



irba

INDEPENDENT REGULATORY BOARD FOR AUDITORS

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NEWS

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2013 PPE Top 10 Candidates

MESSAGE FROM THE

CEO

We are at the end of the first quarter of the New Year and a lot has already happened in our profession. This quarter marked a significant milestone in that we released the results of the Public Practice Examination 2013, which was the last to be written in its current format by first time candidates. We will have the last sitting of PPE in 2014 for repeat candidates.

When IRBA started the current format of PPE in 2006, it was a ground breaking achievement as we also introduced the concept of a marking centre at the same time. The first PPE under the auspices of the IRBA was written by 2 451 candidates, 1 744 passed achieving a record pass of 71%. The PPE once again proved to be a very good assessment of professional competence at entry point into the profession.

Looking at the statistics this year, the numbers have increased slightly with the transformation and support group candidates numbers increasing significantly. As we close a chapter on the current format of PPE as we know it, a new chapter opens with the Audit Development Programme (ADP). The ADP is designed to complement and run parallel with the internal structures, performance review and evaluation process of a Registered Auditor firm. The detailed announcement in the press appears on page 3.

At the end of last year I informed you of the World Bank Report on the Observance of Standards and Codes (ROSC) and the recommendations therein. We have submitted our recommendation to National Treasury on our vision for the implementation of the

recommendations, and will share the final decisions taken by the Minister as soon as it is available.

Over the years we have become known for the quality of our work and that has also been proven by our number one ranking in the World Economic Forum Global Competitiveness Report for the last four consecutive years. This has also opened doors for more countries to approach us and want to learn from us on how we have implemented our regulatory framework. We have recently hosted the Botswana Accountancy Authority Oversight (BAOA) board members for a two day Information Session. The visit included various presentations on the legislation, the role of a regulator and all the functions under the IRBA. BAOA is a fairly new regulator and needs our support to grow and to strengthen their role as an independent regulator. Botswana has recently been admitted to the International Forum of Independent Auditor Regulators (IFIAR) as a member. This brings to four the number of African countries represented on IFIAR, namely: South Africa, Mauritius, Egypt and now Botswana. The growth in the number of IFIAR members in Africa means that more countries see the benefit of Independent Regulation and are serious about the benefits and need

for independent regulation to instill the required confidence in financial markets.

Our engagement in Africa continues through the liaison with the regulator (Financial Reporting Council) in Mauritius. We have invited four countries (Zimbabwe, Egypt, Nigeria and Botswana) to a workshop that we plan to host in June 2014 to discuss a strategy to strengthen independent regulation in Africa and create a regional body which will promote independent audit regulation.

As part of our continued engagement with our stakeholders, our legal team hosted three workshops on auditor reporting. The practical and interactive workshop exposed participants to the application of fundamental auditor reporting principles in practical situations which have previously resulted in auditors being investigated, and possibly charged with improper conduct. The workshops were quickly fully booked and more dates had to be opened to allow more participation.

I am sad to announce that Sandy van Esch, our Director: Standards, will be retiring at the end of May 2014, having spent most of her working life contributing and

MESSAGE FROM THE CEO

CONTINUED

strengthening the profession through lecturing, auditing and standard-setting. We are happy to announce that Sandy's position will be filled by Imran Vanker, from the Office of the Auditor General, who will join our team with effect from 1 May 2014. Please refer to further information on Imran on page 20.

Although we have only just completed the first quarter of the

current calendar year, the IRBA has completed its financial year to 31 March 2014. I therefore wish to thank all our stakeholders and auditors who continue to engage with us and to support our efforts in delivering high quality audits, and in doing so continue to protect the financial interests of the public.

Bernard Peter Agulhas
CEO

Telephone: 087 940 8797

Facsimile: 087 940 8878

E-mail: executive@irba.co.za



PUBLIC PRACTICE EXAMINATION 2013

OFFICIAL STATEMENT ACCOMPANYING THE RELEASE OF THE RESULTS OF THE PUBLIC PRACTICE EXAMINATION 2013 STATEMENT ISSUED 21 FEBRUARY 2014

OVERALL RESULTS

Today the Independent Regulatory Board for Auditors (IRBA) released the results of the 2013 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, 20 November 2013 and of the 2768 candidates who wrote, 2150 passed, resulting in a pass rate of 78% (76% in 2012). Candidates who attempted the PPE for the first time achieved a pass rate of 82% (82% in 2012).

