

NEWS

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THE TIDE IS TURNING

*Demands on the IRBA to fulfil its public protection role and calls for audit firms to account for their actions are growing.
It's time to recapture the public's confidence in the profession.*

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FROM THE CEO'S DESK

This year has got off to a flying start; the pace of January has been unprecedented. With the accompanying changes in government, a change of national sentiment has been inevitable. This has not just been a buoyant hopefulness, but a feeling that for too long we've endured a state of borderline anarchy. Suddenly, it seems that our institutions are taking action.

For much of the period between 2015 and 2017, the IRBA felt like a lone voice on the issue of independence and how that relates to integrity, ethics, audit quality and good governance. However, as revelations of corruption in the broader business and the public sector grew, independence almost became the antonym of "captured".

Independence, as an ideology, crept into many conversations when it came to the independence of board members, audit committees, Parliament, judges, state commission members and the like. Suddenly, as a nation, we've become sensitised to issues of conflict of interest as well as the treacherous and destructive influence of self-interest.

Steinhoff's collapse at the end of 2017 propelled us into 2018, and almost immediately we were called to report to Parliament on what steps the IRBA would take in assessing the role of the auditors. The IRBA has always been at pains to stress that a business failure does not always mean that there was an audit failure. However, it is the audit regulator's responsibility to consider the possibility that a business failure of that size might indicate that the previous audits did not adequately identify and deal with risks.

The public also has some misperceptions about what it is that the IRBA actually investigates. We use every opportunity to educate the market on the role of auditors, the role of the regulator as well as the nature of audit and audit opinions on annual financial statements. Undoubtedly, there is work to be done to differentiate external independent audit from all the other myriad of services offered by audit firms, including advisory, forensic, investigative, fraud and money-laundering detection services. While it might have served the profession up until now to be all things to all companies, this has created an expectation gap as the public believes that the audit product should incorporate all these other expectations.

This has put the IRBA and the profession under a tremendous amount of pressure. The demand on the IRBA to fulfil its public protection role has reached unprecedented levels. The audit firms themselves are being called to account.

This then will be a year in which we will need to change the way we think about audit, and the way in which firms communicate. The IRBA, in its efforts to restore confidence in the profession, will be seeking more transparency and more clarity from the firms.

We have projects underway to develop audit quality indicators to assist decision-makers in assessing audit quality; and transparency reporting, which will help the public, audit committees and investors to understand the operations, structure and processes of audit firms. We will also be reviewing disciplinary processes, as a continuation of the sanctions project, so that the changes can be incorporated into the Auditing Profession Act Amendments.

We will continue to focus on strengthening the independence of auditors and with preparations for the effective date of Mandatory Audit Firm Rotation. We are encouraged by the number of voluntary rotations taking place, as well as firms rethinking their capacity to respond to imminent opportunities that will arise in the audit market. We anticipate that the pace of these will pick up ahead of the 2023 effective date, as it did in the UK when mandatory audit tendering was announced.

At the end of 2017, we were asked by National Treasury to put together a business plan for the roll-out of comprehensive regulation of the accounting industry to ensure increased oversight over those charged with governance and other players in the financial reporting chain. As part of our Four Pillar Strategy, we had previously engaged with the market on the model of regulation via the member institutes, and we will now prepare a more detailed plan for Treasury in this regard.

We have also been hosting a number of transformation workshops with firms to review and discuss the outcomes of a transformation survey that the IRBA had previously conducted. The sessions have been useful in helping the profession and the IRBA understand what the transformation barriers and imperatives are going forward. We have been

FROM THE CEO'S DESK cont.

disappointed, however, in the lack of interest from certain sectors of the audit market, and the lack of appreciation of the importance of transformation on the future of the profession.

On the education front, the IRBA has become involved with the MCom (Auditing) classes of the University of Witwatersrand to share our knowledge and observations, which might assist the students with generating research topics. We have been participating in a series of guest lectures, with the CEO and various IRBA directors offering perspectives on their areas of audit regulation. It has been encouraging to note that the pipeline for auditors continues to demonstrate a strong commitment to restoring the credibility of the profession, and we welcome the initiative of the university to add a practical approach to theoretical perspectives.

Finally, on our Africa pillar, we are pleased to announce that we have had early success with the formation of the African Forum of Independent Accounting and Auditing Regulators (AFIAAR). The AFIAAR charter was signed on 2 March 2018 by 11 founding countries, including South Africa. The goals of AFIAAR are to assist regulators in Africa to align independence and regulation with the requirements of the International Forum of Independent Audit Regulators so that we can increase the participation of African regulators in the global forums. Also, the AFIAAR aims to provide a singular voice from the continent when it comes to standards, governance, reporting and regulation.

Although we are faced with challenges in the year ahead, I feel confident that with the many initiatives underway, we will make headway in educating the market and restoring confidence in the work of auditors. Once again, I urge the profession, professional bodies, the public sector and the academia to coordinate our efforts in restoring auditing and making it the profession of choice.



Bernard Peter Agulhas
Chief Executive Officer

STANDARDS

The following topics are discussed in this issue:

- Auditing of public schools.
- *South African Auditing Practice Statement (SAAPS) 2 (Revised 2018), Financial Reporting Frameworks and the Auditor's Report.*
- *Exposure Draft Proposed Revised Guide for Registered Auditors: Access to Working Papers.*
- Revised illustrative report to be used by reporting accountants when reporting on pro forma financial information as required by the JSE Limited (JSE) Listings Requirements.
- Exposure Draft: *Proposed South African Assurance Engagements Practice Statement (SAAEPS) 1, Sustainability Assurance Engagement Concepts: Evaluating the Rational Purpose, the Appropriateness of the Underlying Subject Matter and the Suitability of Criteria.*
- Revision of the Guide for Registered Auditors: *Auditing in the Public Sector Vol 1.*
- Webpage repository on documents related to the assurance of integrated reports.
- Appointment of Senior Professional Manager: Standards to International Auditing and Assurance Standards Board (IAASB) Emerging Forms of External Reporting Task Force's Project Advisory Panel.
- IAASB projects in progress.
- Final Amendments to the IRBA Code Addressing *Long Association of Personnel with an Audit or Assurance Client.*
- *Circular 1 of 2006: Giving Second Opinions.*
- Restructured Code.

Auditing of public schools

Reminder

The financial reporting and audit of schools is a matter of growing public interest; and, as a result, the Standards Department has met with the Department of Basic Education (DBE). The DBE raised concerns regarding the audit of schools, and in particular the perceived lack of consistency in scope and audit quality between the provinces, the lack of segregation of duties between the auditor and the bookkeeper, and audit reports.

SAICA is also actively involved in this area, and you can refer to its communications in this regard.

We would like to direct auditors to the following circulars on the [DBE website](#):

- Circular M1 of 2017 – Measures to Improve Management of School Finances, Preparation and Auditing of Financial Statements.
- Circular M2 of 2017 – Measures to Strengthen and Improve Personnel Administration of Educators in Order to Improve Findings Raised on Record Management.
- Circular M3 of 2017 – Measures to Strengthen Compliance to Section 42 and 43 of the South African Schools Act.
- Circular M4 of 2017 – Measures to Strengthen Compliance with Section 30(1) of the Public Service Act and Section 43(3) of the South African Schools Act Relating to Disclosure of Interest.
- Circular M5 of 2017 – Clarity on Paragraph 1 of M1 of 2017 Relating to the Utilisation of the New South African Schools Act No. 84 of 1996 (as amended by BELA Act 15 of 2011).

