



irba

INDEPENDENT REGULATORY BOARD FOR AUDITORS

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NEWS

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As part of our Stakeholder interaction, we attended the University of Limpopo Graduation and seen here with one of the successful students are (L) Robert Zwane and (R) Bernard Agulhas, from the IRBA.

MESSAGE FROM THE

CEO

The first half of the year has come and gone and with it we have seen some significant strides being made in the branding of the IRBA and in creating awareness about the organisation and the auditing profession in general.

One of the key elements of our branding strategy is to go out and meet with students and stakeholders to increase awareness of the IRBA and the RA brand. This is also one of our Transformation Committee's goals.

We engaged with students from the University of Fort Hare and the University of Pretoria where we made presentations and attended career days respectively (refer to p28).

Our interaction with the students confirmed that we do need to create awareness about both the IRBA and what it means to be an auditor.

We received positive feedback from the students and educators that we engaged with, and will continue to interact with more institutions of higher learning to promote auditing as a career choice. The University of Fort Hare wrote to us to give us feedback on the presentation by Robert Zwane, our Education Manager. *"We at the University of Fort Hare really enjoyed your visit to our campus. The students were motivated to see Auditing as fun. Your enthusiasm is contagious and our students thoroughly enjoyed your presentation"* she wrote.

Our interaction with Universities and students will continue throughout the year and we hope to impact on more students to choose auditing as a career option in order for us to grow the pool of auditors.

The PPE 2012 results were released in the first quarter and I am pleased to announce that we have seen growth in the number of candidates who wrote the exam. Of the 2288 candidates who wrote, 1746 passed, resulting in a pass rate of 76%. More significantly, it is encouraging that the number of Black African candidates who wrote the exam increased from 481 in 2008 to 570 in 2012. This is quite encouraging as transformation is a priority for the IRBA.

While we are implementing strategies to secure a steady stream

of auditors, we also need to ensure that our governance structures remain properly constituted. The new IRBA board was appointed with effect from 1 April 2013 for a 2 year term. I would like to thank our outgoing board members for their leadership shown in ensuring that the IRBA continued to achieve its strategic and performance objectives. The new eight member board was appointed by the Minister of Finance, Mr Pravin Gordhan, in terms of section 12(1) of the Auditing Profession Act (Act 26 of 2005). (See page 27).

In addition to stakeholder and governance issues, we are also busy with several other projects and initiatives, and I refer to the more important ones, and those in which auditors will be most interested, below.

The International Integrated Reporting Council considered the first draft of the Issues Paper on providing assurance on integrated reporting which was prepared by a task force led by South Africa. This project is of high importance in light of the developments in respect of integrated reporting and the imminent need for auditors to express assurance thereon in the near future. In line with these developments, the IRBA issued its first Integrated Report, indicating how we believe IRBA, as a regulator, could add continuing value to the public and auditors. The report can be accessed at www.irba.co.za/index.php/publications-mainmenu-121.

Although the IRBA has been forging ahead with preparations to regulate the Broad-Based Black Economic Empowerment (B-BBEE) verification industry, we have temporarily ceased activities in this regard pending approval by the Minister

of Finance to increase the IRBA's mandate to regulate this industry, and obtaining the required Funding. The proposed further mandate is part of amendments to the Auditing Profession Act, Act 26 of 2005, which includes general amendments to further improve the efficiency of the IRBA's operations. The Amendment Act will be introduced into the parliamentary process once the Minister has approved the proposed amendments. In the interim, Approved Auditors may perform verification in this industry and the IRBA has contracted a resource to respond to technical queries from auditors. Queries can be directed to B-BBEEQueries@irba.co.za.

The IRBA, together with The South African Institute of Chartered Accountants (SAICA) launched a survey accompanied by guidance to determine the impact analysis of Section 90(2) of the Companies Act on auditors. Section 90(2) deals with the provision of audit and non-audit services to the same client. The survey closed on 31 May 2013 and the Companies Intellectual Properties Commission (CIPC) has agreed that it will extend the monitoring of compliance with Section 90(2) to 31 December 2013 while the results of the survey are finalised. Auditors are required to continue to comply with the IRBA's Code of Professional Conduct in the meantime. (refer also to p11).

The IRBA continues to determine inspections fees based on assurance services provided by auditors, to maintain its independence from the profession. The basis of calculation is the same as in the previous year, and a communication in this regard has been issued, which also indicates the applicable percentages.

We are in the process of pilot testing the new Audit Development Programme which will be implemented to qualify auditors from 2014. Although consultation has taken place on a wide scale, the pilot testing at several firms will assist to identify any details which require to be refined prior to full implementation.

On the international front, there have been some developments on the European Union's Green Paper on Audit Policy, which includes proposed provisions for audit firm

rotation and the provision of audit and non-audit services to the same client. We continue to keep a close watch on these developments and will determine, after consulting with the profession, how best SA should respond thereto.

Clearly, based on the above, the profession and the IRBA have plenty to keep us occupied for the rest of the year. Subject to any external influences, we look forward to working with all the relevant stakeholders to deliver on these important initiatives.

Bernard Peter Agulhas
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EDUCATION, TRAINING AND PROFESSIONAL DEVELOPMENT

PUBLIC PRACTICE EXAMINATION 2012 - STATEMENT ISSUED 22 FEBRUARY 2013

OVERALL RESULTS

The Independent Regulatory Board for Auditors is pleased to present the results of the 2012 Public Practice Examination (PPE) – the final assessment of professional competence for candidates wishing to register as a Registered Auditor (RA) or Chartered Accountant (CA)(SA). The PPE was written on Wednesday, 21 November 2012 and of the 2288 candidates who wrote, 1746 passed resulting in a pass rate of 76% (74% in 2011). Candidates who attempted the PPE for the first time achieved a pass rate of 82% (80% in 2011).

Honours were awarded to seven candidates who achieved a pass mark of 75% or above.

The following candidates achieved the top ten places:

- | | | |
|----|-------------------|-----------|
| 1 | Nicole Wainer | (Honours) |
| 1 | Jacobus Jordaan | (Honours) |
| 3 | Tamar Schamroth | (Honours) |
| 4 | Caeleigh Britton | (Honours) |
| 4 | Ludre Swift | (Honours) |
| 4 | Jessica Jones | (Honours) |
| 7 | Francisca Marx | (Honours) |
| 8 | Dewald Terblanche | |
| 9 | Astrid De Castro | |
| 10 | Reinhard Rudd | |

TRANSFORMATION

Transformation of the profession is a priority for the IRBA. It is, therefore, encouraging that the number of Black

African candidates who enter the PPE has increased steadily from 481 in 2008 to 570 in 2012. The number of candidates that passed has also increased from 204 in 2008 to 331 in 2012.

Of the 766 Black candidates (African, Coloured and Indian) that entered the 2012 PPE for the first time, 566 passed, resulting in an overall pass rate of 74%.

The IRBA is particularly pleased to announce the results of the 2012 IRBA Support Programme. The IRBA has presented a support programme for Black repeat candidates on an annual basis for the past 11 years. In 2012, Fasset (the Seta for finance, accounting, management consulting and other financial services) provided the IRBA with funding for the Support Programme. Once again, the candidates who attended the Support Programme achieved better results on each question than repeat candidates who did not attend the IRBA's programme. Of the 40 candidates who successfully completed the programme 24 passed, representing a pass rate of 60%. Of the 275 Black repeat candidates, who did not attend the IRBA Support Programme, 140 passed, representing a pass rate of 51%.

THE EXAMINATION OBJECTIVE

The objective of the examination is to assess the professional competence of candidates at entry point to the auditing profession. The IRBA has, over the years, carefully developed the PPE, in order to ensure that it is appropriate for this purpose and that it reflects the multi-disciplinary public practice environment in which RAs are required to operate.

The statutory auditor performs a very responsible function and the IRBA has a duty to ensure that only those who have demonstrated an appropriate degree of professional competence are registered as auditors. The examination, which aims to assess professional competence, takes the form of two, 2½ hour written assessments consisting of two scenarios reflecting the public practice environment. Candidates must demonstrate an ability to solve multi-disciplinary practical problems in an integrated manner and to do so must analyse and interpret information and provide viable solutions to address specific client needs. The ability to demonstrate logical thought and exercise professional judgement is an integral part of the examination.

ADMISSION REQUIREMENTS

Admission requirements to the PPE are challenging, requiring completion of recognised academic and education programmes. In addition, entrants must also have passed SAICA's Initial Test of Competence (ITC). Completion of the academic component under a full-time study programme ordinarily takes at least four years. Given the practical focus of the assessment, candidates are required to have served at least 18 months of a registered training contract in the service of a Registered Auditor before being admitted to write the PPE.

The minimum total duration of a training contract is three years,

which usually follows the four-year period of full-time study. The period of qualification for most students is therefore at least seven years. The IRBA believes that this is in keeping with its duty to ensure that standards at entry point are maintained and that only those who are able to meet prescribed competency standards are registered as auditors. The qualification period is similar to that of other highly regarded professions and internationally recognised accounting bodies.

IN CONCLUSION

The IRBA wishes to acknowledge the significant contribution made by the various education institutions, training offices and SAICA towards the success of the 2012 PPE.

The IRBA's examination continues to be afforded both local and international recognition and we wish to congratulate our successful candidates on their outstanding achievement.

The Top candidate in the 2012 Support Programme was Namrata Vallabh, from Grant Thornton.

** See the loose insert listing all candidates who passed the 2012 PPE*

TOP 10 FUNCTION

The Top 10 and the Top Support Programme candidates were honoured at a function on 9 April 2013.

EDUCATION, TRAINING AND PROFESSIONAL DEVELOPMENT

CONTINUED



Deputy Governor of the Reserve Bank, Francois Goepe, who delivered the main address, and Edward Kieswetter, CEO of Alexander Forbes and the SA representative on the IFAC International Accounting Education Standards Board



IRBA Chairman Willem van der Linde, SC, welcomed the top students, their parents and guests to the function



Neville Demaine, (NSOA) and Bernard Agulhas (IRBA CEO) with the Top Support Programme Candidate, Namrata Vallabh



The 2012 PPE Top 10 candidates

COMMITTEE FOR AUDITING STANDARDS (CFAS)

CFAS EXPOSURE DRAFTS

Proposed South African Preface and Proposed Due Process Policy

The CFAS considered comments received on the proposed *South African Preface to the Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements* and the proposed *Due Process Policy for the Development, Adoption and Implementation of Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements* at its meeting held on 4 March 2013. The Preface Task Group is discussing the status and authority of IRBA Guides and SAAPS developed by the CFAS as implementation guidance for auditors in meeting regulatory requirements with other Regulators, before finalising the Preface for issue by the IRBA Board.

