1 - integrity;
- 4.4 - professional competence and due care;
- 4.6 - professional behaviour;
- 8.1 dealing with professional competence.
- 10.3 dealing with practice matters, tax practice and
- 10.15 - practice matters dealings with client's monies."

With reference to paragraph [1].5 of the charge:

"The Respondent is guilty of improper conduct within the meaning of Rule 2.1.21 of the old disciplinary rules in that in the respects set out in paragraph 5 to the extent that he admits them, he conducted himself in a manner which was improper or discreditable or unprofessional or dishonourable or unworthy on the part of a practitioner and which tended to bring the profession of accounting into disrepute."

That then represents the finding of the committee."

SANCTION

"Thank you very much for your patience in waiting for our deliberations. Our deliberations have caused us difficulty and we have had to give anxious and careful consideration to what the appropriate decision should be in the circumstances. The decision has been made more difficult by the fact that [the Respondent] has not been legally represented in the proceedings and one must therefore of necessity give additional consideration to the matter from his perspective, taking that into account.

As has been indicated previously, the committee considers the matter of sanction from the perspective of the practitioner, from the perspective of the particular complaints which are involved and from the perspective of the community which is affected by the offences or the complaints in consideration, and there were two dimensions to that, being obviously the public at large, but also the auditing profession as a profession.

From the perspective of the practitioner, the committee has taken into account the evidence which was given under oath by [the Respondent] in mitigation of sanction. He is 51 years old, he has a family, he has dependants and he has also testified to personal problems which he has faced in his own life, and those in many ways have been opened up and revealed to the committee in the course of the somewhat unusual evidence where the complainants were in fact the two brothers of [the Respondent]. This too has made it a particularly difficult decision to come to.

Adding to the complexity of the matter is that [the Respondent] has a previous conviction before the disciplinary committee, dating from the 30th April 2004. The matter of concern to the committee was the fact that important aspects of the problematic conduct in respect of which [the Respondent] ultimately pleaded guilty, took place in the period immediately following upon what was a lenient sanction and a considerate sanction which was imposed by the committee on that particular occasion.

On the other hand, on the other side of the scale, the committee has taken into account that [the Respondent] has admitted guilt and changed his plea to one of guilty. However, that change came at the end of not only the involved process which preceded the convening of a disciplinary committee, but also at the end of a long day of evidence in these proceedings. Also of particular concern to the committee is a lack of remorse which emerges from the attitude taken up by [the Respondent] notwithstanding the fact that he did ultimately change his plea.

Those are the considerations in respect of the particular practitioner involved and we have taken into account all of the evidence additional to what I have mentioned in that regard.

From the point of view of the offences with which we are concerned, they are on this occasion offences of a particularly serious nature. They involve improper conduct which goes to the very heart of the auditing profession. They involve matters of honesty, they involve matters of trust, they involve matters of the duty to account which is inherent in the very name accountant, and they involve matters pertaining to the retention and provision of documentation and the obvious requirement of openness and accountability amongst the auditing profession.

From the perspective of the community, the committee is faced and the Board is faced with the difficult task of ensuring that the public is able to have faith and trust in the integrity of the auditing profession, and that is a matter which tends to press against the obvious inclination to perhaps want to over-emphasise the personal circumstances that in all of these matters tend to be put forward by practitioners.

We understand that these matters, or the matter of integrity of the profession, is a matter which the IRBA holds dear and would wish to uphold and would wish in proceedings of this nature to be seen to uphold.

The committee is not satisfied in the light of the information which has

emerged during the course of this hearing, that it can continue to allow [the Respondent] to hold himself out as someone in whom the public could repose trust and confidence in the carrying out of the auditing function. The committee has therefore reluctantly come to the conclusion that cancellation of his registration is in the circumstances the only appropriate remedy which is open to it.

In this regard the committee has taken into account the very fair submissions which were made by the pro forma Complainant as to a possible conditional form of cancellation. However, once one considered the nature, range and duration of the conditions which were proposed, they were really illustrative of the problems which are faced in the particular circumstances of this case, and inherent in the conditions which were proposed by way of an alternative was a lack of confidence in being able to hold out the Respondent as a member of the profession in whom the public could repose trust.

