

# IRBA NEWS

ISSUE 63 JULY - SEPTEMBER 2023

## ***PURPOSEFUL, CLEAR INTENTIONS***

Are the basis on which the profession's social contract should be advanced and strengthened

2

*Clean audit despite resource constraints*

15

*Alerts for stakeholders on the Beneficial Ownership Regime and other matters*

24

*In celebration of excellence and honouring top performing audit students*

**iRBA**

INTEGRITY | PUBLIC INTEREST | AUDIT QUALITY

# CONTENTS

CEO's Perspective 01

Standards 03

Ethics 10

Legal 11

Registry 17

Investigations 20

Education and Transformation 25

Communications 31

General News 32

---

**Physical address:** Building 2, Greenstone Hill Office Park, Emerald Boulevard, Modderfontein

---

**GPS Co-ordinates:** 26° 7'0"S, 28° 8'54"E

---

**Postal address:** P.O. Box 8237  
Greenstone, 1616

---

**Telephone:** +27 10 496 0600

---

**Email:** [board@irba.co.za](mailto:board@irba.co.za)

---

**Website:** [www.irba.co.za](http://www.irba.co.za)

---





**Imre Nagy**  
Chief Executive Officer

# CEO'S PERSPECTIVE

## LET'S BE DELIBERATE ABOUT OUR EFFORTS TO ADVANCE THE PROFESSION

Over the past few months, I have been invited to speak at various forums on the progress made by the auditing profession in restoring confidence and moving past the challenges it has faced. These various engagements have proven to be a great platform to talk about the social compact binding the work of the profession to the economic development of our country, and to encourage more young professionals to join and stay in auditing to positively impact society.

### **Auditors and the Social Compact**

Renowned American philosopher John Rawls defines the social compact, also referred to as the "social contract", as a fundamental concept that captures the unwritten agreement between individuals and the institutions governing them within a society. Various political and social thinkers continue to explore the concept and its relevance, as often seen in contemporary debates on governance, citizenship and societal cohesion.

In relation to auditors, we cannot overemphasise the crucial role they play in maintaining transparency, accountability and trust when it comes to upholding the social compact. Auditing itself acts as a deterrent against non-compliance. While the number of investigations in the past few years might seem to be presenting a different reality, it is important to acknowledge that only a handful of auditors have been implicated in these cases. Most auditors continue to provide assurance at the expected level; and investors are still heavily relying on external audit opinions in driving their investment decisions. I can say with confidence that most auditors want to do the right thing and are doing the right thing. The profession just cannot afford another high-profile audit failure that damages its reputation.

It is also important to note that auditors are but one cog in the wheel. The financial reporting ecosystem is made up of several role-players that include management, preparers of financial information, those charged with governance (e.g. boards and audit committees), assurance service providers (such as internal audit and forensic investigators) and various other regulators. Every role-player must play its part in ensuring sound stewardship and truthful, transparent financial reporting to the stakeholders of an organisation.

## Attractiveness of the Profession

In July 2023, we announced the accreditation of the Association of Chartered Certified Accountants (ACCA) (South Africa) as an additional professional accounting body, providing another route to the audit specialisation programme for aspiring registered auditors. This announcement means that eligible ACCA members can, in future, register for the Audit Development Programme (ADP).

On successful completion of the ADP, these candidate auditors may be eligible for registration as registered auditors. This is a positive step forward for the auditing profession in that it opens a prospective pipeline of qualified accountants who can pursue audit as a career and will help alleviate some of the talent shortage that firms are experiencing. Initial feedback from stakeholder engagements on the process has been positive, affirming the need for multiple professional bodies to broaden the pipeline for students and trainees to enter the auditing profession.

The effective date from when ACCA members will be able to register for the ADP is 1 April 2024.

## Clean Audit Despite Resource Constraints

I am happy to announce that the Independent Regulatory Board for Auditors (IRBA) obtained another clean audit opinion for the 2022/2023 financial year, as audited by the Auditor-General South Africa. As a country, we boast a strong and sophisticated audit sector that is supported by a robust audit regulatory framework. In spite of the resource constraints the IRBA faced during this period, we managed to fulfil our mandate and achieve almost all of our performance targets. Our efforts are still set on helping to reduce the risk of audit failures that taint the reputation of the profession and make it unattractive to young people because of the negative publicity created.

I am proud of the IRBA team for this great achievement and to the Board for its oversight and support.

## Relevance as a Regulator

It is crucial for the IRBA to remain to be seen as an independent, respected audit regulator, both locally and globally. It is therefore our mandate and duty to respond to the risks in the system with enhanced standards, regulation and enforcement. This is one reason for the several reforms we have initiated, such as the adoption of the new Quality Management standards, the updating of the IRBA Code of Professional Conduct for Registered Auditors, the performance of robust risk-based inspections and the application of appropriate fines to further enhance auditor independence, ethics and quality.

To fulfil their mandate and meet the public expectations, regulators need adequate resources; otherwise, capacity restrictions greatly inhibit their ability to perform optimally. As the IRBA, we have good legislation, but need all the necessary resources to implement it effectively. While we expect financial and resource constraints in the coming years, besides the prospects of expanding our scope and coverage, we are committed to innovate and adapt, to ensure that we continue to strengthen the profession and our role in it.

**Imre Nagy**

*Chief Executive Officer*



**Imran Vanker**  
Director Standards

# STANDARDS

## TOPICS COVERED IN THIS ISSUE

- Standards:
  - IRBA Prescribes the Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities.
  - IRBA Staff Audit Practice Alert 9: *Guidance on the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities*.
  - Exposure Draft: SAAPS 3 (Revised), *Illustrative Reports*, issued for public comment.
  - Exposure Draft on a Proposed Global Sustainability Assurance Standard.
  - IRBA Undertakes a Post-implementation Review of its SAAEPS 1, Sustainability Assurance Engagements: Rational Purpose, Appropriateness of Underlying Subject Matter and Suitability of Criteria.
  - Quality Management Standards Implementation Guides and Other Related Material.
  - IAASB Projects in Progress.
- Ethics:
  - IESBA Projects in Progress.

## COMMITTEE FOR AUDITING STANDARDS (CFAS)

### IRBA Prescribes the Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities

The IRBA has prescribed an [IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities \(EAR Rule\)](#). This EAR Rule is effective for audits of financial statements of public interest entities (PIEs) for periods ending on or after 15 December 2024. Early adoption is permitted.

The prescription of the EAR Rule is in light of the IRBA's objective "to endeavour to protect the financial interests of South Africa through the effective and appropriate regulation of assurance conducted by registered assurance providers, in accordance with internationally recognised standards and processes". Consequently, its application is expected to provide additional transparency about the audit process, as well as promote and enhance audit quality. That should then help strengthen the reputation of the auditing profession and assist in restoring confidence in it.

The EAR Rule is prescribed pursuant to Section 10 of the Auditing Profession Act No. 26 of 2005, as amended, by notice via [Government Gazette No. 49309 on 15 September 2023 \(Board Notice 475 of 2023\)](#). The proposed EAR Rule was previously issued on exposure for public comment via Government Gazette No. 47061 on 22 July 2022 (Board Notice 309 of 2022). The EAR Rule may be downloaded from the [IRBA website](#).

## **IRBA Staff Audit Practice Alert 9: Guidance on the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities**

Complementary to the IRBA EAR Rule, [Staff Audit Practice Alert 9, \*Guidance on the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities\*](#) has been published, for use by registered auditors.

This IRBA Staff Audit Practice Alert contains guidance on how auditors may apply the EAR Rule in their independent auditor's report on the audit of financial statements of PIEs. An overview of the guidance contained in the Alert is presented below.

| <b>ASPECTS OF THE EAR RULE</b>  | <b>NATURE OF THE GUIDANCE</b>   |
|---|---|
| (a) Final materiality   | An explanation of the final materiality disclosed and how the auditor may describe the significant judgements applied in determining materiality, using language that is understandable to all users.   |
| (b) Scope of the audit of group financial statements  | This describes considerations in disclosing the scope of the audit in the context of group audits, as defined in the International Standard on Auditing (ISA) 600 (Revised), and the significant judgements applied by auditors in determining the group audit scope.       |
| (c) A description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern, where a material uncertainty related to going concern exists | The Alert uses the existing guidance on Key Audit Matters (KAMs) contained in ISA 701 when describing how the auditor evaluated management's assessment.  |
| (d) KAMs for PIEs, as well as outcomes and observations for Key Audit Matters   | A consideration of existing guidance on KAMs and guidance on avoiding discrete opinions on separate elements of the financial statements by giving examples of how outcomes and/or observations can be described in the KAMs, as well as the wording that can be avoided.   |
| (e) Fee-related matters   | The Alert applies the International Ethics Standards Board for Accountants' (IESBA) guidance on fee-related matters, including considerations of what defines "fees". It also describes the application of the EAR Rule on fees for group audit and joint audit situations. |

This Staff Audit Practice Alert does not constitute an authoritative pronouncement from the IRBA; nor does it amend or override the ISAs, the South African Auditing Practice Statements (SAAPS), the South African Guides or the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of PIEs (collectively called pronouncements). Furthermore, this publication is not meant to be exhaustive. Reading it is not a substitute for reading the abovementioned pronouncements, as they are the authoritative texts.