Committee for Auditing Standards (CFAS)

South African Auditing Practice Statement (SAAPS) 2 (Revised 2018), Financial Reporting Frameworks and the Auditor's Report

The CFAS approved the release of *SAAPS 2 (Revised 2018), Financial Reporting Frameworks and the Auditor's Report (this SAAPS 2 (Revised 2018))*, in March 2018 for issue.

This SAAPS 2 (Revised 2018) provides guidance to registered auditors on the application of International Standards on Auditing (ISAs) in determining the acceptability of the financial reporting framework applied in the preparation of a set of financial statements.

Revisions made to this SAAPS 2 (Revised 2018)

This SAAPS 2 (Revised 2018) includes:

- Conforming amendments arising from the withdrawal of the application of Statements of GAAP called the "GAAP Reporting Framework" from 1 April 2018.
- Conforming amendments arising from the introduction of the Modified Cash Standard (MCS) by the Office of the Accountant-General (OAG) at National Treasury in January 2015.
- Conforming amendments, where considered necessary, arising from the revision of the following ISAs:

STANDARDS cont.

- ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*;
- ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*;
- ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*;
- ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*; and
- ISA 800 (Revised), *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*.

The abovementioned ISAs are effective for audits of financial statements for periods ending on or after 15 December 2016.

- An update of the reference from the *International Framework for Assurance Engagements* (the Framework) to ISA 210, *Agreeing the Terms of Audit Engagements*, regarding characteristics of suitable criteria for a financial reporting framework. This is because the Framework has been revised to include assurance engagements other than audits or reviews of historical financial information.

Effective date

This SAAPS 2 (Revised 2018) is effective for audits of financial statements for periods ending on or after 1 April 2018. As with the early adoption of the new and revised ISAs permitted by the IAASB, the early adoption of this SAAPS 2 (Revised 2018) is permitted where the auditor has early adopted the underlying suite of new and revised IAASB standards. This SAAPS may be downloaded from the [IRBA website](#).

Exposure Draft: Proposed Revised Guide for Registered Auditors: Access to Working Papers

The IRBA issued the *Proposed Revised Guide for Registered Auditors: Access to Working Papers* (this proposed Revised Guide) on 30 November 2017, for exposure for public comment. The 90-day exposure period closed on 28 February 2018.

This proposed Revised Guide deals with the circumstances in which registered auditors or firms are requested or required to grant access to working papers that support an auditor's

opinion, conclusion and/or report on financial statements or other financial or non-financial information, where such engagements are governed by auditing pronouncements, as prescribed or issued by the IRBA, and which include the standards of the IAASB.

Guidance is provided in respect of access requested in the following circumstances:

- Access required by law;
- Access required in compliance with the ISAs and the IRBA's Code of Professional Conduct for Registered Auditors (the IRBA Code);
- Access requested by SARS; and
- Access requested by third parties.

The guide is updated for:

- Changes to legislation;
- Relevant revisions of the ISAs, International Standards on Assurance Engagements and the IRBA Code; and
- Other matters:
 - Added paragraphs relating to the confidentiality of client information; and
 - Clarification that the Guide is also applicable to joint engagements (contractual agreement).

The CFAS is in the process of considering comments received. The expectation is that the final Revised Guide will be approved for issue by the CFAS in June 2018.

The exposure draft is available on the [IRBA website](#).

A warning statement has been included on the IRBA website and on the front page of the extant IRBA Guide alerting registered auditors that the extant Guide has not been amended to include current legislation.

STANDARDS cont.

CFAS Regulated Industries and Reports Standing Committee (RIRSC)

Revised illustrative report to be used by reporting accountants when reporting on pro forma financial information as required by the JSE Limited (JSE) Listings Requirements

The IRBA's Chief Executive Officer approved for issue the revised illustrative report to be used by reporting accountants when reporting on pro forma financial information as required by paragraphs 8.16-8.33, 8.45(c), 8.46, 8.47, 8.48(b) and 8.51 of the JSE Listings Requirements – Independent reporting accountant's assurance report on the compilation of pro forma financial information included in a <prospectus/pre-listing statement/circular> (the revised Illustrative Independent Reporting Accountant's Assurance Report).

The revised Independent Reporting Accountant's Assurance Report has been updated for:

- Amendments to ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and consequential amendments to ISAE 3420, effective for assurance reports dated on or after 15 December 2015.

The revised Independent Reporting Accountant's Assurance Report is effective for reports issued on or after 30 March 2018. The report is available on the [IRBA website](#).

CFAS Sustainability Standing Committee (SSC)

Exposure Draft: Proposed South African Assurance Engagements Practice Statement (SAAEPS) 1, Sustainability Assurance Engagement Concepts: Evaluating the Rational Purpose, the Appropriateness of the Underlying Subject Matter and the Suitability of Criteria

The CFAS approved the issuing of the Proposed South African Assurance Engagements Practice Statement (SAAEPS) 1, *Sustainability Assurance Engagement Concepts: Evaluating the Rational Purpose, the Appropriateness of the Underlying Subject Matter and the Suitability of Criteria* (the proposed SAAEPS), in November 2017 for exposure for a period of 120 days. The exposure period closed on 29 March 2018.

The proposed SAAEPS provides practical assistance to practitioners on evaluating certain aspects of the rational purpose of the sustainability assurance engagement, the appropriateness of the underlying subject matter and the suitability of the criteria applied in the preparation of the subject matter information and the documentation thereof when requested to accept a sustainability assurance engagement in accordance with the requirements of ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Section 3 of the Explanatory Memorandum in the proposed SAAEPS contains the significant issues that were deliberated on by the CFAS, and these are as follows:

- Practical assistance on certain aspects of ISAE 3000 (Revised);
- Focus on certain aspects of the preconditions for a sustainability assurance engagement;
- Evaluation of the rational purpose;
- Underlying subject matter, subject matter information and criteria;
- Practical examples, questions to consider and a flowchart contained in the proposed SAAEPS; and
- Documentation.

Depending on comments received, the expectation is that the final SAAEPS may be approved and issued by the CFAS in June 2018, with such approval and issue being noted at the subsequent meeting of the IRBA Board.

It is expected that the proposed SAAEPS will be effective for the *Acceptance and Continuance – Preconditions for the Assurance Engagement* phase of the assurance engagement for periods beginning on or after 15 December 2018.

A copy of the exposure draft is available on the exposure drafts page on the [IRBA website](#).

CFAS Public Sector Standing Committee (PSSC)

Revision of the Guide for Registered Auditors: Auditing in the Public Sector Vol 1

The update of the *Guide for Registered Auditors: Auditing in the Public Sector Vol 1* (the Guide) is continuing. The Guide is being updated for:

STANDARDS cont.

- Changes made to the AGSA's audit methodology;
- Further guidance on how political governance structures in the public sector should be engaged with;
- Expanding/enhancing the sections dealing with legislation, guidance and key stakeholders/role players in the public sector;
- A new section on the role and powers of the Auditor-General;
- Changes to the financial reporting frameworks applicable to the public sector; and
- Changes to the International Standards of Supreme Audit Institutions (ISSAIs).

The current guide is available on the [IRBA website](#).

CFAS Integrated Reporting Standing Committee (IRSC)

Webpage repository on documents related to the assurance of integrated reports

A [webpage](#) repository has been created in order to provide a central source of guidance or other information currently available regarding assurance on integrated reports.

This webpage is in three parts as follows:

- Related IRBA projects.
- Links to related websites.
- Table of publications relating to the assurance of integrated reports.

Registered auditors may find these publications of assistance when providing assurance on integrated reports.

Disclaimer

The linked websites and documents are for information purposes only. The IRBA does not endorse any of the publications, as these have not been subject to the IRBA's due process.