The Proposed Guide for Registered Auditors – Reporting on Financial Information contained in Interim, Preliminary, Provisional and Abridged Reports

The *Proposed Guide for Registered Auditors, Reporting on Financial Information contained in Interim, Preliminary, Provisional and Abridged Reports* (the proposed JSE Reporting Guide) was approved for exposure by the CFAS at its meeting on 4 March 2013, and issued during March 2013, with comments due by 15 May 2013. The JSE Task Group has considered comments received and expects to finalise the JSE Reporting Guide for consideration of the CFAS at its August 2013 meeting. It is expected that the CFAS will, at that meeting, recommend the JSE Reporting Guide to the Board for approval to issue. Task group members and respondents to the

exposure draft are thanked for their contributions.

The JSE Reporting Guide provides guidance to JSE accredited auditors of issuers, listed on the JSE, in meeting the JSE Limited Listings Requirements for an audit or review, and the related auditor's audit or review report on an issuer's interim, preliminary, provisional or abridged reports.

Proposed South African Standard on Assurance Engagements (SASAE) 3501, Assurance Engagements on eXtensible Business Reporting Language (XBRL)

The CFAS approved the proposed SASAE 3501 *Assurance Engagements on eXtensible Business Reporting Language (XBRL)* (the proposed SASAE) for exposure for 90 days at the June 2013 CFAS meeting.

The proposed SASAE has been developed in response to a request from the Johannesburg Stock Exchange for guidance for auditors providing assurance on XBRL data. The proposed SASAE 3501 will be issued during the third quarter of 2013.

SAAPS 6 EXTERNAL CONFIRMATIONS FROM FINANCIAL INSTITUTIONS

The proposed SAAPS 6, *External Confirmations from Financial Institutions* (the proposed SAAPS 6) was approved for exposure by the CFAS at its meeting on 4 March 2013, and issued during March 2013 with comments due by 15 May 2013. The External Confirmations Task Group considered comments received and

recommended final changes to the SAAPS 6 to the CFAS. SAAPS 6 was approved at the June 2013 CFAS meeting, for recommendation to the Board to issue. Task group members and respondents to the exposure draft are thanked for their contributions.

The SAAPS 6 replaces the extant SAAPS 1100 Bank Confirmations (December 2000) which will be withdrawn on issue of the final SAAPS 6. This SAAPS 6 provides implementation guidance when auditors make use of external confirmation procedures to obtain audit evidence from all financial institutions to meet the requirements of the International Standard on Auditing (ISA) 505 *External Confirmations*.

The objective of this proposed SAAPS is to assist an auditor when obtaining such external confirmation certificates, either manually or electronically, from a financial institution in South Africa.

Appendix A provides examples of possible audit procedures to address the risks of completeness when obtaining external confirmations.

Appendix B contains completely revised illustrative external confirmation request templates, suitable for both manual and electronic confirmation requests. These include nine different categories of "Form Types" relating to a variety of account balances and financial instruments of an entity that an auditor is most likely to encounter and seek to confirm. The nine optional forms provide flexibility for the auditor in selecting only those Form Types that are relevant to the external confirmation sought.

Effective date: in order to facilitate implementation, SAAPS 6 will be effective for all external confirmation requests, both manual and electronic, after 31 October 2013. Early adoption is permissible.

The use of an electronic confirmation request and certificate are being introduced in South Africa as a new method for obtaining external confirmations that will align with global best practice when obtaining external confirmations. A pilot project is currently being undertaken by several audit firms with a few of the large banks. While the use of electronic external confirmations is expected to take time for some banks to implement, it is expected that considerable efficiencies and time and cost savings will be achieved. CQS Confirmation (Pty) Ltd will facilitate the access to e-confirmation.com for audit firms who already use the CQS audit working papers. Refer to the recent editorial in the May 2013 issue of the ASA magazine.

CFAS REGULATED INDUSTRIES AND REPORTS STANDING COMMITTEE (RIRSC)

SAAPS 3 (Revised), Illustrative Reports

The independent reviewer's reports contained in SAAPS 3 (Revised), *Illustrative Reports*, will shortly be updated to reflect the changes made to illustrative reviewer's reports contained in the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*, that is effective for reviews of financial statements for periods ending on or after 31 December 2013 – early adoption is permissible. The new report format cannot be used without complying fully with ISRE 2400 (Revised).

Consequently, the existing ISRE 2400 illustrative reports will be retained in SAAPS 3 until the effective date of the ISRE 2400 (Revised) for periods ending on or after 31 December 2013.

Medical scheme auditors' reports

The Council for Medical Schemes re-issued the required ISAE 3000 audit report template, which comprises part 11B to the 2012 Annual Statutory Return, on 21 February 2013. The template may be found on the IRBA website. The ISA 800 audit report template remains the same as that issued in 2012.

Other regulatory reports finalised

The following auditor's reports, developed in consultation with the relevant regulators and auditors involved in those specialised industry engagements, were approved at the June 2013 CFAS meeting:

ITAC – Automotive Production and Development Programme (APDP) reports

The APDP reports were developed in consultation with the International Trade Administration Commission of South Africa (ITAC) and a CFAS Task Group comprising auditors with extensive experience in conducting these specialised engagements to meet the requirements of Part C of the *Automotive Production and Development Programme (APDP) Regulations* and the *Detailed Information* contained in the relevant *Info Docs* issued by (ITAC) for APDP grant claims with effect from 1 January 2013:

- Company Specific Percentage/s Application;
- Declaration of Imported Component Values (Form C1);
- Application for a Production Rebate Credit Certificate; and

- Standard Materials and Component Declaration (SMD).

ITAC has advised that the SMD reports will be required only as and when requested by them, however, auditors advise that customers of the component manufacturers will seek these SMD Declarations and related auditor's report to determine their production costs and related claim for Production Rebate Credit Certificates.

Financial Services Board – Retirement Fund Auditor's Reports

A CFAS Retirement Funds Task Group comprising senior FSB staff from the Pensions Department and auditors with extensive experience in the conduct of retirement and pension fund audit engagements is currently finalising the regulatory reports to meet the needs of the Regulator for:

- Section 15 agreed upon procedures report for small funds;
- Section 15 agreed upon procedures report for umbrella funds;
- Section 15 agreed upon procedures report for retirement annuity funds and preservation funds;
- Regulation 28(8)(b)(i) compliance report for collective investment schemes;

- Regulation 28(8)(b)(ii) compliance report for linked insurance policies; and
- Regulation 28(8)(b)(iii) compliance report for fully or partially guaranteed long-term policies.

CFAS PUBLIC SECTOR STANDING COMMITTEE (PSSC)

The PSSC met during December 2012, February 2013, March 2013 and May 2013 to continue working on the development of the following joint guides:

- *Guide for Registered Auditors Regarding Audits Performed on Behalf of the Auditor General of South Africa; and*
- *Guide for Registered Auditors where the Auditor General of South Africa has opted not to perform the Audit of a Public Sector Entity.*

These two guides will further assist private sector auditors in understanding the additional communication, risk management and audit methodology to be followed when auditing public sector entities, as well as the relationship with the AGSA. They will be considered at CFAS in August 2013 for approval to issue on exposure.

CFAS SUSTAINABILITY STANDING COMMITTEE (SSC)

Research project for the International Integrated Reporting Committee (IIRC) – Technical Consultative Group (TCG) – Assurance Project

The SSC was appointed as an IIRC TCG – Assurance to undertake research into the issues affecting the provision of assurance on integrated reports and the integrated reporting process. The Terms of Reference for this research project are:

- Identification and analysis of issues regarding suitability of criteria, such as those involving completeness, future-oriented information and the use of technology.
- Analysis of existing auditing or assurance standards that might be applicable or considered to be useful in approaching assurance related to <IR> and related implications.
- Identification and analysis of issues regarding whether assurance should run to the process of preparing the integrated report or the integrated report itself.
- If assurance is to run to the integrated report itself, identification and analysis of issues regarding potential levels of assurance, including the same level of assurance and carve-out of areas assured by different organizations.
- Identification and analysis of issues regarding using the work of others

Two draft Discussion Papers have been prepared by the SSC TCG thus far and valuable comments received during several international conference calls. The second Discussion Paper V2 circulated in December 2012 took account of the content of the IIRC's <IR> Prototype Framework (the <IR> Framework) issued on 23 November 2012 and subsequently informed a draft "*Outline of assurance paper to be prepared by the Assurance TCG*" that was considered by the IIRC's Technical Task Force at its meeting in February 2013. An updated draft Discussion Paper V3 was issued on 25 March 2013 and further comments obtained from international conference participants.

The IIRC has requested the TCG to focus its attention on considering whether the *Consultation Draft of the International <IR> Framework - Integrated Reporting*, issued on 16 April 2013 for public comment by 15 July 2013, provides suitable criteria for assurance on an Integrated Report or <IR> process and if not, to suggest changes to be made.

A presentation was made by the Chairman of the CFAS at the IAASB's National Standard Setters' meeting in New York in May 2013 on challenges in providing independent assurance on integrated reports or the integrated reporting process.

CFAS B-BBEE ADVISORY COMMITTEE (BAC)

Proposed revised Codes of Good Practice

The DTI released the Draft B-BBEE Revised Codes of Good Practice on 5 October 2012 in Government Gazette no: 35754 for public comment. We thank those registered auditors and their firms who submitted their comments for consideration in the IRBA comments submitted to the DTI on 12 December 2013. The IRBA's comments may be downloaded from: <http://www.irba.co.za/index.php/b-bbee-verification-assurance>.