The IRBA has also published in this quarter the proposed revisions to SAAPS 3 (Revised), Illustrative Reports. These revisions provide practical assistance to operationalise the EAR Rule in the content and format of the auditor's report. These proposed revisions to SAAPS 3 are available on the IRBA's Exposure Drafts [webpage](#).

The IRBA Staff Audit Practice Alert is available in PDF format and may be downloaded from the [IRBA website](#).

## Exposure Draft: Proposed SAAPS 3 (Revised), Illustrative Reports

The CFAS has approved, for issue, the [Exposure Draft: Proposed South African Auditing Practice Statement \(SAAPS\) 3 \(Revised\), Illustrative Reports](#) (proposed SAAPS 3 (Revised)). The SAAPS 3 Exposure Draft (ED) was approved for exposure in August 2023, for public comment by **30 November 2023**.

The proposed SAAPS 3 (Revised) provides practical assistance to registered auditors who report on financial statements both for compliance with the ISAs or the International Standards on Review Engagements, as applicable; and for the legal and regulatory requirements applicable to auditors and auditor reporting in South Africa, in relation to the content and format of the auditor's report.

### Scope of the Proposed Amendments

This proposed SAAPS 3 (Revised) contains significant proposed changes, especially for audits of PIEs. It has been amended to incorporate the [IRBA EAR Rule](#) into the illustrative reports. The EAR Rule was published together with [Staff Audit Practice Alert 9: IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of PIEs](#), which provides non-authoritative guidance on how auditors may apply the EAR Rule.

The following amendments have also been incorporated into this proposed SAAPS 3 (Revised):

- Removal of the options in the Basis of Opinion paragraph that accommodated the different effective dates of Parts 1, 3, 4A and 4B of the IRBA Code of Professional Conduct for Registered Auditors, as the transitional period has passed;
- Implementation of the conforming and consequential amendments to ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements, arising from ISA 600 (Revised), Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors) (ISA 600 (Revised)), effective for audits of financial statements for periods beginning on or after 15 December 2023; and
- Deletion of the Illustrative Auditor-General of South Africa (AGSA) Report (previously Illustrative Report 4 of Part A), as it is no longer aligned with the Auditor-General's reporting prescriptions.

### Proposed Effective Date

Depending on the comments received, the expectation is for the CFAS to approve and issue the final SAAPS in March 2024, with that being noted at the subsequent meeting of the IRBA Board.

The proposed effective date for SAAPS 3 (Revised) is for auditor's or independent reviewers' reports issued for audits or independent reviews of financial statements for periods ending on or after 15 December 2024, with early adoption permitted. This aligns with the effective dates of the EAR Rule and ISA 600 (Revised).

Therefore, early adoption of the proposed SAAPS 3 (Revised) will mean an early adoption of both the EAR Rule and ISA 600 (Revised). If the registered auditor does not intend to early

adopt the EAR Rule and/or ISA 600 (Revised), it is recommended that they continue to use the extant *SAAPS 3, Illustrative Reports (Revised May 2019)*, adapted as necessary, until the proposed SAAPS 3 (Revised) becomes effective.

### Request for Comments

The CFAS welcomes comments from auditors and other interested parties on all matters that are addressed in the ED. It also seeks responses to the specific questions that are set out in Section 5 of the Explanatory Memorandum. Comments, in Word format, should be emailed to [standards@irba.co.za](mailto:standards@irba.co.za). All comments will be considered a matter of public record.

Comments should be submitted to the IRBA by 30 November 2023. To download the ED, visit the [IRBA website](#).

## **IRBA Undertakes a Post-implementation Review of Its SAAEPS 1, Sustainability Assurance Engagements: Rational Purpose, Appropriateness of Underlying Subject Matter and Suitability of Criteria**

Five years after issuing a practice statement on sustainability assurance engagements for practitioners, the IRBA will embark on a post-implementation review (PIR) in the last quarter of 2023. This review is to, among others, inform and direct the constantly evolving discussions on sustainability assurance.

Back in August 2018, the CFAS approved and issued South African Assurance Engagements Practice Statement (SAAEPS) 1, *Sustainability Assurance Engagements: Rational Purpose, Appropriateness of Underlying Subject Matter and Suitability of Criteria* (SAAEPS 1). This pronouncement provides practical assistance to practitioners on certain preconditions that need to be present when requested to accept a sustainability assurance engagement, according to the requirements of International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Now, given the rapid pace of developments on sustainability reporting, from the preparer and assurance perspectives, the overall purpose of this planned PIR will be to:

- Establish the extent of usage of SAAEPS 1;
- Determine whether SAAEPS 1 is consistently understood and implemented in a manner that achieves the IRBA's intended purpose;
- Identify how, if any, practical challenges and concerns are addressed; and
- Understand whether SAAEPS 1 is still fit for purpose, considering the assurance developments at the International Auditing and Assurance Standards Board (IAASB) and globally.

The Secretariat, which will be co-ordinating the review, will send out requests for information to firm leadership and other interested stakeholders. Additionally, face-to-face discussions with representatives from various organisations will be scheduled. The Secretariat would also like to hear from users who wish to participate in this review.

SAAEPS 1 is available in both PDF and Word formats and may be downloaded from the [IRBA website](#).



## STANDARDS DEPARTMENT

### Quality Management Standards Implementation Guides and Other Related Material

The IRBA would like to remind auditors of the available implementation resources concerning the IAASB's suite of Quality Management (QM) standards. This material has been conveniently packaged on the IRBA's dedicated QM [webpage](#).

At the time of their publication, these standards required firms to have a system of quality management designed and implemented by 15 December 2022.

Following our previous [communication](#) issued on 2 July 2021, the QM implementation materials highlighted below, along with the respective responsible institution, have since been published.

#### South African Institute of Chartered Accountants (SAICA)

- [SAICA TechTalk: The Quality Management Standards \(held on 11 November 2021\)](#).
- [The Implementation of the Quality Management Standards by Small and Medium-sized Practices webinar \(held on 26 August 2022\)](#). To view the presentation slides and recording, email [saica@saica.co.za](mailto:saica@saica.co.za).
- [ISQM Service Providers for Small and Medium-sized Practices webinar \(held on 23 November 2022\)](#). For access to the slides and recording, email [saica@saica.co.za](mailto:saica@saica.co.za).
- [SAICA and PAFA ISQM Workshops on the Implementation of the Quality Management Standards \(ISQM Implementation Initiative – 2022\)](#).

#### IAASB

- [First-time Implementation Guide for ISA 200 \(Revised\), Quality Management for an Audit of Financial Statements \(published on 17 February 2022\)](#).
- [ISA 220 \(Revised\): Definition of an Engagement Team Fact Sheet \(published on 2 May 2022\)](#).
- [Fact Sheet on Quality Management and Group Audits: Highlighting Certain Aspects of Interaction Between ISA 220 \(Revised\) and ISA 600 \(published on 15 December 2022\)](#).

#### International Federation of Accountants (IFAC)

The IFAC developed and published a three-part series that provides tips and guidance for the practical implementation of the QM standards.

- [Instalment One: It is time to Get Ready for the New Quality Management Standards](#), published on 31 October 2022, addresses the mindset change the new standards require and the shift in focus from quality control to quality management. It also focuses on developing a project implementation plan; an introduction to quality objectives; the risk assessment process; and assigning roles and responsibilities. Helpful meeting agenda templates practitioners can use with their colleagues are also included.
- [Instalment Two: Developing a Detailed Implementation Plan](#) was issued on 5 July 2023. It provides a step-by-step approach to identifying your quality objectives; completing your quality risk assessment process; identifying existing or creating new responses to those quality risks; and implementing, documenting and communicating your system of quality management.
- [Instalment Three](#) is expected only later this year and will cover monitoring and remediation.