International Audit and Assurance Standards Board (IAASB)

Experts appointed to the IAASB's Project Advisory Panel for the IAASB's Emerging Forms of External Reporting Task Force

The IAASB's Emerging Forms of External Reporting (EER)

Task Force announced the appointment of 23 individuals to the recently established EER Assurance Project Advisory Panel on 13 March 2018.

The Advisory Panel appointees will make a significant contribution to further the IAASB's work on EER assurance. Their involvement will include:

- Advising the EER Task Force on the application of ISAE 3000 (Revised) to EER engagements, and other matters within the scope of the approved [Project Proposal](#); and providing insights into current practice across different jurisdictions and contexts.
- Providing input to the development of the non-authoritative guidance that the IAASB plans to issue.
- Providing occasional research input on matters relating to EER assurance engagements.

The Standards Department's Senior Professional Manager, Ciara Reintjes, was appointed to the Project Advisory Panel. We congratulate her on this achievement.

For a full list of the Project Advisory Panel, refer to the [IAASB website](#).

IAASB projects in progress

- Accounting estimates (ISA 540).
- Quality control at engagement level (ISA 220).
- Quality control at firm level (ISQC 1).
- Engagement Quality Control Review (EQCR) (ISQC 2) – NEW STANDARD – see the [IAASB website](#) for more information.
- Group audits (ISA 600) – the IAASB's Group Audits Task Force has issued an *ISA 600 Project Update – Enhancing Audit Quality Focusing on Group Audits* – see the [IAASB website](#) for more information.
- Professional skepticism.
- Auditor risk assessments (ISA 315 (Revised)).
- Agreed-upon procedures (ISRS 4400).
- Data analytics.
- Integrated reporting (emerging forms of external reporting).

More information on these projects is available on the [IAASB website](#).

ETHICS

Committee for Auditor Ethics (CFAE)

Final Amendments to the IRBA Code Addressing *Long Association of Personnel with an Audit or Assurance Client*

The IRBA Board approved amendments to the IRBA Code of Professional Conduct (IRBA Code) for Registered Auditors addressing *Long Association of Personnel with an Audit or Assurance Client*.

The IRBA adopted the amendments made to the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants (IESBA Code) issued during 2017, following the issue of proposed amendments on exposure in South Africa on 10 February 2016 for public comment (Board Notice 2 of 2016).

The amendments to the IRBA Code relating to Long Association of Personnel with an Audit or Assurance Client resulted in the following main changes:

- Strengthening the general provisions that apply to all audits and assurance engagements with respect to the threats created by long association;
- Increasing the mandatory "cooling-off" period for the engagement partner and Engagement Quality Control Review on the audit of an entity that is a public interest entity (PIE); and
- Prohibiting consultation with respect to the audit client and audit engagement with a former key audit partner (KAP) during the cooling-off period.

The IESBA has issued a *Staff Question and Answer on Long Association of Personnel with an Audit or Assurance Client*. While not an IRBA issued authoritative document, registered auditors may find this guidance helpful.

Paragraphs 290.148-290.168 of the IRBA Code are effective for audits of financial statements for periods beginning on or after 15 December 2018. Paragraphs 291.137-291.141 of the IRBA Code, relating to other assurance engagements, are effective as of 15 December 2018. Early adoption is permitted. Transitional provisions have been provided.

The amendments to the IRBA Code may be downloaded from the [IRBA website](#).

The IRBA Code of Professional Conduct and the South African Companies Act, 2008 (Act 71 of 2008)

Registered auditors are advised to consider Section 92 of the South African Companies Act, 2008 (Act 71 of 2008), when reading paragraph 290.163 of the IRBA Code, which relates to a *Position where a Shorter Cooling-off Period is Established by Law or Regulation*.

Circular 1/2006: Giving Second Opinions

The CFAE approved a project proposal for the incorporation of *Circular 1/2006: Giving Second Opinions* (the Circular) into the IRBA Code.

The Circular was issued in November 2006 by the CFAS and not the CFAE.

The Circular was issued to ensure appropriate communication between the registered auditor (second auditor) when asked to issue a second opinion, the existing auditor and their client to avoid misunderstanding and/or potential conflicts. The scope of the Circular is over all professional services, as defined in the IRBA Code. The Circular includes practical guidance when there is a request for a second opinion on an accounting treatment.

When the IRBA adopted Part A and Part B of the IESBA Code of Ethics for Professional Accountants (IESBA Code), effective from 1 January 2011, it was not considered necessary for the Circular to be revised as the requirements in principle were incorporated into Section 230, Second Opinions, of the IRBA Code. The Circular was retained as it was still in use and offered guidance.

The project will consider if the guidance in the Circular is still relevant and applicable to registered auditors.

International Ethics Standards Board for Accountants (IESBA)

Restructured Code

At its December 2017 meeting, the IESBA completed its Structure of the Code project and approved the text of the Restructured Code. The Code is to be renamed "International Code of Ethics for Professional Accountants (including

ETHICS cont.

International Independence Standards)" and includes:

- Structural and drafting enhancements;
- Revisions to the provisions pertaining to safeguards in the Code; and
- New application material relating to professional scepticism and professional judgement.

Subject to the Public Interest Oversight Board (PIOB) approval, the restructured IESBA Code is expected to be issued in April 2018.

The CFAE has been tracking this project, including commenting on all exposure drafts issued by the IESBA. A CFAE Restructure Task Group is currently working on aligning the local amendments in the extant IRBA Code with the drafting conventions of the IESBA Restructured Code. An exposure draft of these amendments is set to be issued on exposure in May 2018.

For a full list of and further details on projects that the IESBA is currently working on, refer to the [IESBA website](#).

Membership changes

We bid farewell to Ethel Hamman, who has been a member of the CFAE for the past six years. We thank her for her support and commitment to the work of the committee.

We welcome Firdaus Jeeva, Training and Quality Control Partner at Middle and Partners, effective from 1 April 2018, as an auditor representative on CFAE.

IRBA Communications

Please advise Lebogang Manganye (lmanganye@irba.co.za) if you would like to receive IRBA communications, or if you are aware of a non-auditor who would like to receive these.



Imran Vanker

Director: Standards

Telephone: (087) 940-8838

Fax: (086) 575-6535

E-mail: standards@irba.co.za

INVESTIGATIONS

Investigating Committee

The Investigating Committee met twice during this period and referred 36 matters to the Disciplinary Advisory Committee with recommendations.

Disciplinary Advisory Committee

The Disciplinary Advisory Committee met twice during this period and concluded on 12 matters.

Decisions not to charge

Three matters in terms of Disciplinary Rule 3.5.1.1 – the respondent was not guilty of improper conduct.

One matter in terms of Disciplinary Rule 3.5.1.3 – the conduct of which the respondent may be guilty is of negligible nature or consequence.

Decisions to charge and matters finalised by consent order

Six matters were finalised by consent order.

Matter 1

The respondent failed to document an appropriate risk response in terms of the auditing pronouncements relating to a procurement contract, and also failed to report a reportable irregularity. In addition, the respondent omitted to report on compliance with applicable legislation in the audit opinion.

The respondent was sentenced to a fine of R180 000, with payment of the full amount of the fine postponed until such time that the respondent re-registers with the IRBA, no cost order and publication by the IRBA in general terms.

Matter 2

An employee of the respondent indicated their designation as Junior Partner on correspondence, creating an impression that they were a registered auditor. This is a contravention of Section 41(1) of the Auditing Profession Act.

The respondent was sentenced to a fine of R50 000, of which R40 000 has been suspended for three years on condition that

the respondent is not found guilty of unprofessional conduct committed during the period of suspension, no cost order and publication by the IRBA in general terms.