Broad-Based Black Economic Empowerment Amendment Bill, 2012

The Broad-Based Black Economic Empowerment (B-BBEE) Amendment Bill, 2012 was tabled in Parliament. Salient amendments include the following:

- The establishment of a B-BBEE Commission that will deal with monitoring and compliance;

- The creation of incentive schemes to support black owned and managed enterprises in the strategy for broad-based black economic empowerment;
- The promotion of compliance by organs of state and public entities and to strengthen the evaluation and monitoring of compliance; and
- Provisions for offences and penalties regarding misrepresentation and fronting.
- Further Amendments to this earlier Amendment Bill were approved by Parliament during June 2013.

Sector Codes issued

The DTI issued the *Financial Services Sector Code* on 26 November 2012 and the *Agricultural Sector Code ("AgriBEE")* on 28 December 2012.

The Financial Services Sector Code applies to any natural or juristic person conducting a business, trade or profession in the South African financial sector, including, but not limited to, the following:

- Banking;
- Long-term insurance;
- Short-term insurance;
- Re-insurance;
- The management of retirement, pension and collective investment scheme assets;
- Management of formal collective investment schemes;
- Financial Services Intermediation and Brokerage;
- Management of investments on behalf of the public, including, but not limited to, private equity, members of any exchange licensed to trade equities or

financial instruments in South Africa and entities listed as part of the financial index of a licensed exchange; and

- Underwriting Management Agents.

The *AgriBEE* applies to enterprises which derive the majority of their turnover from:

- The primary production of agricultural products;
- The provision of inputs and services to enterprises engaged in the production of agricultural products;
- The beneficiation of agricultural products whether of a primary or semi-beneficiated form; and
- The storage, distribution or trading and allied activities related to non-beneficiated agricultural products.

Both sector codes are effective from their publication dates. An enterprise to which these Sector Codes apply after the effective dates, may only be measured for their B-BBEE compliance in accordance with the relevant Sector Code.

EME certificates – apply SASAE 3502

All registered auditors who issue *Exempted Micro Enterprise (EME) certificates* are required to apply SASAE 3502 *Assurance Engagements on Broad-Based Black Economic Empowerment (B-BBEE) Verification* when issuing EME certificates. Attention is drawn, in particular, to Appendices 4 and 5 relating to EME Certificates issued and basis for EME engagements.

B-BBEE marketing and advertising

RAs that are approved to perform B-BBEE assurance services are reminded that their services must be marketed in keeping with the IRBA *Code of Professional Conduct for Registered Auditors*. No disparaging references or unsubstantiated comparisons may be made to the work of others services providers, whether provided by SANAS Accredited Verification Agencies or other registered auditors.

Registered auditors are not permitted to use the IRBA logo on B-BBEE verification certificates or EME Certificates

RAs that provide B-BBEE assurance services are also reminded that they are not permitted to use the IRBA logo on B-BBEE Verification Certificates or EME Certificates issued by them. Registered auditors must include their IRBA Registration Number and that of their Audit Firms Registration number on any B-BBEE Verification Certificates or EME Certificates issued by them.

Workshops on SASAE 3502

The IRBA is planning workshops to assist B-BBEE Approved RAs with implementation of the SASAE 3502 *Assurance Engagements on Broad-Based Black Economic Empowerment (B-BBEE) Verification*. Information regarding these will be communicated in due course.

THE INTERNATIONAL AUDIT AND ASSURANCE STANDARDS BOARD (IAASB)

ISA 610 (Revised 2013), *Using the Work of Internal Auditors*

ISA 610 (Revised 2013), was issued by the IAASB in March 2013. The standard includes new requirements and guidance that address the auditor's responsibilities if using internal auditors to provide direct assistance under the direction, supervision, and review of the external auditor for purposes of the audit ("direct assistance") for those jurisdictions that permit this.

The CFAS questioned whether the IRBA would support the use of direct assistance by internal auditors to registered auditors in South Africa, due to the independence conflicts that arise. A recommendation in this regard will be made to the Board in July 2013.

At its April 2013 meeting, the IAASB discussed:

- *Auditor reporting* – ISA 700 is to be revised and the proposed new ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report* was discussed. It was proposed that ISA 701 will apply to auditor's reports on listed entities. The IAASB will seek approval of the proposed ISA 701 and proposed amendments to ISA 700 at its meeting in June 2013, for issue on exposure anticipated during August 2013.
- *ISA Implementation Monitoring* – considered a report back on the results of the surveys performed.
- *ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information* – Proposed amendments to ISAE 3000 were considered and guidance on

changes provided to the task force.

- *Audit of Disclosures* – Considered an issues paper presented.
- *The new Innovation, Needs, and Future Opportunities (INFO) Working Group* considered the Terms of Reference for the INFO working group to inform the IAASB's 2014 – 2019 Strategy.
- *Auditor Responsibilities Relating to Other Information* – Update received on the proposed revision of ISA 720.

For further information on the most recent IAASB meeting and other IAASB projects, please visit the IAASB website at <http://www.ifac.org/auditing-assurance>

SMALL AND MEDIUM PRACTICES

The IFAC Small and Medium Practices (SMP) Committee

The International Federation of Accountants' (IFAC) Small and Medium Practices (SMP) Committee represents the interests of professional accountants in small and medium practices. The committee develops guidance and tools, and works to ensure the needs of the SMP and small and medium sized entity (SME) sectors are considered by standard setters, regulators, and policy makers. The committee also speaks out on behalf of SMPs to raise awareness of their role and value, especially in supporting SMEs, and the importance of the small business sector overall.

SMPs may find the publications available on the IFAC website useful in running their practices and in the audit of small and medium enterprises (SMEs). These publications have not been issued as guidance in South Africa as they have not gone through the IAASB's

due process for development of International Standards. The guidance may, however, be of use to SMPs, bearing in mind however that registered auditors are required to apply ISQC 1 and the IAASB International Standards.

Staff Questions & Answers - Applying ISQC 1 Proportionately with the Nature and Size of a Firm

In support of its commitment to explore standards for services that meet the unique needs of Small and Medium-sized Practices (SMPs), the staff of the International Auditing and Assurance Standards Board (IAASB) issued the, *Staff Questions & Answers (Q&A) - Applying ISQC 1 Proportionately with the Nature and Size of a Firm* in November 2012. SMPs, as well as smaller public sector audit organizations, should find this Q&A helpful in achieving an effective and efficient implementation of ISQC 1.

It should be noted that this publication does not constitute an authoritative pronouncement of the IAASB nor does it amend or override ISQC 1. Registered auditors who are SMP practitioners may find the guidance useful. The Q&A is available in PDF format and may be downloaded from the Small and Medium-Sized Practices page.

The SMP publications may be found at www.ifac.org/about-ifac/small-and-medium-practices-committee and www.ifac.org/issues-insights/smps-smes

CFAS MEMBERS

We welcome the new members of the CFAS whose appointments were approved by the IRBA Board, with effect from 1 April 2013, for a period of three years. The committee now comprises:

Michiel Engelbrecht (Chairman)	PricewaterhouseCoopers Inc.
Michael Bourne	Ernst & Young
Liezl du Plessis	Deloitte
Cynthia Mbili	SizweNtsalubaGobodo
Steven Louw	KPMG Inc.
Magugu Maphiwa	Nduma Inc.
Willie Botha	Mervitz Malan
Prof Harvey Wainer	University of the Witwatersrand
Ed Southey	Webber Wentzel
Imran Vanker	Auditor General of South Africa
Shelmadene Petzer (alternate to Imran Vanker)	Auditor General of South Africa
Prof Linda de Beer	JSE Limited
Ronald Makomva	South African Revenue Service
Bellina Sebesho	Financial Services Board

We express our appreciation to the outgoing CFAS members for their valuable contributions made to the work of the CFAS, including its strategy and development of the new IRBA Standards, Guides and exposure drafts and regulatory reports, and for assisting with comments provided to the IAASB during their term of appointment.

ETHICS

COMMITTEE FOR AUDITOR ETHICS (CFAE)

The CFAE met on 22 February 2013 where the following issues were discussed:

- The Public Interest Task Group was requested by the CFAE to discuss the possible amendments of the Code and additional guidance for auditors with other regulators responsible for regulating public interest industries and entities to ensure the IRBA will be meeting its public interest mandate as the audit regulator,
- The CFAE discussed whether task groups should be formed to study the European Commission initiatives to improve audit quality, strengthen independence of the auditor, and foster competition amongst audit firms that may affect the global audit firms, and to consider whether the IRBA *Code of Professional Conduct for Registered Auditors* should be enhanced to address some of the issues being considered. The CFAE will review its work programme and available resources in this regard.

CFAE MEMBERS

We welcome the new members of the CFAE whose appointment was approved by the IRBA Board with effect from 1 April 2013 for a period of three years. The committee now comprises:

Edward Kieswetter (Chairman)	Alexander Forbes
Lerato Ratsoma	Empowerdex
Rudolph Cornelius Terblanche	South African Revenue Service
Ethel Hamman	Horwath Zeller
Steve Ball	PricewaterhouseCoopers Inc.
John Beaumont	Deloitte
Japie Schoeman	BDO
Shaun Davies	JSE Limited
Michael Malisa Tshishonga	Director / Liquidator / Advocate
Amb. Beryl Rose Sisulu	National Prosecuting Authority

We express our appreciation to the outgoing CFAE members for their valuable contributions made to the work of the CFAE, including the development of the new IRBA *Code of Professional Conduct for Registered Auditors* and comments provided to the IESBA in respect of proposed changes to the IESBA *Code of Ethics for Professional Accountants*.

IESBA EXPOSURE DRAFTS

The IESBA recently released two exposure drafts for comment:

- *Proposed Changes to the Code for Professional Accountants to Address Illegal Acts.* The IRBA submitted comments on this exposure draft.

The IESBA on 19 March 2013 issued amendments to the IESBA *Code of Ethics for Professional Accountants (the Code)* for the following:

- *Changes related to Provisions Addressing a Breach of a Requirement of the Code*
- *Changes Addressing Conflicts of Interest*
- *Changes to the Definition of Engagement Team*

A Task Group of the CFAE will consider the amendments made to Parts A and B of the IESBA Code at its meeting in August 2013 to determine whether or not they will be recommended to the Board for adoption as amendments to the *IRBA Code of Professional Conduct for Registered Auditors*.