Additional QM-related material can be accessed on the Quality Management webpages of the [IAASB](#), [IFAC](#) and [SAICA](#).

It should be noted, however, that all the abovementioned publications are non-authoritative and have not been issued by the CFAS as guidance in South Africa.

## INTERNATIONAL AUDIT AND ASSURANCE STANDARDS BOARD

### Exposure Draft on a Proposed Global Sustainability Assurance Standard

The IAASB has issued the proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements* (ED-ISSA 5000), and consequential amendments to other IAASB standards, for public comment.

In its media release on the consultation process, the IAASB states that ED-ISSA 5000 is a principles-based, overarching standard suitable for both limited and reasonable assurance engagements on sustainability information reported across any sustainability topic. It drafted the standard to work with sustainability information prepared under any suitable reporting framework, including the ones that are already in place and those still under development. The existing ones include the frameworks that have been issued by the European Union, the International Sustainability Standards Board, the Global Reporting Initiative and the International Organization for Standardization, among others.

The standard is profession agnostic, supporting its use by both professional accountant and non-accountant assurance practitioners when performing high-quality sustainability assurance engagements.

“Our proposed ISSA 5000 is a crucial step in enhancing confidence and trust in sustainability reporting,” noted IAASB Chair Tom Seidenstein. “This proposal directly responds to the International Organization of Securities Commissions recommendations and complements the work of other standard setters, including the International Ethics Standards Board for Accountants.”

Investors and other stakeholders are increasingly calling for high-quality, transparent, reliable and comparable reporting by entities on sustainability matters, including climate and other environmental, social and governance information. This has been accompanied by questions regarding the assurance thereof and the ethical responsibilities of preparers and assurance providers. It is for these reasons that the IRBA views this as an important project that responds to the rapid developments in sustainability reporting.

The CFAS will continue to influence the international standard-setting process, so as to maximise South Africa’s input and ensure that the IAASB Standards will be appropriate for use by registered auditors locally. This includes tracking and providing input to global standard setting, such as this Exposure Draft, as well as providing relevant input to the IAASB’s processes, through stakeholder consultation, and regulatory insights.

In preparing for a response to this Exposure Draft, the IRBA will consult with a range of stakeholders, to inform its comment letter. Due to the prevalence of integrated reports, including sustainability reports in South Africa, respondents may want to consider the following matters in commenting to the IRBA and/or IAASB:

- Any regulatory requirements that could affect the implementation of ED-ISSA 5000 in South Africa;
- Whether there are any proposals that need to be added to ED-ISSA 5000 in respect of its practical application; and, if so, what those amendments should be and reasons for the amendments;
- Whether there are any proposals that need to be deleted; and
- Whether there is a necessity to eliminate options (alternatives), if any, provided for in ED-ISSA 5000.

Auditors are also reminded of the following IRBA publications on sustainability engagements that are available on its website:

- [South African Assurance Engagements Practice Statement 1, Sustainability Assurance Engagements: Rational Purpose, Appropriateness of Underlying Subject Matter and Suitability of Criteria](#), that was effective for periods beginning on or after 15 December 2020; and
- [IRBA Staff Audit Practice Alert 8: Frequently Asked Questions on Sustainability Assurance Engagements](#).

### Request for Comments

The CFAS welcomes comments on all matters addressed in ED-ISSA 5000, including responses to the specific questions set out in the Explanatory Memorandum. Comments should be submitted via email to [standards@irba.co.za](mailto:standards@irba.co.za) by **3 November 2023**. All comments will be considered as a public record.

Alternatively, we invite registered auditors and other interested parties to submit their comments directly to the [IAASB](#) by **1 December 2023**.

A PDF copy of ED-ISSA 5000 is available and may be downloaded from the Exposure Draft page of the [IRBA website](#).

### IAASB Projects in Progress

- Assurance on Sustainability/Environmental, Social and Governance (ESG) Reporting;
- Fraud;
- Going Concern;
- Audits of Financial Statements of Less Complex Entities (LCE);
- Listed Entity and Public Interest Entity (PIEs);
- Audit Evidence; and
- Technology.

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

# ETHICS

## INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS

### IESBA Projects in Progress

- Tax Planning and Related Services;
- Sustainability; and
- Use of Experts.

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

Should you have any further queries, please email [standards@irba.co.za](mailto:standards@irba.co.za).

#### **Imran Vanker**

*Director Standards*

Telephone: (010) 496-0561

E-mail: [standards@irba.co.za](mailto:standards@irba.co.za)



**Rebecca Motsepe**  
Director Legal

# LEGAL

## DISCIPLINARY COMMITTEE

### Overview of Matters Referred for Disciplinary Hearings

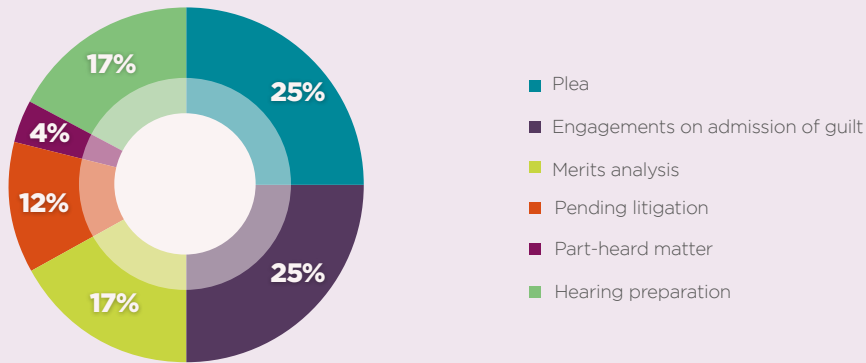
Of the 24 open matters that have been referred to the Legal Department for disciplinary hearings, four were referred during the current reporting period. These matters are at various stages of the disciplinary process, and the graphics below outline their nature and status.

#### ANALYSIS OF CHARGES



**Note:** Overall, open matters involve 13 categories of improper conduct. While each matter may involve numerous charges, the charge most common among the matters is the one relating to insufficient appropriate audit evidence, followed by failure to report in terms of the Prevention and Combating of Corrupt Activities Act (PRECCA) as well as accounting and tax breaches. These are closely followed by dishonesty and integrity charges; failure to declare assurance work; failure to report reportable irregularities (RIs); quality control failures; independence breaches; breach of executor or trustee duties; incorrect audit opinions; failure to document considerations; and failure to exercise due care and skill. Other charges relate to fraud, failure to respond to correspondence, lack of professional scepticism, inadequate planning procedures and failure to assemble an audit file.

**STATUS OF DISCIPLINARY MATTERS**



**Note:** As reflected in the chart, most of the pending matters are either at a pleading stage (25%) or undergoing settlement engagements (25%). Merit analyses are ongoing in respect of 17% of the matters, with the other 17% in preparation for hearings. Then, 12% of the matters are pending litigation outcomes, with the final 4% being part-heard.

**Finalised Matters**

During the period under review, six matters previously referred for disciplinary hearings were finalised. Three of these were finalised after the respondents admitted guilt in respect of the charges, and sanctions originally recommended by the Investigating Committee and approved by the Enforcement Committee were imposed. The other three matters were finalised following settlement engagements. Below is a summary of the finalised matters.

**IRBA vs H Du Preez**

After an investigation, the respondent was charged with improper conduct, as a result of his failure to report reportable irregularities to the IRBA; respond to the IRBA’s request for documentation; provide evidence that he had adjusted the audit opinion, in accordance with ISA 250; and failure to obtain sufficient audit evidence and/or perform appropriate procedures in his audit of expenditure.

The respondent admitted guilt and was fined R100 000, of which R50 000 has been suspended for a period of five years, with no order as to costs and specific publication by the IRBA. A previously suspended fine of R40 000 on a prior matter was also imposed.

**IRBA vs H Du Preez**

The respondent was charge with improper conduct relating to his failure to document audit evidence necessary to confirm that the audit of a body corporate client was conducted in terms of the requirements of the ISAs.

The respondent admitted guilt and was fined R120 000, of which R60 000 has been suspended for a period of five years, with no order as to costs, specific publication by the IRBA and an order to attend training on the practical application of the Auditing Standards. A previously suspended fine of R25 000 relating to a prior matter was also imposed.

### IRBA vs J Erasmus

The respondent was charged with improper conduct, as a result of his failure to report to the IRBA reportable irregularities relating to an audit client's contravention of Section 30 of the Companies Act over a number of years.