Matter 3

The matter arose from a referral by the Inspections Committee. The respondent failed to document sufficient appropriate audit evidence on related parties, journal entries and property plant and equipment. The audit file contains inadequate audit evidence to support the audit opinion issued.

The respondent was sentenced to a fine of R100 000, of which R50 000 has been suspended for three years on condition that the respondent is not found guilty of unprofessional conduct committed during the period of suspension, no cost order and publication by the IRBA in general terms.

Matter 4

The matter arose from a referral by the Inspections Committee. The respondent failed to document sufficient appropriate audit evidence on trade and other receivables, deferred tax and the reasons for the client not preparing consolidated financial statements as required by the reporting framework. Furthermore, the respondent failed to comply with the requirements of S90 (2) of the Companies Act.

The respondent was sentenced to a fine of R150 000, of which R75 000 has been suspended for three years on condition that the respondent is not found guilty of unprofessional conduct committed during the period of suspension, no cost order and publication by the IRBA in general terms.

Matter 5

The matter arose from a referral by the Inspections Committee. The respondent did not document considerations relating to a possible reportable irregularity and non-compliance with the rules of the Law Society regarding the non-payment by the attorney of the interest received on the trust account.

The respondent was sentenced to a fine of R80 000, of which R40 000 has been suspended for three years on condition that the respondent is not found guilty of unprofessional conduct committed during the period of suspension, no cost

INVESTIGATIONS cont.

order and publication by the IRBA in general terms.

Matter 6

The respondent did not document sufficient appropriate audit evidence to support the audit opinion on an attorney's trust account. In addition, the respondent failed to identify and report on the misappropriation of trust funds by the attorney.

The respondent was sentenced to a fine of R120 000, of which R40 000 has been suspended for three years on condition that the respondent is not found guilty of unprofessional conduct committed during the period of suspension, no cost order and publication by the IRBA in general terms.

Decisions to charge and matters referred for a disciplinary hearing

Two matters were referred to the Legal Department for a disciplinary hearing.



Jillian Bailey

Director: Investigations

Telephone: (087) 940-8800

E-mail: investigations@irba.co.za

INSPECTIONS

The IRBA enters its Seventh Inspections Cycle

On the 1st of April 2018 the IRBA's Seventh Inspections Cycle commences. During this new three-year cycle the IRBA will continue to perform robust inspections in terms of Section 47 of the Auditing Profession Act (APA), 2005 (Act 26 of 2005), as amended. Inspections will continue to be performed on firms, including assurance engagements selected on a risk basis, supplemented by random selection.

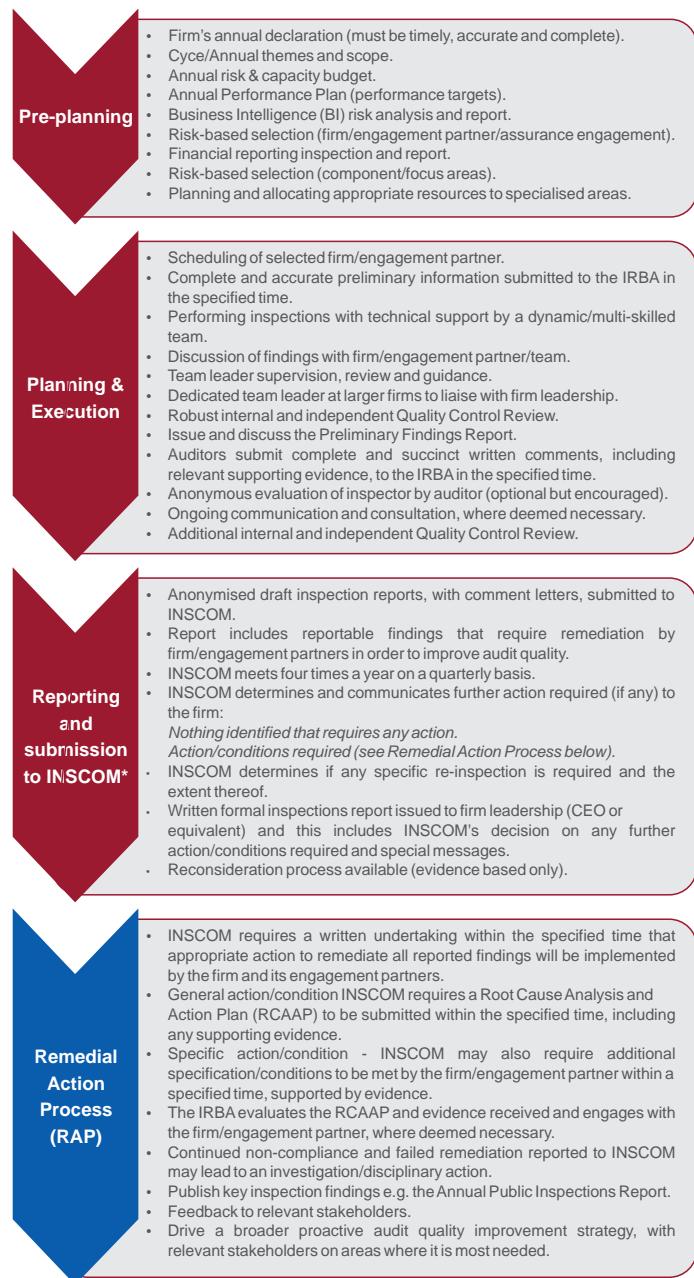
There will be an increased focus on firm leadership, which includes the Chief Executive Officer or equivalent and senior executives responsible to operationalise the quality control system within the firm. Firm leadership assumes ultimate responsibility for the firm's system of quality control, including consistency and quality of engagement performance. The quality of engagement performance will be used as an indicator to evaluate the effectiveness of the firm's quality control system, including evaluating the effectiveness of its remediation process during follow-up inspections. As such, if during an inspection previously reported inspection findings of a similar nature are raised with no or little improvement, such failure by the firm/engagement partner to remediate previously reported findings will be viewed in a serious light.

In the new cycle, there will be a change in how inspection findings are reported to the firm leadership, with a shift from result focused outcomes to remedial action and improvement focused outcomes from the Inspections Committee.

The IRBA will continue to drive its own formal Remedial Action Process with firm leadership and engagement partners with deficiencies in an effort to prompt remedial action and help improve audit quality.

Said Imre Nagy, Director Inspections: "Inspections is a crucial regulatory function that gives effect to the IRBA's mandate and strategy to protect the public interest by influencing auditors and relevant stakeholders pursuing consistent, sustainable high audit quality that adheres to the highest standards, while maintaining good professional relationships. This is achieved by, among others, employing adequate competent staff and deploying available resources, tools and technology effectively to perform high-quality independent inspections."

The following diagram summarises the inspections and remedial action processes of the Seventh Inspections Cycle.



The Seventh Inspections Cycle Strategy and Process can be accessed under the Inspections section on the [IRBA website](#).



Imre Nagy
Director: Inspections
Telephone: (087) 940-8800
Fax: (087) 940-8874
E-mail: inspections@irba.co.za

LEGAL

Disciplinary Committee

In February 2018, the Disciplinary Committee was due to hear the continuance of a matter that had commenced in December 2017. However, the matter had to be postponed to 9 and 10 July 2018 for continuance.

A second matter was heard on 19, 23, 27 and 28 March 2018 and will continue at a later stage. This case concerns the audit of a bank that was placed under curatorship in 2014.