In addition there are practical problems associated with the conditions proposed, particularly in relation to their monitoring and enforcement. We have difficulty seeing from a practical perspective how that could be effected.

There is a component of the sanction which we will impose which will take into account the evidence which has been given in mitigation. The committee will give the Respondent an opportunity to deal with the remaining audits and bring them to conclusion, or at least a reasonable time within which to do so. This will allow him to retreat from the profession, from the auditing profession, in an orderly manner and with a measure of dignity intact. We also take into account that it is open to a practitioner to re-apply for registration subsequent to cancellation of registration and it is open to the Respondent to continue to practice in a manner which does not involve the performance of the attest function.

Taking all of these circumstances into account, the committee's decision is as follows:

The Respondent's registration with the Board as an auditor is cancelled and his name is removed from the register referred to in Section 6 of the Auditing Profession Act with effect from the 31st May 2011.

There is no order in relation to costs. Publication is ordered, but without reference to the name of the Respondent.

That is the decision of the committee. Thank you."

LEGISLATION

APPORTIONMENT OF DAMAGES ACT, 1956

Section 58(2) (which amends the above named Act) is a little known or understood section of the APA, but one of great importance. In an attempt to draw attention to it, IRBA set the task of writing a brief article on this section, for all attorneys wishing to be included on IRBA's

current list of approved suppliers. We reproduce hereunder the article submitted by Deney Reitz. All of the other firms took a similar view with the exception of Carl Adendorff of Adendorffs (then of Eversheds). We will publish his dissenting view in the next issue of IRBA News.

The Apportionment of Damages Act, 1965 was enacted in order to give effect to the principles of fairness and equity. The Act recognises that it would be unfair for a defendant who is found to have acted negligently, to be held liable for the full damage if the plaintiff was also negligent. However, whilst it is accepted that the Apportionment of Damages Act applies to negligence under the law of delict it has long been debated as to whether the ambit of the Act could be extended to negligence in the context of a claim for breach of contract.

The case of [Thoroughbred Breeders' Association of South Africa v Price Waterhouse](#) provided the answer to the question and paved the way for the inclusion of s58(2) into the Auditing Profession Act 26 of 2005. This section provides that with effect from the date on which the Auditing Profession Act comes into operation the reference to 'damages' in section 1 of the Apportionment of Damages Act must also be construed as a reference to damage caused by a breach of a term of contract concluded with the registered auditor.

The claim by the Thoroughbred Breeders' Association (TBA) had its origins in the Association's employment of Mr Mitchell as its financial manager. At all material times the TBA knew that he had a criminal record, having been convicted of theft previously. TBA did not inform its auditors of this fact. It was subsequently discovered that Mitchell had, over a period, stolen large sums of money from

TBA. Price Waterhouse (PW) was contractually bound to exercise reasonable care in carrying out its audit, and TBA alleged that had the audit work been performed properly, the thefts would have been uncovered earlier. PW pleaded that the true cause of TBA's loss was its own negligence in employing Mitchell, retaining him after discovering his criminal record, and failing to inform PW of this.

A director of TBA admitted they "*had the fox looking after the hen coop*".

In the court *a quo*, Goldstein J upheld an interpretation of the Apportionment of Damages Act which extended its application to contractual claims. In Goldstein J's view that would lead to a fair and equitable result as both the TBA and PW were at fault and the fault of both had caused the TBA's loss. Goldstein J concluded that an equitable apportionment of liability would be 80% of liability on the part of the TBA, with PW being responsible for the remaining 20%.

However, on appeal Nienaber JA held that the express wording used in the Apportionment of Damages Act did not cover a contractual claim. He found that the Act was designed to address and correct a particular mischief identified in the law of delict. He therefore decided that it was not open to the SCA to apply the Act in a contractual setting. The minority judgment of Olivier JA held that the Act should be applicable in contractual cases. Nienaber JA himself stated that his sympathies and inclinations were

wholly on the side of the views expressed by Olivier JA. He said that he believed that there was a pressing need for legislative intervention in a situation such as this.