The respondent admitted guilt and was fined R200 000; ordered to pay R100 000 towards the IRBA's costs; and specific publication by the IRBA.

### IRBA vs C Phiri

The respondent was charged with improper conduct, due to his failure to perform adequate and appropriate audit procedures and/or failure to document audit procedures in respect of the audit of an attorney's trust account, as well as his failure to fully declare to the IRBA assurance work undertaken between 2016 and 2019.

Following Rule 15 engagements with the respondent, he pleaded guilty to the charges and the following sanction was imposed on him:

- (a) Three-year suspension from attorney trust account audits;
- (b) Completion of training from a recognised local service provider on the audit of attorney trust accounts;
- (c) Upon commencing with attorney trust engagements, to ensure that in the first two years the engagements are subjected to an engagement quality review (EQR); and
- (d) Specific publication.

A previously suspended fine of R40 000 relating to a prior matter was also imposed.

### IRBA vs RE Hlakudi

The respondent was the audit partner of a Beneficiary Fund (Fund) that also accepted contributions for minor children who are beneficiaries. The respondent was, following an investigation, charged with improper conduct, as a result of:

- a) His failure to obtain sufficient appropriate audit evidence regarding his audit of the Fund;
- b) Signing the audit report before it was approved by the Fund;
- c) Failure to submit the audit engagement file to the IRBA;
- d) Failure to document any audit procedures or considerations regarding the agreed-upon procedures performed and the audit of Schedule 1B;
- e) Failure to report to the registrar for non-compliance by the Fund, in as far as the Fund had invested 25.25% of its assets in immovable property contrary to Regulation 28; and
- f) Issuing an unmodified opinion in respect of the Fund in circumstances where it was inappropriate.

Following Rule 15 engagements with the respondent, he pleaded guilty to the charges and the following sanction was imposed on him:

- a) A three-year suspension from auditing pension fund organisations;
- b) A total fine of R500 000 in respect of all the charges, of which R250 000 has been suspended for a period of five years, on condition that the respondent is not found guilty of improper conduct committed during the suspension period;
- c) Attendance of training on the audit of pension fund organisations;
- d) Upon commencing with audit engagements in respect of pension fund organisations, to ensure that in the first two years the engagements are subjected to an EQR; and
- e) Specific publication.

## IRBA vs C Mashishi

The respondent was the audit engagement partner responsible for auditing the financial statements of an audit client for the years ended 31 March 2014 and up to 31 March 2017. The respondent was charged with improper conduct relating to his failure to document in the audit file his considerations in respect of allegations in media articles regarding a tender awarded by the client’s responsible committee. Particularly, this related to whether the tender was validly awarded; if the allegations indicated a risk of breaching the PRECCA and posed a risk of material misstatement of the client’s 2014 and/or 2015 annual financial statements and the auditor’s reports thereon, specifically with regard to the disclosure of irregular expenditure and/or whether such information constituted an RI; as well as his failure to await management’s responses to the audit team’s questions emanating from the media allegations, prior to issuing the final audit report.

The respondent admitted guilt and was fined a total amount of R350 000, of which 50% has been suspended for a period of five years; no order as to costs; and specific publication by the IRBA.

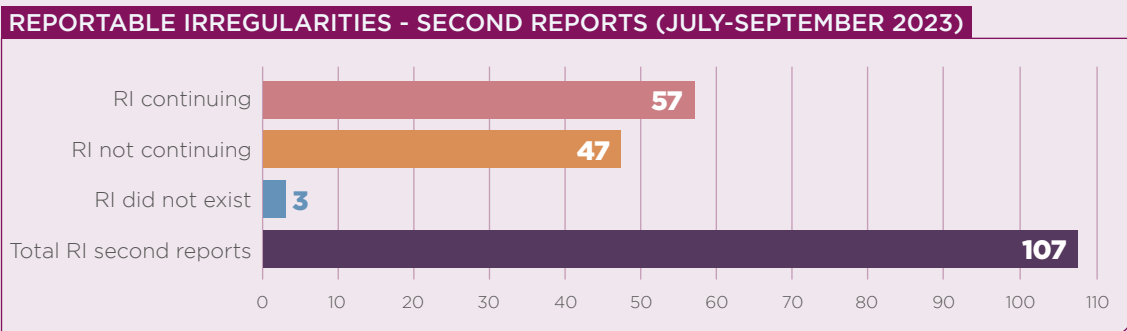
## Conclusion

In addition to the above finalised matters, charges preferred against a respondent in one of the other matters were withdrawn on the basis that a reasonable explanation for the conduct was provided. Also, the Disciplinary Committee convened on 29 August 2023 to consider one other matter, in respect of which a ruling is awaited.

Seven additional hearings have been scheduled for the next quarter, in a bid to significantly improve turnaround times, while addressing the backlog created by the previous amendments that were rather protracted.

## REPORTABLE IRREGULARITIES

The IRBA received 161 first reports on reportable irregularities during the current reporting period. In addition, 107 second reports, the nature of which is highlighted below, were received and processed.

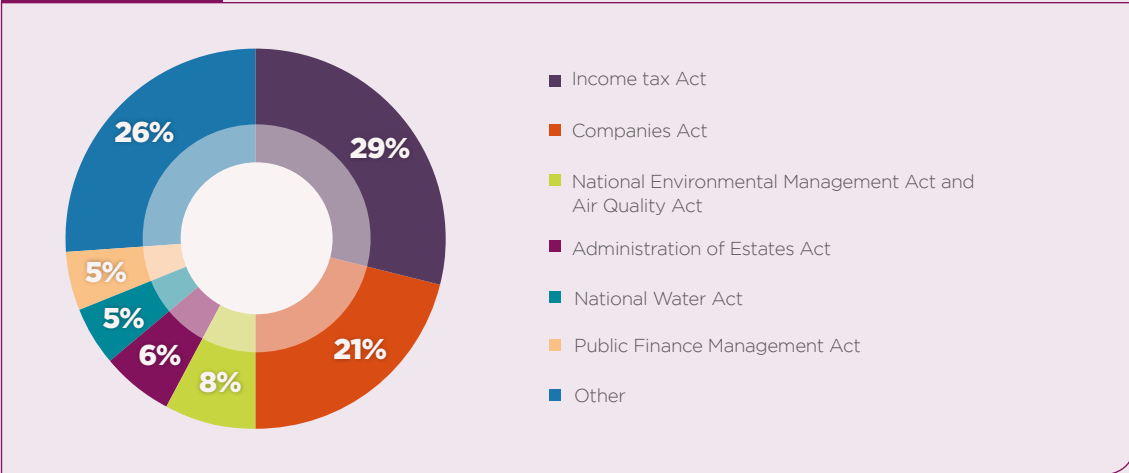


**Note:** The difference of 54 reports between the first and second reports received is due to the timing differences in reporting timelines.



The chart below reflects the 57 continuing RIs received, categorised by nature.

**CONTINUING RIs**



**Note:** As depicted above, the top three types of reported contraventions related to the Income Tax Act, the Companies Act and its Regulations, as well as the National Environmental Management Act and Air Quality Act. There were also several RIs highlighting contraventions of, among others, the Administration of Estates Act, the National Water Act and the Public Finance Management Act.

All second reports indicating continuing RIs were sent to the relevant regulators and/or authorities, in line with the provisions of the Auditing Profession Act 26 of 2005, as amended, for action.

**ALERTS FOR STAKEHOLDERS**

**Introduction of the Beneficial Ownership Regime**

The General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act 22 of 2022 has introduced a beneficial ownership regime with which registered companies need to comply. This regime is the result of the outcomes of the Financial Action Task Force’s mutual evaluation of South Africa, with the mutual evaluation report published in October 2021 recommending that beneficial ownership information in respect of companies be collected by the Companies and Intellectual Property Commission (CIPC).

The purpose of implementing the beneficial ownership regime is to identify individuals who ultimately benefit from the operations of corporate vehicles. It is also for the information to be used in combating money-laundering and the financing of terrorism through the misuse of such legal persons.

In this regard, the CIPC requires RAs to be mindful of the recommendations made in the mutual evaluation report, as they relate to the disclosure of beneficial ownership. In addition, it urges RAs to consider whether instances of non-compliance identified during audits relating to the incorrect reporting of beneficial ownership or the concealment thereof in submissions made to the CIPC might possibly qualify for reporting to the IRBA as reportable irregularities.