Reportable Irregularities

Reportable Irregularities (RIs) for the quarter October-December 2017

(Note that RIs are reported on quarterly in arrears)

381 second reports were received, of which:

RIs were continuing	284
RIs were not continuing	96
RIs did not exist	1

Of the 284 continuing RIs received, the top six types of RIs most frequently reported, categorised by nature were:

(Note that in many cases a second report received would identify more than one RI)

Unlawful Act or Ommission	Reporting Frequency	Regulator(s) Informed
Non-registration for UIF purposes.	41%	The Department of Labour, South African Revenue Service (SARS) and the Department of Basic Education
Various Companies Act Contraventions, e.g. reckless trading, breach of directors' fiduciary duties, irregular financial assistance to directors, AGM-related irregularities.	24%	The Companies and Intellectual Property Commission (CIPC)
Financial statements not prepared/not approved within the allotted timeframe.	18%	SARS, the Financial Services Board (FSB) and the CIPC
Tax and VAT-related contraventions (e.g. non-submission of tax returns, failure to register for tax, non-payment of PAYE).	9%	SARS
Contraventions of the Pension Funds Act.	2%	FSB
Contraventions of the Estate Agency Affairs Act.	1%	The Estate Agency Affairs Board (EAAB)
Other (e.g. contraventions of the Mineral and Petroleum Resources Development Amendment Act, the Compensation for Occupational Injuries and Diseases Act, the Financial Intelligence Centre Act).	5%	The Department of Mineral Resources, the Compensation Commissioner, the Financial Intelligence Centre.

LEGAL cont.

Holding Outs

In July 2010, a purported contravention of Section 41 of the Auditing Profession Act, 26 of 2005, was reported to the IRBA by an RA. The contravention related to the purported audit of a school.

After a protracted exchange of correspondence, the IRBA reported the contravention to the SAPS in June 2012 for investigation with a view to prosecution.

In February 2018, Caroline Garbutt, Manager: Registrations, was served with a subpoena to attend court in Phuthaditjhaba in the Free State on 20 February 2018 and she duly attended court on the set date.

She discussed the matter at length with the prosecutor, who, in turn, discussed the matter with the defence attorney, who then informed the court that his client intended to plead guilty to charges of fraud and contravening the Auditing Profession Act.

Caroline was excused without being required to testify.

We were informed on 1 March 2018 that the accused had pleaded guilty, and had been sentenced to three years imprisonment, suspended for five years. In addition, the accused was required to refund certain funds to the school in question.

RIs sent to the Directorate for Priority Crime Investigation (DPCI)

The IRBA recently met with representatives from the DPCI. This was to discuss not only RIs in general, but to also ascertain the manner in which our registered auditors (RAs)

can be of greater assistance to the DPCI when reporting continuing RIs to the IRBA that, in turn, need to be onward reported to the Hawks.

In this regard, the investigator we met with at the Commercial Crimes Unit requests that when RAs make mention in their RI reports of the fact that criminal cases have already been opened with the police, the RI reports make mention of the case numbers that are relevant to these particular criminal cases. This will be of great assistance to the DPCI in accurately identifying exactly when and where the particular cases in question were opened, thereby facilitating a more effective response from the DPCI in handling the matters that are onward reported to them.

In addition, the DPCI requests that RAs provide as much detailed information as possible pertaining to the suspected commercial crimes that have allegedly been committed by their audit clients.

Feedback from the latest Financial Intelligence Centre Act Enforcement Forum (FEF) meeting

The IRBA attended the Financial Intelligence Centre's quarterly FEF meeting. A host of FIC-related topics were discussed, and in this regard we would like to bring the following matters to the attention of all RAs who are also registered as Accountable Institutions with the FIC.

Commonly used FIC acronyms

To facilitate navigation through the various publications and directives that the FIC has published to date, the FIC's definitions/descriptions of their most commonly used acronyms is presented in the table below.

Acronym	The FIC's definition/description
AI/RI	Refers to an Accountable Institution listed in Schedule 1 to the FIC Act and a Reporting Institution listed in Schedule 3 to the FIC Act.
CO	Compliance Officer. This is a person who is tasked, for purposes of the registration and reporting process, to ensure that the details of the AIs are correctly submitted and maintained on the FIC website, and regulatory reports are submitted successfully.
MLRO	A Money Laundering Reporting Officer is envisaged to be a person, other than the CO, with the responsibility and authority to submit regulatory reports to the centre on behalf of the AI/RI. Not all AI/RIs will have MLROs. An MLRO will have his/her own login credentials on goAML.
goAML	Refers to the integrated software solution implemented by the centre as its preferred IT platform for registration, reporting, data collection, analysis, case management and secure communications required for the centre's daily operational functions and requirements.

LEGAL cont.

Acronym	The FIC's definition/description
ORG ID	An ORG ID will be assigned to the AI/RI in goAML and will be used by an institution as the unique identifier for that institution. It allows goAML users belonging to that particular institution to have access to information relating to that institution.
TPR	Refers to a Terrorist Property Report submitted to the centre in terms of Section 28A of the FIC Act.
CTR	Cash Threshold Report. This contains unrelated cash transactions whereby each transaction on its own has exceeded the threshold of R24 999.99 and no aggregation is demonstrated.
CTRA	Cash Threshold Report Aggregation. It is a CTR of aggregates of smaller amounts which, when combined, add up the prescribed amount in cases where it appears to the AI/RI concerned that the transactions involving those smaller amounts are linked in such a way that they should be considered fractions of one transaction.
Cash	Cash is defined in Section 1 of the FIC Act as coin and paper money of SA or another country, and travellers' cheques. EFT is not considered cash.
STR	This is a Suspicious and Unusual Transaction Report which must be submitted in terms of Section 29(1) of the FIC Act in respect of the proceeds of unlawful activities or money laundering where the report relates to a transaction or series of transactions between two or more parties.
SAR	This is a Suspicious and Unusual Activity Report which must be submitted in terms of Section 29(1) of the FIC Act in respect of the proceeds of unlawful activities or money laundering where the report relates to an activity that does not involve a transaction between two or more parties.
TFTR	This is a Terrorist Financing Transaction Report which must be submitted in terms of Section 29(1) of the FIC Act in relation to the financing of terrorism and related activities where the report relates to a transaction or series of transactions between two or more parties.
TFAR	This is a Terrorist Financing Activity Report which must be submitted in terms of Section 29(1) of the FIC Act in relation to the financing of terrorism and related activities where the report relates to an activity that does not involve a transaction between two or more parties.
AML	Anti-money laundering.
RMCP	Risk Management Compliance Program.
CTF	Combatting the financing of terrorism.

The Seven Pillars of FIC Act compliance

The FIC provided the attending FEF delegates with a quick reference, easy-to-use table that summarises the seven

pillars of compliance with the FIC Act. The contents of this table are reproduced hereunder and should provide all RAs who are also classified as AIs with useful information towards ensuring continued FIC Act compliance.

Duties placed upon an AI	Applicable FIC Act Sections	Applicable Regulations	Applicable directives (DIRs), guidance notes (GNs) or Public Compliance Communications (PCCs)	Applicable Exemptions
Customer due diligence (Identify and verify clients)	20A, 21, 21A, 21B, 21C, 21D, 21E, 21F, 21G and 21H	3 to 19 and 21	GNs 1, 2, 3, 3A and 7 PCCs 03, 03A, 08, 09, 10, 11, 14, 15, 20, 21, 22, 24, 26, 27, 29, 30, 31, 32 and 33	2 to 16
Record-keeping	22, 22A, 23 and 24	20 and 26	PCC 02	3 to 17
Reporting	28, 28A and 29	22, 22A, 22B, 22C, 23, 23A, 23B, 23C, 24, 24A, 27A, 27B, 27C and 27D	DIR 3, GNs 4, 4A, 5, 5A, 5B and 6 PCCs 04, 16, 28, 36, 37 and 38	N/A

LEGAL cont.