Copies of the exposure drafts and links to the IESBA website are included on the IRBA Ethics web page: www.irba.co.za/index.php/ethics-standards-functions-73.

ETHICS WORKSHOPS

After the success of the 2012 Ethics Workshops, the IRBA will again provide ethics workshops for registered auditors during July 2013.

The workshops focus on the Code and the Rules affecting auditors in their daily practice. The implications of the independence requirements are illustrated by way of case studies

in the South African multicultural environment encountered by auditors daily. The application of professional ethics in our multicultural environment was a refreshing addition to the workshops and will be retained. It became evident at the ethics workshops in 2012 that there is still confusion over the application of the independence requirements in section 90 of the Companies Act versus section 290 of the Code and understanding by auditors as to which apply when. Auditors are advised to refer to sections 290.167 to 290.174 of the IRBA Code that deal with independence for auditors or independent reviewers when providing accounting services and preparing financial statements that they may find helpful. A joint IRBA / SAICA communication with more comprehensive guidance has been issued.

For further information on professional ethics issues you may contact the IRBA by email to standards@irba.co.za or by telephone on 087 940 8800.

Workshop content

This practical and interactive ethics workshop will expose participants to the application of the fundamental ethical principles in practical situations when evaluating threats and identifying and applying safeguards in terms of the conceptual framework.

The ethics workshops will cover various aspects of the Code including:

- Trust
- Multicultural ethics
- Professionalism and ethics
- Ethical decision making
- Current trends

This workshop will inform the ethical decision making skills of auditors and their staff and enhance their understanding of the practical implementation of the Code in their practice.

Presenters

The presenters of these ethics workshops will be Prof Martin Prozesky and Mr Uli Schäckermann. Below is a brief synopsis of each presenter's experience:

Prof Martin Prozesky - MA (Oxford), DPhil (Rhod)

- Founding Director of Compass Ethics CC;
- Emeritus Professor of Comparative and Applied Ethics and Senior Research Associate, University of Kwazulu-Natal (UKZN);
- Experienced presenter on professional ethics workshops to the auditing profession since 2005;
- Editor of *Ethics for Accountants and Auditors* (Oxford University Press Southern Africa, 2nd edition 2009); and
- Author of *Conscience: Ethical Intelligence for Global Well-Being* (University of KZN Press, 2007).

Uli Schäckermann - CA (SA), B.Com (Wits), MA (AEP) (Wits), RA

- Auditor in public practice for more than 30 years;
- Formerly senior partner in an international audit firm;
- Member of the Committee for Auditor Ethics (IRBA);
- Experienced presenter on professional ethics workshops for auditors; and
- Chairman and non-executive member of audit committees.

STANDARDS

CONTINUED

Who should attend?

Registered auditors in practice, their professional managers and senior staff.

These workshops are developed specifically for those involved in audit, independent reviews and other assurance engagements, when dealing with ethical challenges on a daily basis and documenting their decisions on independence and other ethical conflicts arising.

Dates

We will be presenting half-day ethics workshops countrywide from 1 to 24 July 2013.

Additional provisional dates will be provided for further workshops in Gauteng, Durban and Cape Town in the event that the above dates are fully booked. This will be communicated as soon as it becomes necessary.

Continuing Professional Development

The training will contribute to 4 hours of CPD and certificates will be issued to attendees afterwards. This will form part of the 9 hours of compulsory ethics CPD required in a 3 year cycle, with a minimum of 2 hours per annum.

Cost

The cost for attending the ethics workshop is **R795** per person.

REPORTABLE IRREGULARITIES

REPORTABLE IRREGULARITIES (RIs) RECEIVED

	Year ended 31 March 2013		Year ended 31 March 2012	
Number of reports received and files closed within 40 days	630	93%	637	82%
Number of 2nd reports received late (after due date)	46	7%	140	18%
Total number of RIs received	676	100%	777	100%

RIs CONTINUING/NOT CONTINUING

	Year ended 31 March 2013	
Continuing	418	62%
Not continuing	257	38%
Did not exist	1	0%
Total number of RIs received	676	100%

TYPE OF ENTITY FOR WHICH RIs RECEIVED:

	Year ended 31 March 2013	
	Private company	494
Non-profit organisation/ Section 21 company	36	5%
Close corporation	28	4%
Public/state owned company	41	6%
Body corporate	20	3%
Other entities	57	9%
Total number of RIs received	676	100%

TYPE OF CONTRAVENTION: OF THE CONTINUING RIs RECEIVED:

	Year ended 31 March 2013	
	Companies Act contraventions	58%
Income Tax Act/VAT Act contraventions	23%	
Labour law contraventions	10%	
Estate Agency Affairs Act contraventions	2%	
Other contraventions	7%	

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INSPECTIONS

RISK-BASED APPROACH FOR INSPECTIONS

The Auditing Profession Act, 26 of 2005, states that the IRBA may at any time inspect or review the practice of a Registered Auditor (RA). The IRBA should at least within every three year cycle, inspect or review the practice of an RA who performs the audit of public interest entities. The inspections department has adopted the International Forum of Independent Audit Regulators' (IFIAR) Core Principle, Principle 9, which states that audit regulators should ensure that a risk-based inspections programme is in place.

The IRBA participated in the 7th IFIAR Inspection Workshop in Zurich, together with 117 delegates representing regulators from around the world. The workshop and interaction was very fruitful as it enabled inspectors from different countries to network and share information. The workshop created the ideal opportunity for the IRBA Inspections Department to benchmark its risk-based inspection approach and trends against global best practices.

The IRBA is in the process of updating its risk-based inspections approach to be more robust. The objective of the approach is to further enhance the public confidence in the assurance work performed by RAs, by increasing the focus of inspections on relevant inherent and other risks attributable to audit firms and their engagements.

INSPECTIONS IN TERMS OF THE FINANCIAL INTELLIGENCE CENTRE ACT 38 OF 2001 (FICA)

As a supervisory body referred to in Schedule 2 of the FICA, the IRBA is obliged to perform inspections of registered auditors and firms registered with the IRBA. Inspectors will be conducting inspections of accountable institutions in terms of section 45A(4), and exercise the powers in relation to such inspections in terms of section 45B. The objective will be to ascertain compliance or non-compliance with the FICA and any determination or directive made in terms of the Act.

In order to facilitate and promote the supervision, monitoring and enforcement of the responsibilities of relevant accountable institutions,

the IRBA has recently signed Memorandums of Understanding (MOUs) with the Financial Intelligence Centre (FIC) and the Financial Services Board (FSB). The MOUs embody the relationship of mutual co-operation, support, assistance, information sharing, training, secondment, conducting inspections and sanctioning of non-compliance.

FIC inspections will therefore be scheduled individually or coincide with the normal firm and engagement inspections in terms of the Auditing Profession Act, 26 of 2005.

Imre Nagy

Director: Inspections

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LEGAL

QUARTERLY REPORT FROM THE DIRECTOR: LEGAL FOR THE PERIOD 1 OCTOBER 2012 TO 31 DECEMBER 2012

INVESTIGATING COMMITTEE

The Investigating Committee met twice during this period and referred 24 matters to the Disciplinary Advisory Committee with recommendations.

DISCIPLINARY ADVISORY COMMITTEE

The Disciplinary Advisory Committee met twice during this period and disposed of 16 matters, as follows:

Decisions not to charge

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

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

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

- three matters in terms of Disciplinary Rule 3.5.1.4 (there being no reasonable prospect of succeeding with a charge);

Decision to charge and matter finalised by consent ('admission of guilt')

Four practitioners were fined:

- one matter related to negligence in performing the statutory audit of a company between the period 2006 to 2009 (fine of R75,000, of which R25,000 is suspended on conditions);

- one matter related to the practitioner's failure to comply with section 45(1)(a) of the Auditing Profession Act, 2005 in respect of three entities (fine of R100,000 imposed);

- one matter related to negligence in performing the audit and certain accounting and secretarial duties for a non-profit company (fine of R50,000, R25,000 of which is suspended on conditions);

- one matter related to negligence in failing timeously to provide the

auditor's report of a Provident Fund and a failure to deal timeously with correspondence (fine of R75,000, R25,000 of which is suspended on conditions).

Decision to charge and matter referred to the Disciplinary Committee

One matter was referred to the Disciplinary Committee during this quarter, for a disciplinary hearing.

DISCIPLINARY COMMITTEE

The Disciplinary Committee convened once during this period, on 19 November 2012 in Cape Town.

A practitioner was found guilty on six charges of improper conduct in failing to exercise the degree of care and skill which could reasonably have been expected of him, in that:

- he failed in five respects to document matters that are important in providing evidence to support an audit opinion and in providing evidence that the audit was carried out in accordance with applicable standards, and

- he dated an audit opinion prior to the date on which the financial statements were signed or approved by the company's management.

In respect of each of five of the above charges, the practitioner was fined the sum of R40,000 and R50,000 in respect of the sixth charge.

In a related matter, another practitioner was found guilty on one charge of improper conduct in failing to exercise the degree of care and skill which could reasonably

have been expected of him, in that he failed to document matters that are important in providing evidence to support an audit opinion and in providing evidence that the audit was carried out in accordance with applicable standards.

In respect of the above charge, the practitioner was fined the sum of R50,000.

The practitioners were also directed to contribute to the reasonable costs incurred by IRBA in the aforesaid matters.

QUARTERLY REPORT FROM THE DIRECTOR: LEGAL FOR THE PERIOD 1 JANUARY 2013 TO 31 MARCH 2013

INVESTIGATING COMMITTEE

The Investigating Committee met twice during this period and referred 16 matters to the Disciplinary Advisory Committee with recommendations.

DISCIPLINARY ADVISORY COMMITTEE

The Disciplinary Advisory Committee met once during this period and disposed of 18 matters, as follows.

Decisions not to charge

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

this includes the situation where the conduct in question might be proved but even if proved does not constitute unprofessional conduct);

- five matters in terms of Disciplinary Rule 3.5.1.2 (the respondent having given a reasonable explanation for the conduct);
- two matters in terms of Disciplinary Rule 3.5.1.4 (being that there are no reasonable prospects of succeeding with a charge of improper conduct against the respondent).