The CIPC has issued notices encouraging independent reviewers and RAs performing statutory audits to report RIs identified during reviews or audits. It also wants them to adhere to the reporting procedure and timelines outlined in Regulation 29(6)-(8) of the Companies Regulations 2011 (as amended) and the procedures and timelines for reporting outlined by the Auditing Profession Act.

## Reporting Obligations for Auditors Included in the Regulatory Regime of the Financial Sector Conduct Authority (FSCA)

The FSCA hereby reminds RAs of the instances listed below where Acts that fall within the ambit of their regulatory regime place certain legislative reporting obligations upon them.

### a) Section 9(4) of the Pension Funds Act

Section 9(4), specifically, subsections (a) to (c), require an auditor of a fund to submit, within 21 days of his/her appointment being terminated, a written report to the FSCA detailing the auditor's perceived reasons for the termination.

While the FSCA generally receives reports of auditor appointments, reports of auditor terminations are not often filed as required by Section 9(4). To this end, RAs are required to adhere to the requirement of the provisions.

### b) Section 19(4) of the Financial Advisory and Intermediary Services (FAIS) Act

RAs are reminded of their obligation in terms of Section 19(4) of the FAIS Act, which requires the auditor of an authorised financial services provider (FSP) to report to and inform the registrar in writing of any irregularity or suspected irregularity in the conduct of the affairs of the FSP concerned, which come to the attention of an auditor during the performance of his/her functions as such and which, in the opinion of the auditor, is material.

### c) Sections 252 and 253 of the Financial Sector Regulation Act (FSR Act)

Section 252(1)(a) of the FSR Act requires an auditor of a licensed financial institution to submit a written report to the Prudential Authority, among others, on any matter relating to the business of the financial institution that the auditor considers to be causing or likely to cause the financial institution to be financially unsound; be contravening a financial sector law; or that may result in an audit not being completed, or resulting in a qualified or adverse audit opinion. RAs are then also referred to Sections 252(1)(b) to 252(3)(b) of the Act for further reporting obligations placed upon them in this regard.

Section 253(1) of the FSR Act states that a person may report to a financial sector regulator any financial difficulties in a financial institution, a contravention of a financial sector law or the suspected involvement of a financial institution in financial crime. In this regard, Section 253(1) should be read together with Section 253(2) in relation to the limitation of personal liability resulting from a report submitted in accordance with Section 253(1) of the Act. RAs should note that a "person" is defined in the FSR Act as any natural person or juristic person, including organs of state.

The FSCA hereby reminds RAs that where market conduct-related contraventions are identified during audits, they are expected to report these contraventions to the authority.

### d) Sections 32(4) and 32(5) of the Insurance Act

Section 32(4) of the Insurance Act requires an auditor to submit a written report to the Prudential Authority regarding:

- Any matter relating to the business of the insurer that may be contrary to the governance framework of the Act or amounts to inadequate maintenance of internal controls; and/or
- Any matter in respect of a significant owner of the insurer that constitutes a contravention of any section of the Act.

Section 32(5) then sets out additional reporting requirements for an auditor of a branch of a foreign reinsurer that becomes aware of matters likely to prejudice the ability of that branch to hold the required security in the trust.

Registered auditors who have any questions relating to the abovementioned legislation can contact the FSCA's Regulatory Liaison Team via email at [RegL@fsca.co.za](mailto:RegL@fsca.co.za).

# REGISTRY

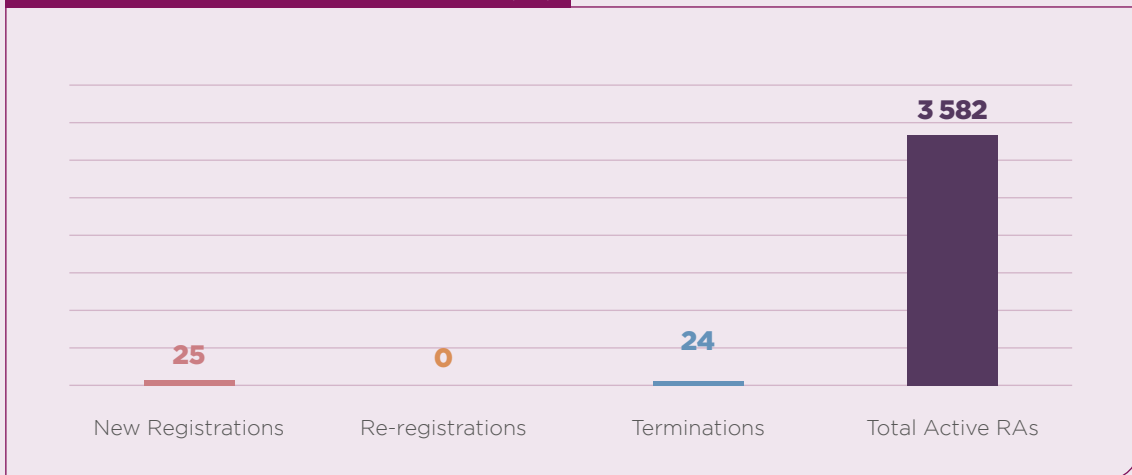
## REGISTRATIONS, RE-REGISTRATIONS AND TERMINATIONS

### Overview of Registry Movements

As at the end of the second quarter of this financial year, there were 3 582 registered auditors (RAs), following 25 registrations and 24 terminations.

The chart below provides an overview of registry movements during the reporting period.

#### STATISTICS ON REGISTRY MOVEMENTS (Q1)



## New Registrations and Re-registrations

In the table below are the names of the RAs who were entered into the register.

| INDIVIDUALS NEWLY ADMITTED TO THE REGISTER OF THE IRBA FROM 3 APRIL 2023 to 23 JUNE 2023 |                                |
|--|--------------------------------|
| Bebeza, Sibabalwe  | Nguyen, Son Truong             |
| Begg, Zaheer   | Rasch, Michael Reinhard Walter |
| Claassen, Suene  | Shinga, Lungani Trevor         |
| Corbin, Kristi Ann   | Sieberhagen, Ruche             |
| David, Marilyn Amanda  | Sinyilili, Lubabalo            |
| Dickson, Peter   | Smit, Hendrik Jacobus          |
| Goga, Mohsin   | Stoffberg, Bianca Jade         |
| Hugo, Annli Marne  | Town, Bronwen Carol            |
| Ismail, Asmal  | Van Graan, Mathildie Andrea    |
| Krige, Johannes Hendrik  | Watson, Kyle David             |
| Laubscher, Van Niekerk   | Willemse, Anri                 |
| Luyt, Wikus Adriaan  | Zungu, Monqoba Mkhululi        |
| Naidoo, Theolin  |                                |

## Terminations

As indicated above, 24 RAs were removed from the register during this reporting period. Below is a list of these RAs and the reasons for their removal.

| INDIVIDUALS REMOVED FROM THE REGISTER OF THE IRBA FROM 20 JUNE TO 31 AUGUST 2023 |             |
|--|-------------|
| Breetzke, Michael John   | Emigrated   |
| De Jager, Elise  | Resigned    |
| De Kock, Gabriel Mauritz   | Resigned    |
| Erasmus, Jacobus Christoffel   | Resigned    |
| Gibson, Tracey   | Emigrated   |
| Groenewald, Andri  | Resigned    |
| Jarvis, Michael John   | Resigned    |
| Koekemoer, Rian Marthinus  | Resigned    |
| Kruger, Renier Arno  | Resigned    |
| Lane, Charlotte Fay  | Resigned    |
| Macpherson, Roy Alan   | Emigrated   |
| Marwick, Graham Kenneth  | Passed away |
| Miller, James Duncan   | Resigned    |
| Montgomery, Michael Anthony  | Resigned    |
| Niebuhr, Berno Waldemar  | Resigned    |
| Nkonki, Lindelwa Monalisa  | Resigned    |
| Olls, Ian  | Resigned    |