Legislative relief arrived in the form of section 58(2) of the Auditing Profession Act. The section specifically states that the word 'damage' as utilised in section 1 of the Apportionment of Damages Act includes damage caused by a breach by the registered auditor of a term of the contract concluded with the registered auditor. The inclusion of this provision provides an invaluable aide to auditors in defending claims for breaches of contract where the negligence of management and/or the directors has also contributed to the loss. The facts in the Thoroughbred Breeders case demonstrate the manifest inequity of a client being able to recover in full from its auditor where its own conduct was the major cause, or a significant contributing cause, of the loss. The fact that the client will have to take cognisance of their own conduct and the extent to which it contributed to the loss should facilitate timeous realistic settlements in liability claims against auditors and reduce the incidence of lengthy and expensive litigation against the profession. The Apportionment of Damages Act remains unchanged today. In the absence of section 58(2) of the Auditing Profession Act, the Appellate Division's interpretation would preclude the operation of an apportionment in cases such as this.

CONSUMER PROTECTION ACT, 2008 ("THE CPA"), AND 'TRADING NAMES'

This Act came into effect on 1 April 2011 and is, as to be expected, causing consternation in the market place, as people, RAs

included, try to work out exactly what they must do in order to comply. We are currently gauging the interest of RAs in focussed training on this

Act, but in the meanwhile we publish a commonly asked question, and the answer we have received from our attorneys Webber Wentzel:

Question (via email):

"Good afternoon

Our telephone conversation refers.

Under the new Consumer Protection Act, all "trading as" names have to be registered. I have just been to CIPRO to enquire about this, and according to the people at the help desk, even a sole proprietor who trades as something, must register a name, and if they wish to trade as a CC, they have to submit a CK7 before 31 March. Thereafter they will be forced to register as a company.

I need to advise our clients, but this also affects our firm as we trade as Jones & Kie. I would greatly appreciate your input and guidance.

*Sincerely
XXX"*

Answer:

".... the short answer is that the Minister must first publish a notice in the *Government Gazette* before any entities are required to register business names.

The Consumer Protection Act, 2008 ("the CPA") is set to come into force on 31 March 2011.

Section 79(1) of the CPA provides that a person (including a trust, partnership or body corporate) must not carry on business, advertise, promote, offer to supply or supply any goods or services, or enter into a transaction or agreement with a consumer under any name except the person's full name as (i) recorded in an identity document or any other recognised identification document, in the case of an individual; or (ii) registered in terms of a public regulation, in the case of a juristic person; or (iii) a business name registered to, and for the use of, that person in terms of section 80 of the CPA (section 80 provides that a person may file a notice with the

Registrar in the prescribed manner and form, and with payment of the prescribed fee, to register any number of business names being used, or to be used, by that person in carrying on the person's business), or any other public regulation. At the moment the regulations to the CPA are still in draft form and the prescribed manner and form for such notice is accordingly not final as yet.

Please note that section 79 of the CPA goes on to provide that such persons must include the following particulars on any trade catalogue, trade circular, business letter, order for goods, sales record or statement of account that the person issues:

1. the name, title or description under which the business is carried on;
2. a statement of the primary place at which, or from which, the business is carried on; and
3. if the activity is carried on under a business name, the name of the person to whom that business name is registered.

Furthermore, if a person carries on business, advertises, promotes, offers to supply or supplies any goods or services, or enters into a transaction or agreement with a consumer under a name that is not that person's full name, or a business name registered to that person, the Commission may, *inter alia*, issue a compliance notice to that person, in terms of section 100 of the CPA, requiring the person within a reasonable time, to (i) apply for registration of the business name in terms of section 80 of the CPA; or (ii) discontinue that conduct under that business name; and, if the application to register that business name is unsuccessful for any reason, to discontinue that conduct under that name within 40 business days after receiving notice of the failure of the application.