Decision to charge and matter finalised by consent

Five practitioners were fined (in respect of eight cases):

- four matters against one respondent were consolidated and the respondent pleaded guilty to a failure to answer and to deal with correspondence appropriately within a

reasonable time and a section 275 contravention of the Companies Act, 1973 (repealed) (R50,000 of which R25,000 was suspended on conditions and a R5,000 contribution towards costs);

- one matter related to negligence in performing the audit of a listed entity in that there was non-compliance with paragraph 34 of ISA 570, Going Concern, which then applied, which required the respondent to express a qualified or adverse opinion if adequate disclosure is not made in the financial statements (R100,000 of which R50,000 was suspended on conditions);
- one matter related to a failure to answer and/or to deal with correspondence appropriately within a reasonable time

(R10,000 of which R5,000 was suspended on conditions);

- one matter related to an inappropriate reporting of a reportable irregularity (R20,000 of which R15,000 was suspended on conditions); and
- one matter related to negligence in that the respondent had issued an auditor's report which contained a number of errors and did not comply with applicable ISA requirements (R40,000 of which R20,000 was suspended on condition).

Decision to charge and matter referred to the Disciplinary Committee

Two matters were referred to the Disciplinary Committee for disciplinary hearings.

DISCIPLINARY COMMITTEE

The Disciplinary Committee sat twice during this period (on 28 and 29 January 2013 and again on 13 and 14 March 2013). One matter was finalised and in the second matter judgment was reserved.

FIRST MATTER

On 28 and 29 January 2013 the Committee considered the matter of Mr Nicolaas van Dyk erstwhile of the firms Van Dyk & Associates and Acuity Auditing. The case consolidated various complaints against the practitioner, by more than one party. The charges and findings (as well as the reasons therefor) appear from the sentence handed down by the Chairman of the Committee Adv Alan Dodson SC, below.

INTRODUCTION

The practitioner, Nicolaas van Dyk, is an auditor registered in terms of

section 37 of the Auditing Profession Act No. 26 of 2005.

The respondent faced 10 charges of improper conduct as contemplated in section 49 of the Auditing Profession Act. A disciplinary hearing was convened in terms of section 50 of the Act in order to consider the charges. The charges related to the respondent's conduct as auditor in respect of four different entities. Three of the charges related to the African Dawn group of companies. Two of the charges related to the Alliance Mining group of companies. Two charges related to an entity called the Industrial Credit Company Africa Limited. Two charges related to the Thorntree Trust and one charge related to the respondent's membership of the South African Institute of Chartered Accountants ("SAICA") and his use of the designation chartered accountant and also to his registration status at

the Independent Regulatory Board for Auditors ("IRBA" or "the Board"). The latter charge was withdrawn with the leave of the Disciplinary Committee.

The charges (for brevity only the charges on which the respondent was found guilty, and the facts proved in this regard, are set out)

The first charge (Alliance Mining Group)

The first charge was that the respondent is guilty of improper conduct within the meaning of-

- rule 2.1.1 (failure to comply with section 44 of the Auditing Profession Act);
- rule 2.1.4 (dishonesty in the performance of work duty in relation to work of a type commonly performed by a practitioner and/or in relation to an office of trust which he has undertaken or accepted);
- rule 2.1.5 (failure to perform work or duties commonly performed by a practitioner with such degree of care and skill as in the opinion of the Board may reasonably be expected);
- rule 2.1.20 (without reasonable cause, contravening paragraph 4.4 (professional competence and due care) and/or paragraph 8 (professional competence) of the code of conduct);
- rule 2.1.21 (conducted himself in a manner which was improper or discreditable or unprofessional or dishonourable or unworthy on the part of a practitioner or which tended to bring the profession of accounting into disrepute).

The facts alleged on the first charge were-

- the respondent was the auditor of Alliance Mining Corporation Limited and its subsidiaries, including the private companies named Thanda Bantu (Pty) Ltd, Galvrite Galvanising (Pty) Ltd ("Galvrite"), Melfix and Suppliers (Pty) Ltd ("Melfix") and Sindele Mining Supplies (Pty) Ltd ("Sindele") from 17 September 2007 to 1 June 2009;
- the respondent was responsible for performing the audits of all of their 2008 financial statements and issued unqualified audit reports in all cases;
- Mr Morkel, the group finance manager of Alliance Mining Corporation provided one Ms Connie Van Nieuwkerk of

Imagine Wealth with the trial balances of Alliance Mining Corporation and the subsidiaries referred to for purposes of the 2008 financial year audit of Alliance Mining group;

- the trial balances prepared were approved and audited by the respondent and formed the basis of the results reflected in the 2008 financial statements of the Alliance Mining group ("AMG");
- the final trial balances contained a number of material misstatements on account of material, unexplained journal entries and adjustments for which no or insufficient basis existed;
- the misstatements resulted in a material over-statement of the AMG's net profit before tax in a total amount of R116,713,650, taking into account the overstatements in Alliance Mining Corporation Limited and four of its subsidiaries;
- the misstatements resulted in Ngubane Zeelie, Alliance Mining Group's auditors with effect from 1 June 2009, recommending restatement of the financial results of AMG for the year ended 29 February 2008 and reporting several reportable irregularities to the Board in a letter dated 26 October 2009;

The second charge (AMG audit working papers)

The second charge was that the respondent is guilty of improper conduct within the meaning of -

- rule 2.1.14 (failure to answer or to deal appropriately and within reasonable time with any correspondence or communication from the Board); and/or
- rule 2.1.15 (without reasonable cause failing to comply within a reasonable time with an order, requirement or request from the Board).

The facts alleged in respect of the second charge were that the respondent was requested to produce all audit working papers

supporting the audit reports issued for the year ended 29 February 2008 with regard to the Alliance Mining Group by way of a letter dated 16 February 2010 and later by way of a subpoena dated 2 November 2010 but failed to respond to the requests.

The third charge (African Dawn Group)

The third charge was that the respondent is guilty of improper conduct within the meaning of the rules listed in relation to the first charge.

The facts alleged in respect of the third charge were that-

- the respondent was the auditor of African Dawn Capital Limited for the financial years ending February 2003 to February 2008 and of its subsidiaries, Nexus and Bhenka (private companies) for the financial years ending February 2004 to February 2009;
- as part of his duties, the respondent was responsible for auditing the 2008 financial statements of African Dawn group and the 2009 financial statements in respect of the subsidiaries, Bhenka Financial Services (Pty) Limited and Nexus Personnel Finance (Pty) Limited;
- the respondent issued unqualified audit reports in respect of the African Dawn group 2008 financial statements and the 2009 financial statements in respect of Bhenka and Nexus. A Mr Adam of the firm SAB&T was the auditor of the African Dawn group from February 2009 to March 2010 and was responsible for auditing the African Dawn group's consolidated financial statements for the financial year ended 28 February 2009 and its group consolidated interim financial results dated 31 August 2009. The African Dawn group 2008 financial statements and the African Dawn Capital Limited, Bhenka and Nexus financial statements for 2009 contained a number of misstatements;

- Mr Adams' audit of the African Dawn group's consolidated interim financial results dated 31 August 2009 led to-
 - a restatement of the African Dawn group's 2008 financial statements and the Bhenka and Nexus 2009 financial statements correcting those misstatements;
 - a recognition that the African Dawn group was experiencing liquidity pressures and that it was uncertain whether the group would be able to continue as a going concern; and
 - Mr Adam reporting several reportable irregularities to the Board;
- the corrections of the African Dawn group's misstatements resulted in a decrease in the net asset value of the African Dawn group amounting to R154,026,000;
- generally, under the requirements of ISA500 and section 44 of the Auditing Profession Act, the respondent was expected to obtain sufficient appropriate audit evidence-
 - to support the balances and journal entries posted to trial balances for the 2008 financial statements of the African Dawn group and the 2009 financial statements of Bhenka and Nexus; and
 - to be able to draw reasonable conclusions upon which to base his unqualified opinions with regard to those financial statements;
- in respect of his audit, the respondent failed to keep audit working papers and/or he failed to obtain audit evidence, alternatively failed to keep adequate audit working papers and/or he failed to obtain adequate audit evidence and/or he failed to comply with generally accepted auditing standards in relation to-
 - planning considerations, particularly with regard to quality control, audit risk assessment at the assertion level, relationship between the risk assessment and the extent of testing (ie sample size); ethical considerations, fraud considerations, understanding of accounting systems and assessment of internal controls, understanding of control environment and management's assessment of business risk;
 - audit working papers and audit evidence, with reference to property plant and equipment, debit and credit loans, accounts receivable, bank and cash, accounts payable, tax, completeness of income, diluted earnings per share and working papers;
 - audit report in that the respondent's audit report did not comply with ISA700 and references to South African Audit Standards were required to have been replaced by references to International Standards on Auditing;
 - related party considerations, with reference to the identification and verification of related parties and related party transactions;
 - subsequent events seeing that there was inadequate documentation or audit evidence to show that the respondent had performed procedures to establish that all events up to the date of the auditor's report that may have required adjustment of or disclosure in the 2008 financial statements had been identified. In addition, the working paper with respect to subsequent events was not dated and it is recorded that the cashbook was inspected after year end for the period 1 March 2008 to 30 April 2008, despite the fact that the audit report was issued on 19 March 2008 and/or 25 March 2008;
 - management representation letter in that there was no management representation letter on file;
- in the premises, the respondent-
 - sanctioned the insertion of the misstatements unlawfully and recklessly; and
 - recklessly failed to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions upon which to issue his unqualified audit reports in respect of the 2008 financial statements of the African Dawn group and African Dawn Capital Limited and the 2009 financial statements in respect of Bhenka and Nexus.

The fourth charge (African Dawn audit working papers)

The fourth charge was similar to the second charge but in respect of the African Dawn group audit working papers.

The fifth charge (Thorntree Trust)

The fifth charge was that the respondent is guilty of improper conduct within the meaning of rules 2.1.1, 2.1.2, 2.1.4, 2.1.5, 2.1.20 and 2.1.21.