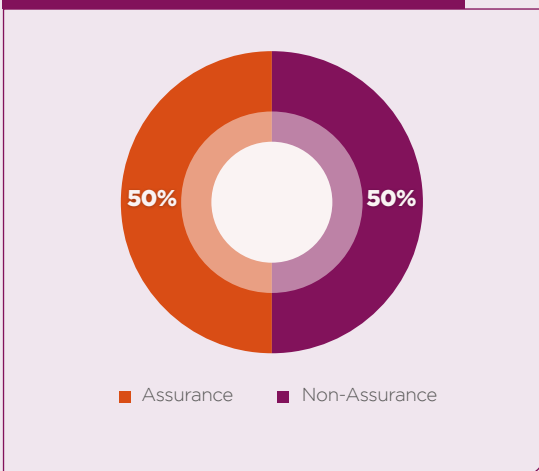
### INDIVIDUALS REMOVED FROM THE REGISTER OF THE BOARD FOR THE NON-PAYMENT OF FEES

|                               |          |
|-------------------------------|----------|
| Phetha, Sphamandla Praise-God | Resigned |
| Puggia, Andrea Franco         | Resigned |
| Stegen, Philip Karl           | Resigned |
| Thompson, Ryan David          | Resigned |
| Van Riet, Magdalena           | Resigned |
| Van Zyl, Hermias Cornelis     | Resigned |
| Venables, Simon Lawrence      | Resigned |

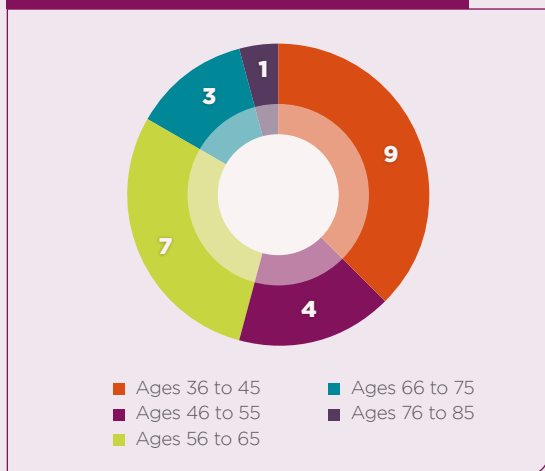
The most prevalent reasons for removal from the register appear to be due to RAs leaving firms, retirement and those who no longer perform assurance work.

The graphs below provide the age and assurance status split in respect of those RAs who were removed from the register, the majority of whom were between 36 and 45, as well as 56 and 65 years of age.

#### ASSURANCE STATUS



#### AGE GROUP



## ANNUAL RENEWAL

The 2023/2024 annual renewal cycle began on 1 April 2023. The due date for the payment of annual fees and the submission of the Individual Annual Return was **31 May 2023**.

The process of lapsing RAs for the non-payment of their annual fees is underway. Therefore, RAs who have not yet paid their annual fees are urged to do so without delay, to avoid the lapsing their registration and the consequent effect on their ability to provide assurance services.

#### Rebecca Motsepe

*Director Legal*

Telephone: (010) 496 0600

E-mail: [legal@irba.co.za](mailto:legal@irba.co.za)



**Jillian Bailey**  
Director Investigations

# INVESTIGATIONS

The matters reported in this issue took place between July and September 2023.

## INVESTIGATING COMMITTEE

During the period under review, this committee met twice and referred 28 matters to the Enforcement Committee.

## ENFORCEMENT COMMITTEE

This committee met once during this period and concluded on 24 matters.

### Decision Not to Charge

There were four matters finalised where the respondents were not charged with improper conduct, as they were not guilty of improper conduct.

### Decision to Charge and Matters Finalised through an Admission of Guilt Process

There were 16 matters finalised by fines issued through an admission of guilt process.

#### Matter 1

The respondent failed to apply professional scepticism during the audit and failed to assess the commercial substance of transactions that occurred during the financial year. In addition, the respondent failed to document an understanding of various applicable laws and regulations and failed to address adverse media articles relating to the client during the audit. Furthermore, the respondent did not sufficiently consider whether a reportable irregularity existed. The respondent failed to archive the audit engagement file on a timely basis after the date of the auditor's report.

The respondent was sentenced on the three charges to a total fine of R300 000, of which R150 000 has been suspended for five years, on condition that the respondent is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA in general terms.

## Matter 2

The respondent failed to comply with the requirements of the International Standard on Review Engagements 2400 regarding numerous aspects over a five-year period. Furthermore, the respondent failed to comply with the Close Corporations Act, as the annual financial statements did not include an Accounting Officer's report, and also submitted an incomplete assurance work declaration to the IRBA.

The respondent was sentenced on the six charges to a total fine of R280 000; no order as to costs; and publication by the IRBA in general terms. In addition, the respondent was referred to the South African Institute of Chartered Accountants' (SAICA) Professional Conduct Committee, to determine whether the respondent meets the professional body's fit and proper requirements. Furthermore, the respondent must arrange and ensure that they and their staff attend external training on the requirements of independent review engagements within 60 days of the imposition of the sentence and must provide evidence of compliance to the IRBA.

## Matter 3

The matter was a referral from the Inspections Committee (INSCOM). The respondent's audit firm provided non-assurance services to the audit client. The respondent, Mr Stephen Darryn Shaw, failed to adequately document the threats to independence created by the provision of the non-assurance services and evaluation of safeguards on the audit engagement file.

The respondent was sentenced to a fine of R100 000, of which R50 000 has been suspended for three years, on condition that he is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA of his name, the findings of the investigation and the sanction imposed.

## Matter 4

The matter was a referral from the INSCOM. The respondent, Mr Sophocles Charalambous Kleovoulou, failed to identify that a material intangible asset had been incorrectly recognised in the annual financial statements.

The respondent was sentenced to a fine of R200 000, of which R100 000 has been suspended for five years, on condition that he is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA of his name, the findings of the investigation and the sanction imposed.

## Matter 5

The respondent inappropriately invoiced and received payment from a client for responding to a complaint lodged with the IRBA.

The respondent was sentenced to a fine of R40 000, of which R20 000 has been suspended for three years, on condition that the respondent is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA in general terms.

## Matter 6

The matter was a referral from the INSCOM. The respondent did not obtain sufficient appropriate audit evidence regarding the Statement of Cash Flows. As a result, the respondent failed to identify a material non-cash item included in the Statement of Cash Flows and evaluate the effect on the audit opinion expressed.

The respondent was sentenced to a fine of R50 000, of which R25 000 has been suspended for three years, on condition that the respondent is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA in general terms.

## Matter 7

The matter was a referral from the INSCOM. The respondent, Mr Tertius Johannes de Kock, accepted an appointment as the chief financial officer (CFO) of an audit client, which created a threat to independence. Correspondence indicates that subsidiary audits were signed off and working paper review signoffs occurred, subsequent to employee negotiations taking place, resulting in a breach of the IRBA Code of Conduct.

The respondent was sentenced to a fine of R200 000; no order as to costs; and publication by the IRBA of his name, the findings of the investigation and the sanction imposed. In addition, he was referred to SAICA's Professional Conduct Committee to determine whether he meets the professional body's fit and proper requirements.

## Matter 8

The matter was a referral from the INSCOM. The respondent, Ms Amelia Young, failed to appropriately address material misstatements identified during the audit, as required by ISA 450. In addition, the respondent failed to identify material non-cash items included in the Statement of Cash Flows and failed to evaluate the effect on the audit opinion expressed.

The respondent was sentenced on the two charges to a total fine of R280 000, of which R140 000 has been suspended for three years, on condition that she is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA of her name, the findings of the investigation and the sanction imposed.

## Matter 9

The matter was a referral from the INSCOM. The respondent failed to identify that the required disclosures regarding restatements were not included in the financial statements.

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 any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA in general terms.



### Matter 10

The matter was a referral from the INSCOM. The respondent, Nexia SAB&T, failed to comply with the IRBA Code of Conduct when the firm accepted an engagement before the cool-off period had lapsed for a previous engagement partner that had been appointed as the CFO of an audit client.

The respondent was sentenced to a fine of R200 000; no order as to costs; and publication by the IRBA of the firm's name, the findings of the investigation and the sanction imposed.

### Matter 11

The matter was a referral from the INSCOM. The respondent, PKF Durban, provided non-assurance services to an audit client, which created threats to independence. The firm failed to identify and address the threats to independence. In addition, the firm's policies and procedures failed to provide it with reasonable assurance that threats to independence were identified and properly evaluated, as required by the International Standard on Quality Control (ISQC) 1.

The respondent was sentenced to a fine of R150 000; no order as to costs; and publication by the IRBA of the firm's name, the findings of the investigation and the sanction imposed.

### Matter 12

The respondent failed to perform compilation engagements in accordance with the International Standard on Related Services 4410 for three consecutive years.

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

### Matter 13

The matter was a referral from the INSCOM. The respondent's audit firm provided non-assurance services to the audit client. The respondent, Ms Yolandie Ferreira, failed to document the threats to independence created by the provision of the non-assurance services on the audit engagement file, and failed to apply safeguards to eliminate or reduce the risk to an acceptable level.