Duties placed upon an AI	Applicable FIC Act Sections	Applicable Regulations	Applicable directives (DIRs), guidance notes (GNs) or Public Compliance Communications (PCCs)	Applicable Exemptions
Risk management and compliance program (Formulating and implementing of internal rules)	42	25 to 27	PCCs 19 and 35	N/A
AML and CTF-related training	43	N/A	PCC 18	N/A
Governance of AML and CFT – the appointment of the CO	42A	N/A	PCC 12	N/A
Registration with the Centre	43B	27A	DIRs 1, 2 and 4 GN 05 PCCs 05, 06, 07, 13, 17, 23, 25 and 34	N/A

Note: The sections in red came into effect on 2 October 2017, while the sections in blue have been withdrawn/amended.

Updating of goAML registration details

Directive 4 issued by the FIC required all AIs to update their entity's registration information on goAML before 22 April 2016. The FIC has subsequently identified a number of goAML users who have not yet updated their goAML registration details as requested. As a result, the FIC has initiated a project whereby sectors such as financial services will be earmarked for follow-up actions in an attempt to get all registered profiles on goAML successfully migrated.

RAs who are also FAIS-licensed financial service providers and who wish to obtain information on the steps to follow in order to update their registration information on goAML are advised to contact the FIC call centre on (012) 641-6000. The FIC has indicated that it will take enforcement action against entities that do not comply with this final attempt to successfully migrate registration profiles.

Feedback on the quality of reports submitted on goAML

The FIC also provided feedback to attending Supervisory Body representatives on some of the recurring challenges they experience in processing reports that are submitted by registered goAML users. The IRBA wishes to communicate with RAs who are also AIs the following recommendations that the FIC has made in terms of the various reports that are submitted via their goAML system:

Section 28 reports on CTRs and CTRAs

The FIC wishes to remind all goAML users submitting CTRs and CTRAs that only cash transactions are to be reported and that no EFTs or inter-bank transfers are reportable as CTRs or CTRAs. Bank statements are to be inspected frequently since any cash deposited directly into a bank account either at a branch or an ATM needs to be considered for reporting as a CTR or a CTRA. AIs then need to define their aggregation period in their RMCP, and this aggregation period needs to be applied consistently.

General recommendations regarding Section 28A reporting

The FIC wishes to remind all AIs that they must conduct ongoing screening of all their clients against the UN1267 sanctions list, a link to which is available on the FIC website. UN1267 screening should take place before accepting funds into an entity's account as well as prior to concluding a transaction with a prospective client. AIs must then also screen existing clients at predefined intervals, details of which should be documented in the AIs RMCP.

Section 29 STR and SAR reports

Reports submitted in terms of Section 29 of the FIC Act on suspicious and unusual transactions and activities should provide answers to the following questions:

- Why is the report/activity being submitted? What exactly

LEGAL cont.

makes the transaction/activity that you are reporting suspicious?

- What were the indicators or “red flags” that caused you to submit the report?
- How exactly did this transaction/activity occur?
- When did this transaction/activity occur? Was it a once-off transaction/activity or a series of events/transactions that led you to be suspicious?
- Who was/is involved? Was it one individual or multiple individuals and/or legal entities?
- Where did this suspicious transaction/activity occur?

The FIC recommends that information pertaining to the above be provided in sufficient detail, that the STR is not summarised and acronyms that are not commonly used be avoided. In addition, the FIC requests that when an account is reported, the balance of the account in question must be provided together with an indication of whether or not the particular account is still active. When reporting an asset, the FIC requests that it be provided with a description of the asset together with information as to exactly who is in control of the asset in question.

The FIC requests that all available supporting documents pertaining to a transaction/activity being reported be attached to all Section 29 STR and SAR reports on goAML.

Practice Management – Legal Practice

By Thomas Harban (De Rebus – Oct 2017, reproduced with the consent of the editor and slightly shortened in some sections)*

Until a claim do us part: Does your partnership agreement address the event of a claim against the firm?

In the article by the Prosecutions Unit of the Attorneys Fidelity Fund, “Liability of directors of an incorporated law practice” (2017 July, DR 18), a number of questions arose regarding the extent to which the risks associated with more than one practitioner practicing in partnership (whether in an incorporated entity or not) are appreciated and addressed by attorneys. Of particular interest for current purposes is the extent that these risks can be addressed by attorneys in either their partnership agreements or other founding documents of a law firm. (In this article, I use the term “partnership” in the

generic sense to refer to a firm where more than one attorney practice together as partners or directors, this will include those attorneys practicing in incorporated practices.)

A partnership of practitioners (as with any other partnership) is based, *inter alia*, on good faith between the participants in that relationship to the achievements of the objects of the partnership. In addressing attorneys in various forums, I have often likened the partnership agreement entered into by practitioners to an antenuptial contract (ANC) entered into by parties about to enter a marital relationship. All the terms of the relationship should be carefully set out so that, in the unfortunate event of a dissolution, the rights and obligations of the respective parties to the “fruits and the spoils of the union” are clearly recorded. I surmise that for so long as the partnership relationship peacefully persists and all the parties thereto are deriving the associated benefits, it would be improbable that any of the participants would feel the need to regularly have regard to the contents of the underlying agreement. (I suppose that, similarly, a married couple would hardly find a need to refer to their ANC contract while their union is a happy one.) However, when the relationship ends, or faces the threat of termination (whether, for example, in the unfortunate event of the demise of one of the partners or the threat of a claim against the partnership), the parties may suddenly then find a need to have careful regard to the contents of the agreement. At that stage it may be too late to seek to address any gaps in the agreement.

The cases referred to in the article by the Prosecution Unit of the Attorneys Fidelity Fund raise a number of questions, which practitioners should consider addressing.

What if, for example –

- A claim against the partnership arises only after the partnership has been dissolved;
- A claim is made against the partnership, but the underlying circumstances of the claim arose when the practitioner concerned was part of a previous entity; or
- One partner facing a claim either joins the other(s) or institutes action against them for a contribution?

A response that “we simply did not consider these questions” may not assist when the partnership is faced with a claim. My suggestion to practitioners is that it would be prudent to address issues relating to professional indemnity (PI) claims

LEGAL cont.

and other forms of potential liability in the partnership agreement. A claim for PI, misappropriation of funds or some other liability may arise after the partnership has been dissolved. In many instances, practitioners moving between firms may take the files they have worked on (or are currently working on) with them. What will happen in the event that there was breach of mandate, while the practitioner was still with the previous firm? Against which firm will the claim lie? In many partnership agreements substantial emphasis is placed on how the financial rewards will be shared between the partners/directors but little (if any) attention is paid to how liabilities will be addressed.

The Attorneys Insurance Indemnity Fund NPC (the AIIF) is often notified of claims against firms, which no longer exist in the form they had existed, when the circumstances giving rise to the claim arose. In some instances, the relationship between the former partners has degenerated to the extent that they are belligerent towards each other.

The applicable legislation

It is trite that the partners in a firm of practitioners are jointly and severally liable for the debts of the firm.

Note: The following section in square brackets [] and in italics is not part of Harban's article, but it has been added for information purposes specifically for RAs.