Section 5 of Schedule 2 to the CPA, however, provides that these provisions do not take effect until a date determined

by the Minister by notice in the *Gazette*, which date must be at least one year following the general effective date. It goes on to provide that the Minister must publish such notice at least six months before the date on which that notice is to take effect. This section also provides that the Commission may not take any action to enforce section 79(1) at any time against a person for the use of a business name, if that person (i) had registered that business name before the general effective date in terms of any public regulation other than a repealed law; or (ii) was actively conducting business under that business name for a period of at least one year before the date on which section 79 took effect and that any business name that, as of the general effective date, was registered in terms of any repealed law, must be regarded as having been registered in terms of the CPA, as of the effective date.

Please note also that under the Companies Act, 2008 ("the **Companies Act**") close corporations will continue to exist after the Companies Act comes into force and existing close corporations are not required to convert to companies (although they may do so, should they wish). Please see the attached media release in this regard. It should, however, be noted that no new close corporations may be registered and no company may convert to a close corporation after that date. Thus, should an entity wish to be incorporated as a close corporation it must have done so by no later than 31 March 2011.

The Companies Act does amend and repeal a number of provisions of the Close Corporations Act, 1984 so as to bring the law applicable to close corporations into line with the new company law regime.

The effective date for the Companies Act is 1 May 2011.

Please do not hesitate to contact us should you have any further queries. Kind regards
XXX"

EXTRACT FROM JOINT DISCIPLINARY SCHEME (ENGLAND AND WALES, AND SCOTLAND) ANNUAL REPORT FOR THE PERIOD 2008 - 2010

It is comforting to know that we are not alone in our concerns and that they are not unique. What follows is an extract from the JDS's final Annual Report.

"The scheme

The Scheme provides independent investigation of the work and conduct of chartered accountants (both in public practice and elsewhere) where this has given rise to public concern. Cases are referred to the Scheme by the participants, The Institute of Chartered Accountants in England and Wales and The Institute of Chartered Accountants of Scotland. Neither participant takes any part in the cases thereafter.

The Scheme is administered by an Executive Committee. The Chairman and three non-accountant members are appointed by agreement between the participants, and each participant also appoints two of its own members.

Investigations are conducted by the Executive Counsel, a barrister employed by the Scheme. He is assisted, where necessary, by chartered accountants and other experts and lawyers.

Where the Executive Counsel finds work or conduct which, prima facie, has fallen below the standard reasonably to be expected of chartered accountants in good standing, he lays complaints before a Joint Disciplinary Tribunal.

A senior lawyer, who is not connected either with the Scheme of with those under inquiry, chairs each Tribunal. He normally sits with two chartered accountants.

Appointments to Tribunals are made by the Executive Committee, which acts independently of the Executive Counsel.

It is for the Tribunal to decide, on the basis of the evidence presented, whether the executive Counsel's Complaints have been made out; and if so, what penalty should be imposed. The most serious penalty for an individual is exclusion from the profession and a fine; and for a firm, a severe reprimand and a fine.

Introduction

This is the last Report of the Scheme, which ceased active operations on 30 June 2010 on the completion of the last case on its books, the investigation into the Equitable Life Assurance Society. The Scheme has been in "run-off" since the participants decided to refer new cases to the Accountancy and Actuarial Discipline Board.

The Committee decided that a single report was appropriate to cover the Scheme's last active period of operation. The Scheme has been in operation since 1979.

In the Miscellaneous section, the Committee draws attention to a number of matters which have given rise to concern, and which may continue to be of concern in the future.

Delay

The 2006 and 2007 Reports recorded the Committee's concern about the length of time that cases had taken to be completed. Both mentioned particularly the problem caused by other, parallel proceedings, including criminal proceedings.

An essential object of the Scheme is the maintenance of public confidence in the accountancy profession. The public is informed when a case is taken on, when complaints are laid, and when there is an appeal. But the denouement of the process is the publication of the Tribunal Report (or if there is an Appeal the Tribunal Report and the Appeal Report). It cannot be in the public interest for this event to be delayed, sometimes for years. The longer the delay, the more likely it is that the result and the lessons to be learnt are relegated to being yesterday's news.