The respondent was sentenced to a fine of R150 000, of which R75 000 has been suspended for three years, on condition that she is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA of her name, the findings of the investigation and the sanction imposed.

#### Matter 14

The matter was a referral from the INSCOM. The respondent did not obtain sufficient appropriate audit evidence regarding the Statement of Cash Flows. As a result, the respondent failed to identify material non-cash items included in the Statement of Cash Flows and evaluate the effect on the audit opinion expressed.

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 any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA in general terms.

#### Matter 15

The matter was a referral from the INSCOM. The respondent's audit firm provided non-assurance services to the audit client. The respondent, Ms Susan Truter, failed to document the threats to independence created by the provision of the non-assurance audit services, and failed to document safeguards to eliminate or reduce the threat to an acceptable level.

The respondent was sentenced to a fine of R150 000, of which R75 000 has been suspended for five years, on condition that she is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA of her name, the findings of the investigation and the sanction imposed.

#### Matter 16

The matter was a referral from the INSCOM. The respondent, a firm, failed to prevent non-compliance with regard to independence requirements relating to non-assurance services provided to audit clients. The firm's policies and procedures did not provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements, as required by ISQC 1 and the IRBA Code of Conduct.

The respondent was sentenced to a fine of R150 000; no order as to costs; and publication by the IRBA in general terms.

### Decision to Charge and Matters Referred for Disciplinary Hearings

Four matters were referred to the Legal Department for disciplinary hearings.

#### **Jillian Bailey**

*Director Investigations*

E-mail: [investigations@irba.co.za](mailto:investigations@irba.co.za)



**Nadine Kater**  
Director Education and Transformation

# EDUCATION AND TRANSFORMATION

## ACCREDITATION AND MONITORING

### New Accredited Body Critical in the Development of the Pipeline

When the IRBA granted accreditation to ACCA (South Africa) on 6 July 2023, it added another accredited professional body that can provide aspiring registered auditors with an alternative route to the audit specialisation programme. Essentially, this accreditation offers ACCA's current and future members a valuable route to gain the RA status locally.

With ACCA as the second accredited professional body, its members who meet the eligibility criteria will have the opportunity to register for the IRBA's 18-month Audit Development Programme. Successful completion of the programme may lead to eligibility for registration as an RA. The effective date for ACCA members to register for the ADP is 1 April 2024. As this date draws near, the IRBA and ACCA are working closely to implement the agreed post-accreditation deliverables before the professional body's members can register on the programme.



At the press conference to announce the accreditation were, from left to right: Francis Kwahene, Education and Transformation Committee Chairperson; Jamil Ampomah, ACCA Director Africa; Portia Makhubele, Market Head of ACCA Southern Africa; and Imre Nagy, IRBA CEO.

## Monitoring of SAICA

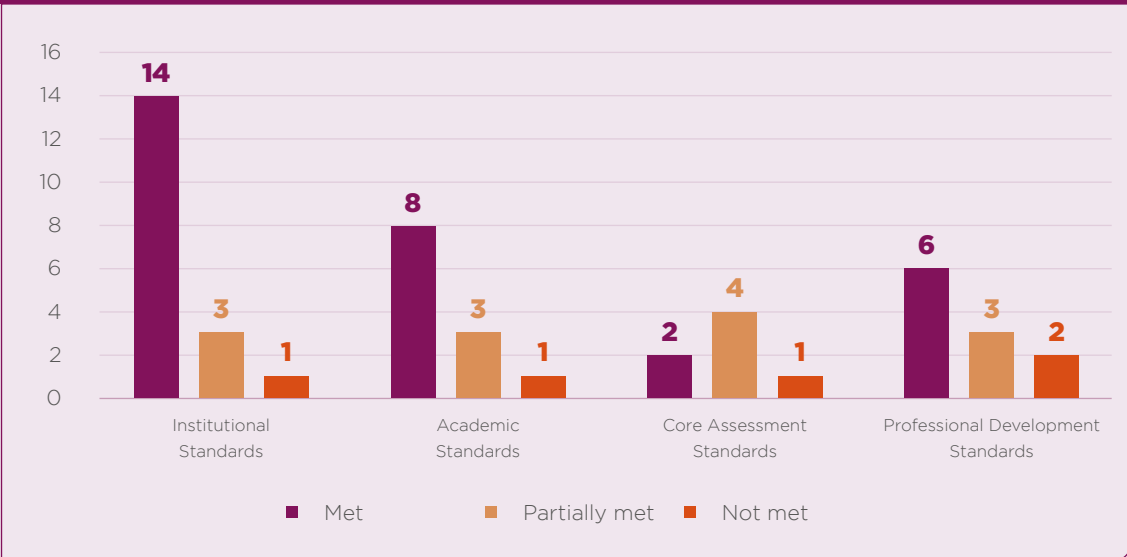
SAICA is monitored according to the requirements of the IRBA's [Accreditation Model](#). The latest monitoring process was concluded through the submission of the detailed Final Monitoring Reports (FMRs) to the professional body, as issued on 6 September 2023.

### Monitoring Outcome Overview

On the whole, the FMRs affirm SAICA's current status as an accredited professional body, following the most recent round of assessments. Of importance to note is that these reports also indicate some findings and areas of improvement that SAICA needs to address.

The monitoring outcomes are summarised in the graph below and the areas of concern are the standards that have not been met or partially met. These will be focused on during the next monitoring cycle and discussed at various levels, to address them effectively and in the interest of the profession and the public.

#### SUMMARY OF THE FINAL CONCLUSIONS PER STANDARD FOR THE 2022 PERIOD (REPORTS ISSUED IN 2023)



## Move to a Multi-year Accreditation Period

Since its accreditation, SAICA has been subjected to annual accreditation periods that include detailed monitoring and reporting. Now, the IRBA has – through the Education and Transformation Committee and in line with the Auditing Profession Act, as amended – approved a multi-year approach for the accreditation of professional bodies. This means professional bodies may be accredited for a five-year period, subject to continuous monitoring.

This decision was taken after a careful consideration of the risks, benefits, best practice and the potential impact of a longer accreditation period. As a result, for the next monitoring cycle, the IRBA will conclude on the period of SAICA's accreditation and the expectations for ongoing monitoring of all its accredited professional bodies.

## IN CELEBRATION OF EXCELLENCE - HONOURING TOP PERFORMERS



In the middle is the Education and Transformation (ET) Department's representative, Siphon Khumalo, at the Nelson Mandela University prize-giving ceremony.

We wish to congratulate all the students that were recognised as top achievers in auditing and awarded IRBA prizes at the different institutions, as indicated below, during this quarter. The prize-giving events took place on 25 July 2023 (Nelson Mandela University); 11 September 2023 (Rhodes University); 15 September 2023 (Varsity College Durban North); and 19 September 2023 (Stellenbosch University).

| NELSON MANDELA UNIVERSITY |   |
|---------------------------|---|
| STUDENT                   | AWARD   |
| Lelethu Mzele             | 1 <sup>st</sup> - General Auditing 3 <sup>rd</sup> year |
| Yandile Mokoena           | 2 <sup>nd</sup> - General Auditing 3 <sup>rd</sup> year |
| Matthew Easton            | 1 <sup>st</sup> - Auditing 3 <sup>rd</sup> year         |
| Adriana Goussard          | 2 <sup>nd</sup> - Auditing 3 <sup>rd</sup> year         |
| Kayla Bester              | 2 <sup>nd</sup> - Auditing CTA                          |
| Shannon Deutschmann       | 3 <sup>rd</sup> - Auditing CTA                          |

### VARSITY COLLEGE DURBAN NORTH

| STUDENT           | AWARD       |
|-------------------|-------------|
| Johnathan Horlock | Auditing 2A |
| Aadila Paruk      | Auditing 3  |
| Noor Mahomed Essa | Auditing 4  |

### STELLENBOSCH UNIVERSITY

| STUDENT       | AWARD  |
|---------------|--|
| Hans Roux Hay | Best 2 <sup>nd</sup> Year Bachelor of Accounting Student in Auditing |
| Rohann Rorich | Best 3 <sup>rd</sup> Year Bachelor of Accounting Student in Auditing |

The Rhodes University Auditing 4 class undertook an assignment that focused on fundraising, accounting and the auditing of a non-profit organisation that they had to do in groups. The project required them to practically demonstrate corporate governance, financial accounting, management accounting and auditing knowledge. Additionally, it helped them with the development of their communication, teamwork, leadership and audit documentation skills.