[In the case of an incorporated practice, the provisions of S 38(3) of the Auditing Profession Act 26 of 2005 will apply. The applicable provisions of S 38(3) provide that:

38. Registration of firms as registered auditors

- (1) The only firms that may become registered auditors are-
 - (a) partnerships of which all the partners are individuals who are themselves registered auditors;
 - (b) sole proprietors where the proprietor is a registered auditor; and
 - (c) companies, which comply with subsection (3).
- (2) On application by a firm which is a partnership fulfilling the conditions in subsection (1)(a) or a sole proprietor, on the prescribed application form, the Regulatory

Board must register the firm as a registered auditor on payment of the prescribed fee.

- (3) The Regulatory Board must register a company as a registered auditor on payment of the prescribed fee if-
 - (a) the company has a share capital and its memorandum of incorporation provides that its directors and past directors shall be liable jointly and severally, together with the company, for its debts and liabilities contracted during their periods of office;
 - (b) only individuals who are registered auditors are shareholders of the company;
 - (c) every shareholder of the company is a director thereof, and every director is a shareholder except that-
 - (i) where a shareholder of the company dies, the estate of the shareholder may continue to hold the relevant shares for a period of six months as from the date of the death or for such longer period as the Regulatory Board may approve; or
 - (ii) where a shareholder of the company ceases to conform to any requirement of paragraph (b), the shareholder may continue to hold the relevant shares for a period of six months as from the date on which the shareholder ceases so to conform or for such longer period as the Regulatory Board may approve, and provided that—
 - (aa) no voting rights attach to any share contemplated in paragraph (c)(i) and (ii); and
 - (bb) a shareholder mentioned in that paragraph does not act as a director of the company or receive, directly or indirectly, any director's fees or remuneration or participate in the income of or profits earned by the company in its business; and
 - (d) the memorandum of incorporation of the company provides that-
 - (i) the company may, without confirmation by a court, purchase on such terms as it may consider expedient any shares held in it and the shares purchased are available for allotment in accordance with the company's memorandum of incorporation; and
 - (ii) despite any provision to the contrary in any other law, a member of the company may not appoint a person who is not a member of the company to attend, speak or vote on behalf of the member at any meeting of the company.

LEGAL cont.

- (4) *In its application to a company, which is a registered auditor, section 8(2) (c) of the Companies Act, 2008 (Act no. 71 of 2008), has effect.]*

Section 8(2)(c) of the 2008 Companies Act provides that a profit company is “a personal liability company if –

- (i) it meets the criteria for a private company; and
- (ii) its Memorandum of Incorporation states that it is a personal liability company.”

*Thomas Harban BA LLB (Wits) is the General Manager of the Attorneys Insurance Indemnity Fund NPC in Centurion.



Jane O'Connor

Director: Legal

Telephone: (087) 940-8804

Fax: (087) 940-8873

E-mail: legal@irba.co.za

Who is a partner/director of the firm?

It is the prerogative of the practitioner(s) in a firm to decide who to appoint as a partner/director and this will be dealt with in terms of the internal arrangements and founding documents of the firm. It is, however, important to note that holding a person out to the public as a partner/director will probably have implications for the PI cover [*which the firm might hold*] ...

Insurance cover

Firms may also consider purchasing appropriate insurance cover in the open market to cover themselves in the event of claims. In addition to purchasing top-up PI cover, firms may also consider purchasing other types of cover such as –

- misappropriation of trust fund insurance;
- fidelity guarantee cover;
- directors and officers liability insurance (for incorporated practices see also ss 77 and 78 of the 2008 Companies Act); and
- what is also commonly referred to as “key-man cover”.

The partnership agreement could also include provisions addressing the payment of the premium for the insurance cover(s) taken out by the firm.

Conclusion

While some may consider the questions raised in this article rather uncomfortable, it may be best to deal with these questions as partners while the relationship between the principals is cordial. Attempting to deal with these questions after the relationship has broken down or where the firm is already faced with a claim may be difficult, if not impossible.

REGISTRY

INDIVIDUALS ADMITTED TO THE REGISTER OF THE IRBA FROM 28 NOVEMBER 2017-29 MARCH 2018

Allison, Joline	Hoosen, Faheem Ahmed	Mudimba, Gibson
Alt, James Victor Rupert	Jacobs, Melissa	Murray, Frans Jacobus
Amankwah, Collins Owusu	Jordaan, Carel Frederik Pieter	Ndlangamandla, Ernest Mduduzi
Barnard, Pieter Schalk	Kriel, Bridgitte Melanie	Rathnasamy, Shagaran
Chetty, Rajen	Labuschagne, Jan Hendrik	Tar-Mahomed, Shaaheen
Combrinck, Jan Frederik	Lapoorta, Susan Judith	Theart, Sanel
De Klerk, Albertus Johannes	Mbunge, Bongiwe Imelda	Van Zyl, Willene
Diyo, Benias	Moosa, Yousuf Yunus	Vanhuvaone, Pagias
Ebrahim, Waseem	Mpyatona, Maria Tsholofelo	Wiese, Jacobus

INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE IRBA FROM 28 NOVEMBER 2017-29 MARCH 2018

Bhagwandin, Vinesh	Dhlamini, Lindani Lorna	Madikizela, Siphelele Welcome
Botha, Deon	Hlonngwa, Musawenkosi Sibusiso	Uys, Johannes Segismundus

INDIVIDUALS REMOVED FROM THE REGISTER OF THE IRBA FROM 28 NOVEMBER 2017-29 MARCH 2018

Bartman, Arie Kok	Resigned	Joubert, Beyers Gideon	Resigned
Bauristhene, Shirley-Ann Mason	Resigned	Kadwa, Yusuf Dawood	Resigned
Bemont, Pierre Henry	Resigned	Kruger, Douw Gerbrandt	Resigned
Benetello, Michele	Resigned	Lombard, Pieter Eduard	Resigned
Berger, Cedric	Resigned	Louca, Annja	Emigrated
Bloch, Selwyn Hymie	Resigned	Lovell, Bronwyn Elizabeth	Emigrated
Brady, Lawren Catherine	Resigned	Mbeki, Sikhuthaze Patricia	Resigned
Cook, Victor John	Resigned	Padayachee, Raven	Resigned
Cronje, Petrus Jacobus	Resigned	Palk, Walter Robert Carrington	Resigned
Dalton, John Frederick	Resigned	Pholo, Makgolane Mary Nkie	Resigned
De Beer, Lynette Cornelia	Resigned	Richter, Arthur	Deceased
De Beer, Stephanus Johannes Martinus	Resigned	Roberts, Steven Mark	Resigned
Di Emidio, Michele	Resigned	Rudnicki, Michael	Resigned
Dube-Nyathi, Thabisile Lindy	Emigrated	Scholte, Peter Paul	Resigned
Ducler Des Rauches, Gareth Phillippe	Resigned	Smit, Jacobus Francois	Deceased
Enslin, Maryke	Resigned	Swanepoel, Roedolf Johannes	Resigned
Flynn, Christopher John	Emigrated	Van Der Walt, Lizaan	Resigned
Glas, Menno	Resigned	Van Der Westhuizen, Gysbert Johannes	Emigrated
Griffiths, Horton	Resigned	Van Dyk, Frans Johannes	Resigned
Haskins, Joseph Daniel	Resigned	Venter, Stephané Yvonne	Resigned
Hoole, Trevor Harcourt	Resigned	Wiid, Line Cornette	Resigned
Jasper, Zuleka	Resigned	Wise, Helen Louise	Emigrated

REGISTRY cont.