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

The following candidates achieved the top ten places:

1	Craig Wallington	Honours
2	Tamryn Tromp	Honours
3	Julia Picker	Honours
4	Kyle Graham	Honours
5	Dhanyal Davidson	Honours
6	Laura Thomas	Honours
7	Tarryn Aserman	Honours
8	Justin Gerhardt	Honours
9	Fathima Khan	Honours
10	(Joint)	
10	Sunel Botha	Honours
10	Connor Williams	Honours
10	Jennifer Hill	Honours

TRANSFORMATION

The IRBA's continuous efforts to support transformation of the profession are realising results and it is encouraging to note that the total number of Black candidates (African, Coloured and Indian) who enter the PPE has increased steadily from 1093 in 2009 to 1493 in 2013. This is the first time in the history of the PPE that the number of Black candidates who attempted the PPE represents over 50% of the candidates.

The IRBA is also delighted at the throughput rates for Black candidates. Of the 1493 Black candidates that entered the 2013 PPE, 1041 passed, resulting in an overall pass rate of 70%.

The IRBA is particularly pleased to announce the results of the 2013 IRBA Support Programme. The IRBA has presented a support programme for Black repeat candidates on an annual basis for the past 12 years. In 2013, Fasset (the Seta for finance, accounting, management consulting and other financial services) once again provided the IRBA with funding for the Support Programme. The candidates who attended the Support Programme again achieved better results on each question than those repeat candidates who did not attend the IRBA's programme. Of the 107 Black candidates who successfully completed the programme 64 passed, representing a pass rate of 60%. Of the 233 Black repeat candidates who did not attend the IRBA Support Programme 125 passed, representing a pass rate of 54%.

THE EXAMINATION OBJECTIVE

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.

THE END OF AN ERA

The 2013 PPE represents the closing of a chapter for the IRBA. The PPE in its current format was written for the last time by first time candidates in 2013. One more sitting of the PPE will be hosted in 2014 for repeat candidates. From 2014 onwards, all first time candidates are required

to write SAICA's Assessment of Professional Competence (APC). Those candidates wishing to become RAs will be required to successfully complete the APC, register with the IRBA as a candidate RA and undertake a further specialisation period. Specialist training for candidate RAs will take a minimum of 18 months and candidates will be required to demonstrate their professional competence on the job with the submission of a portfolio of evidence at the end of the specialism period. Please refer to the IRBA's website for further information on the Audit Development Programme (ADP) www.irba.co.za.

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 PPE over the years. The examination has become an internationally recognised assessment of professional competence and has continued to uphold its standing both locally and internationally.

The IRBA also extends a special word of gratitude to the Examination Committee members who have worked tirelessly over the years to ensure that the standard of the examination has remained consistent and that the examination continues to be relevant for a changing profession.

We wish to congratulate our successful candidates on their outstanding achievement and wish them every success in their future endeavours.

Laine Katzin
*Director: Education, Training &
Professional Development*
Telephone: 087 940 8787
Facsimile: 087 940 8875
E-mail: edutrain@irba.co.za

PPE TOP TEN LUNCHEON COMES FULL CIRCLE

The Public Practice Examination (PPE) Top ten luncheon marked the closing of a chapter in the life of PPE as we know it. The luncheon to celebrate the achievers was hosted at Turbine Hall in Johannesburg, the same venue where the first ever luncheon was hosted in 2008. As the CEO commented on the day, the luncheon was not only closing a chapter on the PPE but it was a closing chapter in the life of the IRBA, while marking the beginning of our new Audit Development Programme. Congratulations to all the Top ten candidates!



IRBA CEO, Bernard Agulhas and Chairman of EXAMCOM, Francois van den Berg with Craig Wallington, 2013 top candidate



Top support programme candidates Mr Trust Karumbidza and Mrs Masana Ntinga



Nicole Wainer, who was in joint first place in the 2012 PPE, shared her past year's experience with the top 10 students.



IRBA Chairman, Adv Willem van der Linde, SC, addressed guests at the function.