### RHODES UNIVERSITY

#### STUDENTS FROM THE WINNING GROUP

|                     |                  |
|---------------------|------------------|
| Fillemon Ashimbamba | Kalipa Mpikeleli |
| Inam Cele           | Hlengiwe Ngcobo  |
| Tshiamo Gadinabokao | Lungelo Nxele    |
| Nolundi Gaju        | Selma Shikongo   |
| Avela Khumsha       | Kuhle Sigenu     |
| Thandile Mbangata   | Siphokazi Tapa   |
| Yamkela Mncanca     | Eileen Alum      |



At Rhodes University, Kumukakwashe Matambo, Professional Manager: Standards (far left), took part in a discussion on “unlocking success - your journey to becoming a CA (SA) and a registered auditor in the age of technology and sustainability”, and shared his experiences with the students.

## SOUTHERN AFRICAN ACCOUNTING ASSOCIATION (SAAA) 2023 CONFERENCE



The IRBA team that attended the event included, from left, ET's Sipho Khumalo, Pheladi Mokwena, Carmen Wright and Nadine Kater, who are seen here with IRBA Board member Protas Phili.

The SAAA hosted its 2023 Biennial International Conference in Sun City, South Africa, on 28-30 June 2023, under the theme “in pursuit of accountability in an integrated world”.

The IRBA – represented by Nadine Kater, Director ET – participated in a panel discussion that addressed the question on “what to make of the World Economic Forum’s forecast that the jobs of accountants and auditors are some of the most at risk”. The panel had participants from various local professional bodies, including ACCA, SAICA, the South African Institute of Professional Accountants, the Southern African Institute for Business Accountants and the South African Institute of Tax Professionals.

One of the key areas discussed was the role of technology and its impact on the auditing profession, including the different skills required of professionals in accounting and auditing.

At the conference, the IRBA also sponsored awards to the winners of two of the best papers in auditing. These papers were on:

- Good Corporate Governance in Central Government: A Decision Tree Classification and Prediction Analysis by Lourens J Erasmus (University of South Africa) and Philna Coetzee (Tshwane University of Technology).
- Reasons for Committing Economic Crimes in South Africa by Andries Swanepoel (University of South Africa).

## UPDATE ON THE REVIEW AND REVISION OF THE IRBA’S COMPETENCY FRAMEWORK

The Competency Framework Task Force is in the development phase of the project, which includes:

- The development of a competency framework roadmap; and
- The collation of preliminary themes of key competencies.

It will continue to engage with stakeholders on different aspects, as the framework is being developed. The key themes of competencies and skills that RAs are required to develop will be further consulted on with stakeholders.

## ADP ON TRACK FOR DIGITISATION THROUGH THE LEARNING MANAGEMENT SYSTEM (LMS)

| ADP STATISTICS (1 APRIL-30 SEPTEMBER 2023) |            |
|--|------------|
| Opening                                    | 576        |
| Registrations                              | 56         |
| Completed                                  | -39        |
| De-registrations                           | -4         |
| <b>Total RCAs currently on the ADP</b>     | <b>589</b> |

Phase one of the ADP Reloaded has been completed, and the continuing increase in both the registration and completions numbers, as depicted in the accompanying table, is proof of the gains that are already being seen from this project. The focus now for phase two will be to automate the entire programme through an LMS, as the department recognises that the effectiveness of ADP Reloaded is highly dependent on a digitised end-to-end system.

The LMS is a software application for the administration, documentation, tracking, reporting, automation and delivery of educational courses, as well as training, learning and development programmes. The process to procure a service provider is at an advanced stage. We will keep our stakeholders updated on the developments, as we get close to launching the LMS.

### Nadine Kater

*Director Education and Transformation*

Telephone: (010) 496 0600

Email: [edutrain@irba.co.za](mailto:edutrain@irba.co.za)



# COMMUNICATIONS

For us, it is important that we improve how we communicate with our registered auditors and other stakeholders. For that reason, below we list all the communiques that were issued via bulk email during this reporting period.

|                   |   |
|-------------------|---|
| 21 September 2023 | <a href="#">Exposure Draft: Proposed SAAPS 3 (Revised), Illustrative Reports</a>  |
| 20 September 2023 | <a href="#">IRBA Staff Audit Practice Alert 9: Guidance on the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities</a>          |
| 19 September 2023 | <a href="#">IRBA Prescribes the Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities</a>  |
| 1 September 2023  | <a href="#">Exposure Draft on a Proposed Global Sustainability Assurance Standard</a>   |
| 1 September 2023  | <a href="#">Call for Nominations: Monitoring Committee of the IRBA</a>  |
| 31 August 2023    | <a href="#">In Memoriam: Mr Eckhard Volker</a>  |
| 21 August 2023    | <a href="#">An Alert on the Latest Communication from the Property Practitioners Regulatory Authority on the 2023 Audit Report Submissions</a>  |
| 7 August 2023     | <a href="#">IRBA Undertakes a Post-implementation Review of Its SAAEPS 1, Engagements: Rational Purpose, Appropriateness of Underlying Subject Matter and Suitability of Criteria</a> |
| 4 August 2023     | <a href="#">Quality Management Standards Implementation Guides and Other Related Material</a>   |
| 26 July 2023      | <a href="#">An Alert on the Latest Publications from the Legal Practitioners Fidelity Fund</a>  |
| 20 July 2023      | <a href="#">Issue 62 of IRBA News is Now Available</a>  |
| 7 July 2023       | <a href="#">Reminder: New Illustrative Reports to be Used by Independent Assurance Practitioners When Required to Report in terms of the Property Practitioners Act</a>               |
| 6 July 2023       | <a href="#">IRBA Accredits ACCA as an Additional Professional Accounting Body as a Route to Audit Specialisation in South Africa</a>  |

Those who would like to receive IRBA communications directly into their inboxes can contact Lebogang Manganye ([lmanganye@irba.co.za](mailto:lmanganye@irba.co.za)). Also, if you know of a non-auditor who would like to get these communications, kindly inform us at the above email address.

# GENERAL NEWS

## ASSOCIATION OF CERTIFIED FRAUD EXAMINERS (ACFE) EXHIBITION BOOSTS THE IRBA'S STAKEHOLDER INTERACTIONS

The IRBA attended the 16<sup>th</sup> Annual ACFE Conference and Exhibition at the Sandton Convention Centre in Johannesburg from 13-15 September 2023. This well attended event had, at times, more than 1 000 delegates present and it was the first time that the IRBA had exhibited at the conference.

Following the IRBA's recent rebranding, the exhibition offered a good opportunity to expose our new branding. The stand had many visitors over the course of the three days, and most of them wanted to understand more about the role and the value of auditors; how to verify an RA; and how to lodge complaints against auditors in matters that fraud examiners are investigating.

## LEADEREX OFFERS A PLATFORM FOR ESSENTIAL DEBATES



During the quarter, Imre Nagy, IRBA CEO (third from the left), was invited to participate in a panel discussion at the SAICA Leaderex event. The topic of conversation for that panel was: "Zondo Commission: Is the audit profession doing enough in response to the Zondo Commission?" Radio broadcaster Bongani Bingwa (left) moderated in the panel that also featured Freeman Nomvalo, SAICA CEO (second from the left) and Joyce Mgiba, from RSM (right).

## PUBLIC FINANCE MANAGEMENT CONFERENCE



Our CEO (fourth from the left) also participated in a panel discussion at the Public Finance Management Conference on the topic *“Building ethical and integrity-based financial systems to address corruption and fraud across government”*. The panel was hosted by Stanley Ntakumba and also featured (from left) Karam Singh, the executive director of Corruption Watch; Dr Salomon Hoogenraad-Vermaak, head of the Public Administration, Ethics, Integrity and Disciplinary Technical Assistance Unit at the Department of Public Service and Administration; Ms Jeanine Poggiolini, CEO of the Accounting Standards Board; and Adv Dinkie Dube, the Director-General of the Public Service Commission.

## INFO ALERT - DISCUSSION ON THE UPCOMING CODE AMENDMENTS ON TECHNOLOGY

The IRBA’s latest [Ethics meeting highlights video](#) from the August 2023 session is available for viewing. Under discussion in this short recording are the upcoming IRBA Code Amendments related to Technology, which are subject to the Board’s final approval in November 2023. Please do look out for dates and invitations to future public meetings of the Standards and Ethics committees.