The facts alleged on the fifth charge were-

- the respondent was the auditor of the Thorntree Trust;
- the respondent issued unqualified audit reports in respect of Thorntree's February 2009 and June 2009 financial statements;
- the Thorntree February 2009 financial statements reflected unlisted investments in Shakazu Mbewu (Pty) Limited to the value of R65 million, yet no shareholding in Shakazu Mbewu was ever validly purchased by or issued or transferred to the Thorntree Trust;
- the February 2009 financial statements for the Thorntree Trust also reflected unlisted investments in Richtrau No. 237 (Pty) Limited in the amount of R33,498,500 whereas the June 2009 financial statements reflected that investment as being R12,232,000 whilst at the same time recording that *"the Trust has not traded"*. There was no explanation for the discrepancy in the value and no evidence to support a change in value;
- the June 2009 financial statements reflected equity investments for the trust in the amount of R30,032,000 which differed materially from R98,498,500 in equity investments in the Thorntree February 2009 financial statements despite note 3 to the June 2009 financial statements which stated that *"as the trust has not traded, there is no income statement"*. The June 2009 financial statements provided no basis or explanation for the change;
- under the requirements of ISA500 and section 44 of the Auditing Act, the respondent was expected to obtain sufficient appropriate audit evidence-
 - o to support his unqualified audit report with regard to the trust's February 2009 financial statements; and
 - o to support his unqualified audit report with regard to the trust's June 2009 financial statements;

- the respondent recklessly failed to obtain sufficient appropriate audit evidence in relation to the various entries referred to above to be able to draw reasonable conclusions upon which to base his unqualified audit reports.

The sixth charge (Thorntree audit working papers)

The sixth charge was similar to the second and fourth charges, but in relation to the Thorntree audit working papers.

The eighth charge (ICCA audit working papers)

The eighth charge was similar to the second, fourth and sixth charges but in respect of the ICCA audit working papers.

The tenth charge (independence)

The tenth charge was that the respondent is guilty of improper conduct within the meaning of rules 2.1.1, 2.1.2 (failure to comply with section 275(1) of the Companies Act, 1973) and 2.1.20 (contravention of paragraphs 4.3, 5, 6 and 7 of the code of conduct).

The facts alleged on the tenth charge were-

- the respondent acted as an auditor of African Dawn Capital Limited from January 2003 to February 2008. The respondent was a director of African Dawn from November 1998 to February 2004. African Dawn was at all relevant times a public company;
- the respondent failed to decline to act as auditor despite a clear and material conflict of interest that arose due to his appointment as auditor and director;
- the respondent acted in contravention of section 275(1) of the Companies Act of 1973.
 - 1.1 The pro forma complainant led the evidence of a number of witnesses in support of the charges.

SANCTIONS

As the committee has often indicated in the past, it considers the matter of an appropriate sanction from three perspectives, namely the nature of the offences involved, the community, including both the broader public and the auditing profession and the practitioner himself.

The offences

The infringements involved in the first, third and fifth charges were particularly serious. They illustrate well the catastrophic consequences which can follow when there is a complete failure to perform the auditing function in accordance with the required standards. All three offences involved dishonesty and recklessness. Dishonesty and recklessness are the very antithesis of the qualities which are expected of an auditor.

Even though this was not found to have been intentional, the consequence of the respondent's dishonesty and recklessness was that he lent his qualification and position as an auditor and the credibility which goes with that, to the perpetration by others of serious frauds in the entities involved in the first, third and fifth charges.

The seriousness of the offences underlying the first and third charges is illustrated by the massive extent of the misstatements involved. In the case of Alliance Capital Limited, group profits were overstated by some R116 million. In the case of the African Dawn Group, the misstatements resulted in an overstatement of the net asset value of the group by an amount of some R154 million.

Moreover, the respondent's conduct contributed materially to the demise of a listed company in the form of Alliance Mining Corporation Limited. In this regard the evidence of Mr Morkel was that the situation may well have been capable of being remedied had a proper audit been done for the 2008 financial year. Had steps been taken at that stage, the situation might have been saved.

The respondent's conduct has also contributed materially to the very significant diminution in the value of the African Dawn Group, illustrated by a comparison of the share price at its height and its current share price.

Charges 2, 4, 6 and 8 are also serious. Working papers should be prepared in the course of an audit, retained and kept ready to be made available for a minimum period of five years in terms of the relevant standard. They should readily be made available to the Board whenever it is required to investigate the circumstances surrounding an audit. The respondent's conduct represented complete non-compliance. He gave the board the "run around" in promising repeatedly to make the working papers available but, over a period of several years, repeatedly renegeing on his promises, including promises made to this committee during the course of these proceedings. Nonetheless, the committee is willing to treat these infringements, for purposes of sanction, as being akin to a single infringement justifying a single sanction which will then be divided between the different charges.

The offences underlying charge 5 did not have as serious financial consequences as the offences involved in charges 1 and 3. It seems that Mr Glover, the victim of Mr Brewitt's conduct and of the respondent's reckless auditing, was able to avoid serious financial loss when Mr Glover came to appreciate that he was being set up as the victim of a confidence trick.

The offence underlying charge 10 is less serious but is nonetheless symptomatic of a disregard by the respondent for ethical standards aimed at avoiding conflicts of interest. It also reflects a lack of appreciation of the independence required of an auditor. It involves infringement of a statute, the Companies Act, 1973, whose provisions auditors should be entirely familiar with and whose aim it should be to ensure strict compliance, particularly when it is their function to adjudge compliance

by clients with those and other statutory standards.

The community

The fraudulent conduct which was concealed by the reckless manner in which the respondent went about his audits, had very significant impacts on the broader community. Creditors and investors of the Alliance Mining group and the African Dawn group suffered very significant losses. This is particularly so in the case of the Industrial Development Corporation, a public development finance institution owned by the government, which operates in the interest of the broader public, which lost millions as a result of being misled into lending into the Alliance Mining group at a stage when in truth there was no prospect of its being repaid. It would have placed great reliance on the financial statements for whose audit the respondent was responsible.

Alliance Mining Corporation was ultimately liquidated. The liquidation must in all probability have led to significant losses of employment.

No doubt the broader community, including the investment community, would want to see an appropriately severe sanction being imposed on the respondent.

Viewed from the perspective of the auditing profession, the respondent's conduct had the consequence of bringing the name of the profession into disrepute. His conduct had the potential seriously to undermine the confidence of the public in the auditing profession.

On top of this, his conduct involved dishonesty towards fellow colleagues. In the questionnaires which he completed at the request of Mr Zeelie and at the request of Mr Adam, he was dishonest about his compliance with the International Standards on Auditing and in assuring those auditors that they could rely on the balances reflected in the annual financial statements and the final trial balances.

The practitioner

The fundamental difficulty in terms of taking into account the practitioner's perspective is that the practitioner failed to appear before the committee at any stage, to take the committee into his confidence or to present any mitigating circumstances.

On the contrary, the practitioner generally displayed a contemptuous attitude towards both the committee and the Board and their processes. He refused to make any admissions, including any admissions in respect of purely formal matters, thereby putting the board to the proof of every single aspect of the charges against him. It is so that he belatedly made admissions in relation to the proof of documents, but this was very late in the day. This forced the board to run up huge expenses in prosecuting him. His conduct was throughout characterised by delay and evasion.

The nature of his offences reflected a fundamental lack of understanding of what was required of him in the performance of the auditing function. Moreover, despite the complete failure on his part to perform this function properly there was evidence to suggest that he charged very substantial fees for the services which he provided.

The practitioner is apparently 55 years old. If anything, this is an aggravating circumstance for purposes of sanction, bearing in mind that, with some 20 years' experience in the profession, he ought to have known better.

The consequence of his failure to testify is that he has failed to provide the committee with any information about his financial position, apart from his other personal circumstances, in order to assist it in making a determination pertaining to appropriate fines. The committee accordingly has no choice but to proceed on the basis that he is fully capable of paying any fines which might be imposed.

The committee is convinced that in all the circumstances, it is no longer appropriate that the respondent continue to practice as an auditor. The committee also considers it appropriate that payment of the fines imposed be made conditional on the respondent seeking re-registration as an auditor. This aspect of the sanction should not be read as conveying a view on the part of the committee that re-registration would be appropriate.

It is also appropriate that the respondent make a substantial contribution to the costs of the proceedings. The external costs alone (ie excluding the costs relating to the committee and to the internal administration of the Board) by the time of the conclusion of the hearing were in excess of R2.2 million.

Taking into account all of these circumstances, the committee decided to impose the following sanctions:

- In relation to the first charge the committee cancels the registration of the respondent and orders that his name be removed from the register referred to in section 6 of the Auditing Profession Act and imposes a fine in the amount of R100 000 (one hundred thousand rand).
- In relation to the second charge, the committee imposes a fine in the amount of R12 500 (twelve thousand five hundred rand).
- In relation to the third charge the committee cancels the registration of the respondent and orders that his name be removed from the register referred to in section 6 of the Auditing Profession Act and imposes a fine in the amount of R100 000 (one hundred thousand rand).
- In relation to the fourth charge the committee imposes a fine in the amount of R12 500 (twelve thousand five hundred rand).
- In relation to the fifth charge the committee cancels the registration of the respondent and orders that his name be removed from the register referred to in section 6 of the Auditing Profession Act.
- In relation to the sixth charge the committee imposes a fine in the amount of R12 500 (twelve thousand five hundred rand).
- In relation to the eighth charge the committee imposes a fine in the amount of R12 500 (twelve thousand five hundred rand).
- In relation to the tenth charge, the committee imposes a fine in the amount of R20 000 (twenty thousand rand).

All the fines are suspended in terms of Rule 8.2 on condition that should the respondent at some future date apply to be registered as an auditor under the Auditing Profession Act, or any relevant subsequent amending or repealing legislation, the respondent's prior payment of the fines is a condition of his registration as such.

The cancellation of the respondent's registration as auditor and his removal from the register will take effect 30 days after the date of the decision on sanction, so as to allow the respondent time to arrange his affairs.

The committee makes the following further orders:

- The committee orders the respondent to pay a contribution to the costs incurred by the investigating committee and the disciplinary committee in the total sum of R1 100 000 (one million, one hundred thousand rand).
- The costs order is payable immediately, provided that the respondent may make representations within 30 days of the date of this decision to the Director: Legal of the IRBA for permission to pay the costs in instalments and the Director: Legal may make such

arrangements (if any) with the respondent as she may deem fit in accordance with the Board's policy.