ISSUES TO BE CONSIDERED BY AUDITORS WHEN REPORTING ON SUPPLEMENTARY INFORMATION TO REGULATORS

There is an increasing trend by regulators to place responsibility on auditors to report separately to a regulator on detailed schedules of information underlying an audit of financial statements without performing a separate audit or review with respect to these schedules. Often these schedules are prepared to meet the requirements of regulations that include terminology that is not precisely defined and may require significant interpretation.

These schedules are used only for regulator's statistical purposes and are not considered to be prepared to meet the common financial information needs of a wide range of users. Accordingly, a regulator does not require assurance on these schedules in accordance with the IAASB's Engagement Standards and, in fact, only wishes to know that the information appearing on these schedules was extracted from the information that was subject to the audit of the financial statements as a whole (in accordance with the applicable financial reporting framework), and meets the requirements of the applicable regulation. The regulator is seeking credibility, but not assurance.

There appear to be at least two issues for the auditor:

- In terms of which standard is such an engagement undertaken; and
- The auditor's responsibility for significant interpretations of regulation.

These issues appear particularly relevant to the auditor reporting to the Registrar of Pension Funds on whether Schedule IB Assets of the Fund held in compliance with Regulation 28 has been prepared in compliance with Regulation 28 of the Pension Funds Act, following an audit of the financial statements of a retirement fund ('the Fund'), and included in the regulatory return to the Registrar.

It seems that some auditors are issuing a form of disclaimer based

on their inability to apply significant interpretations of Regulation 28, while other auditors recognise that such a disclaimer is inappropriate, especially when an unmodified opinion has been expressed on the financial statements as a whole. Further, such auditors recognise that a disclaimer is of no assistance to the Registrar in exercising its function as a regulator. In such circumstances the preparers of the return are required to record their relevant interpretations of Regulation 28 by way of notes in Schedule IB, and the auditor determines whether it is possible to report compliance with Regulation 28 on the basis of those interpretations.

The Independent Regulatory Board for Auditors (the IRBA) has met with the Financial Services Board (the FSB) and agreed the following transitional arrangements, pending the development of local guidance:

1. There is no reporting standard at present in South Africa that provides guidance for auditors in such circumstances. However, it is recognised that an auditor who has conducted an audit of the financial statements should be able to report, in some way, on the extraction of the underlying information from the accounting records that were the subject of the audit engagement, in compliance with Regulation 28.
2. Interpretation issues in the application of Regulation 28 are the responsibility of the preparer and not the auditor. The preparer should prepare Schedule IB in compliance with Regulation 28 and any interpretation guidance issued by the FSB or National Treasury. The FSB has undertaken to communicate to the Boards of Funds that the preparers are required to include notes in Schedule IB explaining their interpretations of Regulation 28 that have been applied in the preparation of the schedule.
3. The auditor states in an introductory paragraph of

the auditor's report that the information contained in Schedule IB has been extracted from the Fund's underlying accounting records, that were the subject of the audit engagement on the annual financial statements, and forms the subject matter of the engagement to report on compliance with Regulation 28. The auditor also states that the audit of the financial statements of the Fund for the year ended 20XX was conducted in accordance with International Standards on Auditing and in the auditor's report the auditor expressed an unmodified opinion on the financial statements prepared, in all material respects, with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

4. The auditor reports on whether the auditor has determined that Schedule IB has been prepared in compliance with Regulation 28, based on the auditor's work performed. When the auditor has made a positive determination, the auditor states that the auditor's determination has regard to the interpretations of Regulation 28 by the preparer as recorded in Schedule IB. When the auditor has made a negative determination, *details are given of any non-compliance that came to the auditor's attention or of a disagreement with an interpretation or of doubts about the interpretation of a particular requirement of Regulation 28 by the preparer as recorded in Schedule IB.*
5. The auditor's report, which is addressed to the Board of Fund, is restricted as to its distribution and use (to the Board and the Registrar).