Where something has gone wrong, member firms invariably conduct private investigations so that lessons can be learnt and questions of staff competence and responsibility addressed. Such investigations are essential where litigation is likely to ensue, and are structured so as to attract the protection of legal professional privilege. The Committee understands that even in a complex case, such investigations rarely take longer than a few months.

Whilst, subject to co-operation from the members and member firms being investigated, the Committee has had control over the time taken for the investigation stage, it has no locus thereafter. It is of the essence of the Scheme that Joint Disciplinary Tribunals and Appeal Tribunals are wholly independent of the Committee, and the Committee has never sought to involve itself in their work.

Tribunals are always sympathetic to the other commitments of Counsel, on the basis that a member or member firm should, where reasonably possible, be entitled to have the

Counsel of his choice. This, together with the intervention of parallel criminal and civil proceedings, has sometimes delayed the start of a hearing by more than 18 months after complaints had been laid.

It is understandable that where a member is a defendant in a criminal case, the criminal case should take priority over any disciplinary proceedings against him. It is more difficult to understand why, where a member who is the subject of disciplinary proceedings is a witness rather than a defendant in criminal proceedings (a common situation in fraud cases) the disciplinary proceedings should be delayed until after the member has given evidence.

Equally, the Committee believes that there is no rule either of law or of practice which requires civil proceedings to take priority over disciplinary proceedings, although it recognises that member firms which are being sued may find it difficult to deal with two hearing simultaneously.

These impediments to the speedy hearing of disciplinary cases are ultimately a matter for the courts. It is to be hoped that when this issue next comes before the courts the public interest in the timely resolution of disciplinary cases will be fully recognised, and some guidance given as to when (and what) involvement in parallel criminal or civil proceedings justifies delaying disciplinary hearings.

The dominance of large firms

Because of the near monopoly which the four large firms have of FTSE 100 and FTSE 250 audits, a situation has arisen where audit experience in some fields is confined to those four firms.

This has the potential for difficulty in finding suitably qualified expert witnesses both for disciplinary bodies like the Scheme and for those involved in civil litigation. Obtaining expert evidence can require finding a witness who has practical experience of auditing in a specialised field where only the four large firms do the audits. If it is not possible to use one of the four large firms, the alternatives may be very limited. For example, it is the experience of the Executive Counsel that retired partners from the four large firms, if not otherwise conflicted out, are unlikely to want to make the time commitment necessary to write an expert report on a big, high profile investigation; and the stress of giving evidence does not make this a sought after retirement activity.

An example of the danger which the litigation systems faces from this dependence on only four firms can be seen in the Equitable Life Assurance Society case, where the three large firms not involved were conflicted out of acting in any disciplinary proceedings against Ernst & Young.

The Committee believes that this is a growing problem and it will be for

the authorities to decide what, if any, action should be taken to address the situation.

Co-operation

The Scheme, which has no statutory powers, depends on members and member firms co-operating with the Executive Counsel in making available documents for inspection and witnesses for interview.

By and large members and member firms have co-operated, and the Committee wishes to put on record its thanks for this.

Inevitably there have been exceptions, and in one case the Chairman had to write to the Managing Partner of a member firm to point out that his firm was not complying with the Scheme's Regulations. The Executive Counsel considered bringing disciplinary proceedings against the Managing Partner because of his firm's non-co-operation. Failure to co-operate has added to the delay in and costs of investigations, all of which have to be borne by other members and member firms.

In most cases solicitors provide the interface between the Scheme and member firms. Whilst the Committee recognises that members and member firms are entitled to arrange matters thus, it also considers that Managing Partners, not the solicitors, are responsible for seeing that their firms co-operate with the Executive Counsel."

ASSISTED HOLDING OUT

We have written about this previously, but it is an offence (often committed unwittingly by a new RA) which we believe is on the increase. This alarms us. In the last month we have received two emailed enquiries regarding circumstances which could give rise to this. Only one is reproduced hereunder, the

other having been forwarded by a 'whistle-blower' whose identity we are keeping confidential. Whilst the content alarms us, the fact that the RAs are checking these issues with their regulator gives us comfort, and they are to be commended.