INDIVIDUALS WHOSE REGISTRATIONS LAPSED DURING 2017 DUE TO NON-PAYMENT OF ANNUAL RENEWAL FEES

Badat, Abdur Rehmaan	Karreem, Farouk Ayoob	Naude, Paul Edward
Bygate, Edwin George	Khan, Zahira	Nkosi, Zakhele Stanley
Cassel, Kerry Lee	Kubai, Patrick Vusi	Oldman, George Baden Glen
Du Plessis, Petrus Adriaan	Laing, Kerry-Lee	Olivier, Quintin
Du Toit, Anton	Lambrechts, Johannes Sauer	Phora, Daniel
Dudumashe, Luyanda Crosby	Leach, Abraham Hermanus	Radebe, Seth Malefetsane
Fensham, Christian Hendrik	Madondo, Sibusiso	Saestad, Haakon Olaf
Folscher, Daniel Jacobus	Makgoka-Owusu, Tebogo Portia	Shezi, Ntobeko
French, Ilse Petra	Manilal, Manojkumar Mahendra	Sindane, Moses
Goldstein, David Roger	Mather, Yasien	Sithole, Sandile Cyril
Gumede, Hendry Themba	Mbatha, Andile Dawn	Suleman, Fatima Kamrudin
Guyo, Christine Lynda Nobesutu	Mkumbuzi, Tsungai Patrick	Townsend, Samantha Jean
Hoko, Nobuhle Catherine	Moodley, Dhanaseelan	Van Der Schyff, Willem Nicolaas
Holl, Theunis	Moraka, Tebogo Ronald	Van Der Walt, Stephanus Johannes
Jaja, Faith Vimbaianashe	Mothudi, Petersan Mmotsa	Roelof
Kara, Imtiaz Ahmed Ismail	Mould, Faure	Visser, Marco Ernustus

INDIVIDUALS WHOSE REGISTRATIONS WERE CANCELLED DURING 2017 FOR NON-SUBMISSION OF INDIVIDUAL ANNUAL RETURNS

Chown, Peter Gordon	Jack, Vuyo	Nel, Stephanus Hermanus
Coetzee, Willem Jacobus	Jhavary, Shenaz	Nhantsi, Phumeza
Dos Santos, Tosca Nadine	Liebenberg, Anne-Marie	Norkie, Fatima
Escott, Brian Lynton	Mabokela, Lucky Lesiba	Prins, Johannes Jurie
Friday, Mark Richard	Mahlaba, Mosefe Isaya Kgaugelo	Radebe, Ntombenhle Bridget
Fryer, William Henry Charles	McColl, Michael Stewart	Rheeder, Christian Georg
Haar, Bodo	Moodley, Wentzel	
Hall, Geoffrey Robert	Mzimela, Cleopas Zenzele	

COMMUNICATIONS

In the interest of improved communication with registered auditors and other stakeholders, a list of communiqües sent by bulk e-mail during the reporting period for this issue is set out

below. These communiqües may be downloaded from the IRBA website at www.irba.co.za under the News section.

15 March 2018	SARS Payment deadline
13 March 2018	Fees payable to the IRBA with effect from 1 April 2018
12 March 2018	IFIAR issues Report on the 2017 Global Inspections Findings Survey
9 March 2018	South African Auditing Practice Statement (SAAPS) 2 (Revised 2018), Financial Reporting Frameworks and the Auditor's Report
9 March 2018	Revised Illustrative Assurance Report prepared to meet the Johannesburg Stock Exchange Limited (JSE) Listing Requirements: Independent Reporting Accountant's Assurance Report on the Compilation of Pro Forma Financial Information included in a Prospectus, Pre-listing Statement or Circular
02 February 2018	Reappointment of Bernard Agulhas as Chief Executive of IRBA
30 January 2018	Final Amendments to the IRBA Code Addressing Long Association of Personnel with an Audit or Assurance Client
12 January 2018	REMINDER: Standards-related communiqües issued in 2017 with submissions due in 2018
10 January 2018	IESBA Seeks Your View on the Level of Fees Charged by Audit Firms

GENERAL NEWS

New body heralds new focus on independent accounting and auditing regulation in Africa

Independent audit regulators and those professional accounting bodies that are responsible for oversight and audit standard setting from Botswana, Ethiopia, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Tanzania, South Africa and Zambia joined the Public Accountants and Auditors Board (PAAB) of Zimbabwe for the inaugural meeting of the African Forum of Independent Accounting and Auditing Regulators (AFIAAR) at the Victoria Falls Hotel on the 1st and 2nd of March 2018.

The forum has been established to formalise collaboration efforts and the strengthening of independent auditing and, where relevant, accounting regulation across the continent. This will be done by formalising a common base and creating one voice to advance audit regulatory activities as they relate to building capacity and increasing audit quality, in addition to influencing and adopting international standards.

The event was co-hosted by the PAAB Zimbabwe and the IRBA, while IRBA CEO, Bernard Agulhas, also represented the International Forum of Independent Audit Regulators (IFIAR) in his capacity as an IFIAR Board member.

The IFIAR is a global body of 52 independent audit regulators, of which four countries in Africa (Botswana, Egypt, Mauritius and South Africa) have attained levels of independent regulation and oversight of auditors, making them eligible for membership. This initiative is endorsed by the IFIAR as a means to strengthen audit regulation in Africa and develop regulatory and legislative provisions in African countries to a level where they can attain international membership to the global forum.

Said Admire Ndurunduru, CEO of the PAAB (Zimbabwe): “Throughout the world, independent audit regulation plays a critical role in building confidence in capital markets and providing confidence to investors in the quality of financial reporting. In the context of the development of our continent,



At least 11 African countries have unanimously adopted a charter that formalises the establishment of the new body

GENERAL NEWS cont.

this is a momentous initiative for Africa as it will be one of the keys to increasing investment in our economies, public protection and contributing to the development of the continent."

The members concluded the event with a unanimous adoption

and signing of The Charter to formalise the establishment of AFIAAR with 11 founding members. Zimbabwe was elected as chair, represented by Admire Ndurunduru of the PAAB; South Africa as vice-chair, represented by IRBA CEO; and Ethiopia was elected as Third Officer, represented by Gashe Desta Yemane.



GENERAL NEWS cont.

IRBA awarded a certificate for participating in auditing lectures

The CEO and management of the IRBA participated as guest lecturers in a series of MCOM Auditing lectures at Wits University. The objective of the sessions was for the IRBA team to share knowledge and observations with the students, hoping that would also assist them with generating research topics. Some of the discussion topics covered by the IRBA team included:

- The development of a risk-based auditing model;
- Audit quality indicators;
- The need for mandatory audit firm rotation;
- Regulation of the auditing profession – The inevitability of external regulation; and
- Challenges facing the auditing profession.

The Wits School of Accountancy Head, Professor Nirupa Padia, thanked the IRBA team for their participation and awarded them with a certificate of participation.

AWCA convenes roundtable to discuss the state of the accountancy profession

The African Women Chartered Accountants (AWCA) hosted a roundtable discussion on 20 March at the Investec Auditorium in Sandton under the theme “The state of the Profession”. The panel members included Bernard Agulhas; Fanisa Lamola, acting CEO of SAICA; Bonang Mohale, CEO of Business Leadership South Africa; Nonkululeko Gobodo, CEO of Nkululeko Leadership Consulting; and Annabel Bishop, Chief Economist Investec Bank Limited of South Africa.

Significantly, the IRBA and the AWCA have agreed to work together on initiatives that will advance the diversity of African women in the profession and enhance the work experience of female CTA students. Bernard was very excited and encouraged to see the positive energy exhibited by the AWCA committee in advancing gender transformation. The CEO also had the opportunity to speak to a number of trainees who were keen to hear more about the IRBA and its work and who shared some of the concerns of young people in the CA profession about the reputational damage caused by some of the recent events.



The roundtable looked at initiatives that could help enhance the work experience of female CTA students