- The committee orders that the respondent's name, the name of his firm, the charges against him, the findings in respect of the charges as well as the findings in respect of the sanctions imposed upon him (or a fair summary of this information) be published in the IRBA News.
- The committee orders that the board notify the South African Institute of Chartered Accountants, the Johannesburg Stock Exchange and such other institutions as the Director: Legal may deem fit of the information referred to in the preceding paragraph.

SECOND MATTER

On 13 and 14 March 2013 the committee convened again in a matter which was part heard, to hear argument on finding. Judgment is reserved.

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 Director: **Legal**
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 Facsimile: **087 940 8873**
 E-mail: **legal@irba.co.za**



MEDIA SUMMARY CONCERNING THE FINDINGS OF THE DISCIPLINARY COMMITTEE OF THE INDEPENDENT REGULATORY BOARD FOR AUDITORS REGARDING COMPLAINTS OF MISCONDUCT AGAINST MR MATTHYS STEPHANUS LOURENS

Mr Matthys Stephanus Lourens ("the practitioner") was a registered auditor practising in the firm of LSG Integrated. The Independent Regulatory Board for Auditors ("IRBA") received complaints of professional misconduct against Mr Lourens.

An investigation of the complaints culminated in disciplinary proceedings against the practitioner before the disciplinary committee of the IRBA ("the committee") which were heard over several days between October 2011 and August 2012. The committee is chaired by Mr Alan Dodson SC of the Johannesburg Bar and comprises professional persons, the majority of whom come from outside of the auditing profession.

The committee found the practitioner guilty of seven charges of improper conduct. The practitioner originally faced 10 charges; two charges, the seventh and eighth charges were withdrawn and the practitioner was acquitted on the sixth charge. In relation to the **first charge**, the practitioner was found guilty of dishonesty in the performance of work or duties in relation to work of a type commonly performed by a practitioner or in relation to an office of trust which the practitioner has undertaken. The charge related to the manner in which the practitioner had dealt with a VAT refund paid to a private property investment company in which the practitioner, the complainant and the practitioner's wife had shareholdings through trusts with which they were associated.

In relation to the **second charge**, the practitioner was found guilty *inter alia* of having committed an offence involving dishonesty in the

form of fraud. The charge pertained to the practitioner, through a series of misrepresentations to his client, having secured a secret profit for himself at the expense of his client in the amount of some R300 000.

In relation to the **third charge**, the practitioner was found guilty of having committed an offence involving dishonesty, more particularly fraud. The charge pertained to his conduct in claiming input VAT from SARS on behalf of certain private companies in circumstances where the companies were not entitled to claim input VAT.

In relation to the **fourth charge**, the practitioner was found guilty *inter alia* of contravening section 275 of the Companies Act No. 61 of 1973 (now repealed). The charge pertained to his having been both director and auditor of some 50 companies in contravention of the said provision of the Companies Act. It was found that no dishonesty was involved but that the offence was serious.

In relation to the **fifth charge**, the practitioner was found guilty of a failure to observe provisions of the code of professional conduct and conduct which is improper or discreditable or unprofessional or dishonourable or unworthy or which tends to bring the profession of accounting into disrepute. This charge related to the practitioner's conduct in unjustifiably sending a number of threatening and defamatory emails to a senior attorney.

In relation to the **ninth charge**, the practitioner was convicted of a failure to observe provisions of the code of professional conduct and conduct which is improper or discreditable or unprofessional or dishonourable or unworthy or which tends to bring the profession of accounting into disrepute. The charge related to the practitioner's firm having acted as the registered auditor of the private company to which the first charge related, despite the fact that the practitioner and his wife each directly

or indirectly owned 25% of the shareholding in the private company. It was found that no dishonesty was involved but that the offence was serious.

In relation to the **tenth charge**, the practitioner was found guilty of a failure to perform work or duties commonly performed by a practitioner with such a degree of care and skill as may reasonably be expected. The charge pertained to the practitioner's having failed to obtain a letter of engagement for the professional services to be provided by his firm to the private company to which the first charge related. No dishonesty was found in respect of this offence.

In respect of each of the first three charges on which the practitioner was found guilty, the committee imposed a sanction of cancellation of his registration as an auditor.

In respect of each of the remainder of the charges on which the practitioner was found guilty, the committee imposed a fine.

He was fined a total of R160,000 and was ordered to contribute toward the costs of the hearing in the amount of R750,000.

The committee ordered that the matter be brought to the attention of the South African Institute of Chartered Accountants, the Financial Services Board and the Estate Agency Affairs Board.

The practitioner is challenging the findings and orders of the committee in a court application which is currently pending in the South Gauteng High Court under case number 38075/12. In that application, the practitioner seeks to have the findings and orders of the committee reviewed and set aside, on the basis of his allegation that the committee acted unlawfully. The IRBA disputes that there was any illegality and is opposing the High Court application, which remains pending.

MEDIA SUMMARY CONCERNING THE FINDINGS OF THE DISCIPLINARY COMMITTEE OF THE INDEPENDENT REGULATORY BOARD FOR AUDITORS REGARDING COMPLAINTS OF MISCONDUCT AGAINST MR ANTONY IAN MARAIS

Mr Antony Ian Marais ("the practitioner") was a registered auditor practising in the firm of Marais and Associates. The Independent Regulatory Board for Auditors ("IRBA") received complaints of professional misconduct against the practitioner.

An investigation of the complaints culminated in disciplinary proceedings against the practitioner before the disciplinary committee of the IRBA ("the committee") which was heard on 30 May 2013. The hearing was chaired by B Neukircher SC of the Pretoria Society of Advocates and the committee comprised professional persons, the majority of whom come from outside of the auditing profession.

The practitioner pleaded guilty to all five charges of improper conduct and was accordingly found guilty by the committee. At the commencement of the disciplinary hearing, the practitioner was no longer registered with the IRBA, his registration having lapsed in July 2011.

In relation to the **first charge**, the practitioner pleaded guilty and was accordingly found guilty of dishonesty in the performance of work or duties which devolved upon him in

relation to an office of trust which the practitioner had undertaken or accepted. The charge related to the manner in which the practitioner had misappropriated a client's funds which were to be held in trust in a designated, identifiable account by the practitioner.

In relation to the **second charge**, the practitioner pleaded guilty and was accordingly found guilty of having committed an offence involving dishonesty in the form of fraud, theft, forgery and uttering a forged document. The charge pertained to having agreed to hold funds of a client in trust and to invest the funds in an interest bearing account. Through a series of misrepresentations to his client, the practitioner furnished fictitious bank statements reflecting the investment, when he had in fact misappropriated the funds.

In relation to the **third charge**, the practitioner pleaded guilty and was accordingly found guilty of having committed an offence involving dishonesty, in the form of fraud, forgery and uttering a forged document. The charge pertained to his conduct in having issued or caused to be issued false/forged bank statements in respect of the administration of various clients' trust funds.

In relation to the **fourth charge**, the practitioner pleaded guilty and was accordingly found guilty of having committed an offence involving dishonesty, and in particular, theft and fraud. The charge pertained to him having misappropriated

funds which were paid over by a client in respect of tax assessments and a late penalty due to the South African Revenue Service, relating to a property.

In relation to the **fifth charge**, the practitioner pleaded guilty and was accordingly found guilty of having committed an offence involving dishonesty, and in particular, theft and fraud. This charge related to the practitioner having issued or caused to be issued certain invoices for work performed and having received payment thereof when he had not performed all the work and as such was not entitled to payment therefor.

In respect of each of the five charges on which the practitioner was found guilty, the committee imposed a fine. The Committee placed on record that given the severity of the five charges and the public interest and the fact that the practitioner had been in a position of trust which he abused, that had the practitioner still been registered with the IRBA, the committee would have made an order cancelling his registration.

He was fined a total of R355,000 and was ordered to contribute toward the costs of the hearing in the amount of R100,000.

The fines in respect of the five charges and the costs award were wholly suspended by the committee and will become payable only upon the practitioner applying for re-admission as a registered auditor, at some time in the future.

REGISTRY

INDIVIDUALS ADMITTED TO THE REGISTER OF THE BOARD
From 1 OCTOBER 2012 To
31 MARCH 2013

Ackroyd Eric Dibb
Adam Faez
Ayob Ayesha Mahomed
Binneman Marelize
Botha Daniel Francois
Coetzee Erleen Melora

Cohen Jonathan
Danckwerts Mark George Gardner
Dayal Trishal
de Kock Servaas Johannes
du Preez Laura
du Toit Jean-Andre
Fourie Herman George
Fuls Anita
Gouws Thomas Carel
Höll Lenske
Hooijer Daniel Timothy

Jackson Gareth David
Jansen van Vuuren Andries Marthinus
Jeewa Yaseen Shorkart
Kelton Candice
Kruger Mariette
Limekaya Cuma
Looch Ernest Michael
Loonat Afzal Ebrahim
Luphoko Goodness Abigail Nokuthula
Mahla Jessie
Malakalaka Thato Matome

REGISTRY

CONTINUED

Manie Fardiel
Manning Nicola
Masasa Thuto Margret
Masterton David John
May Siobhan Gillian
Mhlari Tinyiko
Mkhize Siphumelele
Mlambo Artwell
Mngadi Noluthando
Mtshali Velenkosini Lindokuhle
Musindo Elisha
Naidoo Reinald
Ndlovu Marbel Marvel
Nhatsi Phumeza
Phori Thabiso Stephen
Pienaar Pierre Louis
Pretorius Wayne Gerald Elton
Prins Joritha
Scholtz Joachim Hermanus
Segoati Phuthanang Cenea
Smith Dannel
van Dyk Herman
van Heerden Louis Johannes
van Heerden Melanie Joan
van Wyk Elzanne
Wiggill Abraham Gerhard

INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE BOARD From 1 OCTOBER 2012 To 31 MARCH 2013