From: XXX
Sent: 13 April 2011 01:48 PM
To: Board Board
Subject: Use of "in association of" and "practise number"

Hi there,

I would just like to enquire about the following:

I've been approached by a accounting firm, who would like me to review and sign off on their audits, as they do not have their own auditor. Is it acceptable, by IRBA, for them to use the words "in association with" and my practice number on their letterhead?

I will appreciate your feedback on this matter.

Thanks
 xxx

Queries: Jane O'Connor
Director: Legal
Telephone: 087 940 8804
Facsimile: 087 940 8873
E-mail: legal@irba.co.za



REGISTRY

IMPORTANT INFORMATION ABOUT THE 2011 ANNUAL FEES AND ANNUAL RETURN

The 2011 Annual Returns have been mailed to all Registered Auditors. In your envelope you would have received the following:

- your invoice for the 2011 individual annual fees;
- a pro-forma Inspections affidavit;
- a pro-forma CPD declaration;
- a print out from our database for you to update your personal details.

Please note that if you do not pay your annual fees by the due date, your registration will lapse.

If you only pay your annual fees, but do not return your completed documentation by the due date, your registration will be cancelled for failure to submit documentation.

Payment, as well as the completed documentation, must be **received** by the Board by the due date of **30 June 2011**.

We would accordingly respectfully remind our RAs to pay their fees and submit their documentation timeously to avoid their registration being terminated.

If you have any queries, please contact the Manager: Registrations, Caroline Garbutt, on 087 940 8800 or e-mail cgarbutt@irba.co.za.

INDIVIDUALS ADMITTED TO THE REGISTER OF THE BOARD From 1 JANUARY To 31 MARCH 2011

Botha Trudie
Breet Anne-Marie
Cronje Franco Adriaan
Cronje Frederick Jacobus
Gaie Booyesen Felicia Frederieka
Mapheshoane Posholi Emmanuel

Mavundla Msizi Eustace
Mothuloe Branican Jeffrey
Mvulane Precious Makhosazane Khanyisile
Nchoe Lotlamoreng Tsosamatse Arlington
Potgieter Neil
Riekert Johan Wilhelm Christian
Smith Alan David
Thordsen Maria Gorette Martins
Van Staden Alvin Johannes

Wiggins Ferdinand Alexander Wolfaardt Dirk Johannes

INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE BOARD From 1 JANUARY To 31 MARCH 2011

Mahola Nolwazi

REGISTRY

CONTINUED

INDIVIDUALS REMOVED FROM THE REGISTER OF THE BOARD From 1 JANUARY To 31 MARCH 2011

Anver Omar Shamimah Emigrated
Berman Anthony Resigned
Boshoff Petrus Jacobus Resigned
Burger Izak Daniel Petrus Resigned
Carragher Paul John Resigned
Coetzee Johanna Patronella Resigned
Coombs Malcolm Charles Retired

Dell Lorna Resigned
Duncker Frank Michael Resigned
Fenner Raymond David Resigned
Gani Goolam Mahomed Amod Resigned
Ganz Marthinus Erasmus Retired
Immerman Eric Gerald Resigned
Ipp Alan Neil Resigned
Neale Brian Resigned
Nortje Johannes Fanus Resigned
O'Connor David Lawrence Retired
Paris Gerard Leonard Resigned
Ross Keith Alexander Deceased

Russell John Edwards Resigned
Terblanche Frederick Ebert Resigned
Waller Andrew Geard Resigned
Willemse Daniel Resigned
Zeelie Stephanus Johannes Hendrik Deceased

Caroline Garbutt
Manager: Registrations
Telephone: 087 940 8800
Facsimile: 087 940 8873
E-mail: registry@irba.co.za

COMMUNICATIONS

In the interests of improved communication with Registered Auditors and other stakeholders, a list of Communiqués sent by bulk e-mail during the period January to April 2011 is set out below. These communiqués may be downloaded from the IRBA website, under the various "News" tabs.

2011/02/04	SAAPS 2 (Revised)
2011/02/04	Financial Intelligence Centre
2011/02/08	IRBA Manual of Information and Handboek vir Inligting 2011
2011/02/18	Extensive IFRS Refresher for Auditors, Preparers and Users of Financial Statements
2011/02/25	Public Practice Examination results
2011/02/28	Roadshow Reminder
2011/03/01	Recommendation to continue registration with the Financial Intelligence Centre
2011/03/14	Financial Soundness of Financial Service Providers
2011/03/22	IRBA Training & Information sessions: presentation
2011/03/30	Annual fees for 2011 as approved by the Board
2011/03/31	Clarity of Item 2 of Schedule 1 of the FIC Act
2011/04/06	Annual Fees for 2011
2011/04/09	Assistance Required from Registered Auditors to Issue B-BBEE Ratings Certificates
2011/04/12	Registered Auditors Planning To Issue B-BBEE Ratings Certificates
2011/04/13	IAASB Exposes Enhanced Review Engagement Standard
2011/04/15	IAASB Proposes Assurance Standard to Strengthen Reporting on Greenhouse Gases
2011/04/21	Survey - Non-Audit Training

GENERAL NEWS

TRAINING FOR REGISTERED AUDITORS: CONSUMER PROTECTION ACT AND COMPANIES ACT - INDEPENDENT REVIEW IMPLICATIONS

The IRBA will be offering training to all Registered Auditors, in response to the recent survey and potential impact of the new corporate legislation.

Dates We will be presenting training sessions countrywide from 15 to 26 August 2011. Dates to diarise are as follows:

Date	City	Date	City
15 August 2011	Port Elizabeth	22 August 2011	Pretoria
16 August 2011	East London	23 August 2011	Durban
17 August 2011	Cape Town	24 August 2011	Polokwane
18 August 2011	George	25 August 2011	Johannesburg
19 August 2011	Nelspruit	26 August 2011	Bloemfontein

Booking and venue details will follow as soon as they are finalised. For more information refer to the website or the loose leaf insert in this newsletter.

GENERAL NEWS

CONTINUED

BOARD 2011

At its meeting on 28 March 2011, which was attended by the Minister of Finance, Mr Pravin Gordhan, the appointments to the new Board for 2011 were confirmed.

The Board members are as follows:

Advocate Willem van der Linde SC (Chairman)	
Dr Suresh Kana	PricewaterhouseCoopers (Deputy-Chairman)
Ms Nomzamo Radebe	Pareto Limited
Mr Frank Timmins	Grant Thornton
Ms Lindelwa Majova-Songca	University of Fort Hare
Mr Iqbal Khan	Brimstone Investment Corporation Ltd
Prof Amanda Dempsey	University of Johannesburg
Ms Cynthia Mbili	Azuze
Mr Yunus Suleman	KPMG
Mr Lepono Lekale	Matsepes Inc.
Mr Freeman Nomvalo	Ministerial Representative

We at the secretariat of the IRBA are delighted with the appointments, and look forward to achieving great success in the future.



Outgoing Chairman Dines Gihwala with Minister Pravin Gordhan

SAICA CENTRAL REGION

Bernard Agulhas recently attended two functions for SAICA's Central Region - the Annual Dinner on 13 May 2011, in Bloemfontein, and the Northern Cape Annual Dinner in Kimberley on 20 May 2011.

CENTRAL REGION ANNUAL DINNER



Left to right
Reuben Brussow,
Div Lamprecht (SAICA Central Region),
Bernard Agulhas (IRBA)



Left to right
Willi Coates (SAICA), Bernard Agulhas (IRBA),
Danie Truter (Outgoing SAICA NC President), Danie Truter served on the Northern Cape Council from 2001 to 2011 and as president from 2008 to 2011.
Werner Hauptfleisch (Newly elected SAICA NC president),
Reuben Brussow (SAICA Central Region President) and
Donovan van Straaten (SAICA FS President)

CONTACT INFORMATION

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