Aboo Fazana
Bahlmann Erhardt Odiel
Bester Anna Maria
Clow Oliver Edward
Davel Bernadus Johannes
Dondashe Wakeford Mzolisi
Hillcoat Candice Joy
Loots Jaco
Lubisi Mashangu Ronny
Mashishi Collins
Nel Paul Maré
Ngobese Nkanyiso Percival
Prins Johannes Jurie
Serote Paul Kabelo Kgothatso
Sibiya Precious
Spencer Gerald Carson Anthony
Spencer John Hal McCann
Swana Nkululeko
Truter Michael Cyril
Uys Johannes Segismundus

INDIVIDUALS REMOVED FROM THE REGISTER OF THE BOARD From 1 OCTOBER 2012 To 31 MARCH 2013

Baird John Philip, *Emigrated*
Bartel Dennis John, *Resigned*
Bentley Clifford Frederick, *Resigned*
Bishop William Arthur, *Resigned*
Blum Sonja, *Resigned*

Bosman Berton John, *Deceased*
Botha Jacobus Pieter, *Resigned*
Botha Johann van Rooy, *Resigned*
Botha Phillip Rudolph, *Resigned*
Broodryk Trevor, *Resigned*
Davis Stephen John Michael, *Deceased*
de Wet Andre, *Emigrated*
Duthie Suzanne Elizabeth, *Resigned*
Engelbrecht Johannes Erasmus
Albertus, *Resigned*
Forte Tarryn Andrea, *Resigned*
Grebe Alta-Mari, *Resigned*
Harcourt-Cooke Brenda Helene,
Resigned
Harman Anthony Brian, *Resigned*
Havenga Jacoba Adriana, *Resigned*
Henning Chrisna, *Resigned*
Henning Johannes Christiaan,
Resigned
Jonker Louis Christiaan, *Resigned*
Klopper Maret, *Resigned*
Kort Amanda Lisl, *Resigned*
Kramer Ian, *Resigned*
Kruger Philippus Stefanus, *Deceased*
Leisegang Diana Ferguson, *Resigned*
Louw Johan Matthys, *Resigned*
Lubbe Willem Schalk, *Resigned*
Malevu Isaac Nkululeko, *Resigned*
Maritz Susanna Elisabeth, *Resigned*
McArthur Donald, *Deceased*
Menachemson Alan Julian,
Resigned
Mohanlal Ushen, *Resigned*
Morris Clement Charles Robertson,
Deceased
Mowat John, *Resigned*
Mpai Mamokwa James Roy, *Deceased*
Nathan Gillian Megan, *Emigrated*
Pieterse Cornelius, *Resigned*
Pretorius Werner Henning, *Resigned*
Raubenheimer Willem Johannes,
Resigned
Shapiro Richard Norman, *Resigned*
Staple Herbert Charles, *Resigned*
Strydom Stefan, *Resigned*
van Wyk Reinhardt, *Resigned*
Vauquin Peter André Maret, *Resigned*
Velcich Alan Ralph, *Resigned*
Viljoen Johannes Hendrikus, *Deceased*
Vincent Frederick David, *Resigned*
Volschenk Kobus, *Resigned*
Walshaw Brian Stephenson,
Deceased
Willis Cauvin Georges David,
Deceased
Wimberley John Michael, *Resigned*
Woodley Colleen Helen, *Resigned*

INDIVIDUALS REMOVED FROM THE REGISTER DURING THE PERIOD 1 OCTOBER 2012 To 31 MARCH 2013 due to non- submission of annual returns

Bishop Collin Julius
Blackmore Jonathan John Myatt
Dudumashe Luyanda Crosby
Ford Jack
Gounden Sathiasseela
Gouws Johannes Renier
Hind Anthony Ashbrook
Isaacs Calvin Allan
Jansen van Rensburg Colleen Trudy
Kleynhans Jacoba Elizabeth
Kruger Carel Johannes
Lahner Manfred Heinrich
Makena Katlego
Manyama-Matome Maureen Makole
Matodzi Tshifhiwa
Matshate Tshepo Jan
Matwadia Mohammed
Mchunu Njabulo Freeman
Moon Penelope Anne
Moroa Thabang
Naidoo Balamurthi
Ndlovu Nomthandazo Tshepo
Newman Duane
Olivier Andries
Quirk Tony Gordon
Rosin Hilard
Sadie Johann
Smith Russel Mark
Steen-Nielsen Sven
Strydom Jan Hendrik Nicolaas
van Niekerk Hermanus Johannes
van Schalkwyk Deon Jacques
van Wyk Leon David
Venter Erasmus Albertus
Venter Casper
Webb Francois Carl
Zwane Bongile Fikile

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

COMMUNICATIONS

In the interest of improved communication with Registered Auditors and other stakeholders, a list of Communiqués sent by bulk e-mail during the reporting period for this issue is set out below. These communiqués may be downloaded from the IRBA website, under the various “News” tabs.

02/10/2012	Estate Agency Affairs Board Notification - Auditor Report Deadline and Internal Processing
09/10/2012	Training and Information Sessions August/September 2012
11/10/2012	Minister Davies gazettes revised B-BBEE Codes of Good Practice
11/10/2012	IRBA Code of Professional Conduct High Level Summary of Prohibitions applicable to Audits and Reviews
11/10/2012	Important Information Regarding Reportable Irregularities
01/11/2012	Section 90 (2) of the Companies Act, 2008
06/11/2012	South African Standard on Assurance Engagements 3502 Assurance Engagements on Broad-Based Black Economic Empowerment (B-BBEE) Verification
16/11/2012	Extension of Requirements for Approved Registered Auditors to provide B-BBEE verification assurance services
05/12/2012	Proposed South African Preface to the Standards on Quality Control, Auditing, Assurance and Related Services Pronouncements and the Proposed Due Process Policy for the Development, Adoption and Implementation of South African Quality Control, Auditing, Assurance and Related Services Pronouncements
18/12/2012	The Controlling Body of State Issues Circular 08P/2012
18/12/2012	Section 90 (2) of the Companies Act, 2008
19/12/2012	The IAASB Proposes Standard Enhancing Auditor Responsibilities for Disclosures Beyond the Financial Statements
20/12/2012	International Auditing and Assurance Standards Board (IAASB) Issues International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements
20/12/2012	Staff Questions & Answers - Applying ISQC 1 Proportionately with the Nature and Size of a Firm
20/12/2012	Revision of the Fundamental Auditing Principles
07/02/2013	IAASB issues Consultation Paper on a Framework for Audit Quality
12/02/2013	Manual of Information
22/02/2013	2012 Public Practice Examination results statement
28/02/2013	Invitation to comment on changes to the Accreditation Model
04/03/2013	Declaring B-BBEE Verification Certificates on your Firm's return
12/03/2013	Proposed Guide: Reporting on Financial Information Contained in Interim, Preliminary, Provisional and Abridged Reports
25/03/2013	Invitation to attend IRBA's Audit Development Programme discussions - April 2013
27/03/2013	Training Contract Administration Levies
27/03/2013	Proposed South African Auditing Practice Statement (SAAPS) 6, External Confirmations from Financial Institutions.
18/04/2013	Revised medical schemes audit report: ISAE 3000 audit report template
03/05/2013	IAASB releases ISA 610 (Revised 2013), Using the Work of Internal Auditors
06/05/2013	2013 PPE Support Programme details
08/05/2013	SARS: Introduction of the new dynamic tax return for companies, with attachment
14/05/2013	Impact Analysis: Providing audit and other services to the same client
30/05/2013	Section 90 (2) of the Companies Act, 2008 - extension of monitoring with compliance
31/05/2013	Inspection Fees Payable to the IRBA with effect from 01 April 2013
03/06/2013	First IRBA Integrated Report issued
04/06/2013	Tax practitioners to verify their details with SARS by 1 July 2013

NEW BOARD MEMBERS APPOINTED

The eight member board was appointed by the Minister of Finance, Mr Pravin Gordhan, in terms of section 12(1) of the Auditing Profession Act (act 26 of 2005), and assumed its duties on 1 April 2013.

The appointed members come from various backgrounds including law, academia and accountancy. Between them is a wealth of experience that will help the IRBA continue serve as the protector of public interest, and to grow the confidence of investors, thereby stimulating economic growth and investment.

The new Board comprises Mr Willem van der Linde SC, Mr Yunus Suleman CA (SA), Ms Cynthia Mbili CA (SA), Mr Iqbal Khan CA (SA) and Prof Lindelwa Majova-Songca CA (SA) who served on the previous Board.

They are joined by Ms Rene Kenosi CA (SA), Mr Pule Mothiba CA (SA), RA and Prof Alex van der Watt CA (SA). Further details of the board members can be found on www.irba.co.za

The Board is chaired by Mr Willem van der Linde, SC with his deputy, Mr Yunus Suleman. The two year Board term is renewable once only for new board members.



L-R Pule Mothiba, Lindelwa Majova-Songca, Iqbal Khan, Willem van der Linde, Cynthia Mbili, Alex van der Watt (Absent: Rene Kenosi, Yunus Suleman)

TAKING THE IRBA TO ITS STAKEHOLDERS



As part of our stakeholder and branding strategy, we have been

meeting with various stakeholders, including students, to create awareness of IRBA and the RA designation. Since the beginning of the year, we have been to the University of Fort Hare, University of Pretoria, Wits University, University of Free State and University of Western Cape to engage with students through presentations and career days.

We have taken time to meet with our stakeholders to bridge the communication gap and to work together on various projects, especially transformation initiatives.

We have also been engaging with our African counterparts, delivering presentations to the Swaziland Institute of Accountants at their annual dinner, and participating in a panel discussion in Uganda facilitated by the IFAC small and medium practices (SMP) committee. We continue to share our expertise and experience with more accounting bodies across Africa and internationally.

Look out for our new marketing material targeting young people as we aim to engage them and create awareness about auditing.



AND ON A LIGHTER NOTE

We have all been victims of the ubiquitous spell check at one stage or another. Recently IRBA received the following communications:

- A PPE candidate most concerned as she had written one of her answers in 'the wrong collared book', and
- an RA asking how he went about being appointed as a 'Commissioner of Oats'.

Note from editor:

We will naturally apply our best endeavours to better identify and describe collars for exam books, taking into account the most recent trends, and contact the Oats Council to obtain their views on stamping out oats.

CONTACT INFORMATION

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