Derek Spavins

Telephone: 087 940 8820

Facsimile: 087 940 8876

E-mail: standards@irba.co.za

CFAS GUIDE ISSUED

Guide for Registered Auditors: Engagements on Attorneys Trust Accounts

The long awaited *Guide for Registered Auditors: Engagements on Attorneys Trust Accounts* (the Guide) was prepared by a Task Group of the Committee for Auditing Standards (CFAS) of the IRBA which comprised auditors and representatives of the Law Society of South Africa, the Provincial Law Societies and the Attorneys Fidelity Fund. The Guide, which is authoritative, was approved for issue by the IRBA Board in February 2014 and replaces the previous SAICA Guide *Guidance for Auditors: The Audit of Attorneys' Trust Accounts in terms of the Attorneys Act, No 53 of 1979, and applicable Rules of the Provincial Law Societies* which has been withdrawn.

Effective date: The Guide is effective for engagements commencing on or after 1 March 2014.

Guidance is provided to registered auditors in the special circumstances applicable to engagements on attorneys trust accounts as required by the Attorneys Act, No 53 of 1979 and Rules of the relevant Provincial Law Society (the Act and the Rules), including an auditor's responsibility to report a reportable irregularity. The Guide is also relevant for attorneys in understanding the nature of the engagement, and the respective responsibilities of the parties, which will be communicated to attorneys by the relevant Provincial Law Societies.

There is an expectation by the Attorneys Fidelity Fund, the Law Societies, financial institutions, attorneys' clients and members of the public, that auditors of attorneys trust accounts will detect fraud and theft, whereas the main purpose of an engagement on an attorney's trust accounts is for the auditor to

evaluate the compliance of attorneys trust accounts with the Act and Rules. Accordingly the Guide contains special considerations applicable to fraud and theft in the circumstances of engagements on attorneys trust accounts.

This Guide introduces the new **Attorney's Annual Statement on Trust Accounts** which contains the attorney's compliance representations to the relevant Provincial Law Society, and information extracted from the trust accounting records previously dealt with in the auditor's report. The Attorney's Annual Statement on Trust Accounts is to accompany the auditor's report.

The following appendices are included to assist auditors:

- a table setting out the existing requirements in the Act and the individual Provincial Law Societies' Rules, identified assurance engagement risk and illustrative responses to assessed assurance engagement risk. The Rules will be updated with reference to the Uniform Rules, once issued by the Law Society of South Africa;
- an illustrative auditor's engagement letter;
- an illustrative attorney's representation letter to the auditor;
- illustrative auditor's unmodified and qualified reports; and
- the **Attorney's Annual Statement on Trust Accounts** for completion by the attorney that is to accompany the auditor's report submitted to the relevant Provincial Law Society from 2014 onwards.

The *Guide for Registered Auditors: Engagements on Attorneys Trust Accounts* was issued on 28 February 2014 and may be downloaded in both Word and PDF Format from the IRBA website: www.irba.co.za.

CFAS REGULATED INDUSTRIES AND REPORTS STANDING COMMITTEE (RIRSC)

Auditing pronouncements finalised and issued**SAAPS 2 (Revised November 2013) Financial Reporting Frameworks and the Auditor's Report and SAAPS 3 (Revised November 2013) Illustrative Reports**

The South African Auditing Practice Statements (SAAPS): SAAPS 2 (Revised November 2013), *Financial Reporting Frameworks and the Auditor's Report* and SAAPS 3 (Revised November 2013), *Illustrative Reports*, were revised by the CFAS and approved for issue in November 2013.

SAAPS 2 (Revised November 2013)

SAAPS 2 (Revised November 2013) contains conforming amendments arising from the withdrawal of the South African Statements of Generally Accepted Accounting Practice (SA GAAP) from 1 December 2012 and the issue of the Accounting Standards Board (ASB) Directive 5 Appendix I.

SAAPS 2 (Revised November 2013) provides guidance to registered auditors on the application of International Standards on Auditing (ISAs) in determining the acceptability of the financial reporting framework applied in the preparation of a set of financial statements.

SAAPS 3 (Revised November 2013)

SAAPS 3 (Revised November 2013) provides practical assistance to auditors when reporting on financial statements that meet the requirements of the ISAs and the International Standard on Review Engagements (ISRE) and comply with South African jurisdictional requirements, mainly the Companies Act and the Public Audit Act.

SAAPS 3 (Revised November 2013) contains conforming amendments arising from the withdrawal of the South African Statements of Generally Accepted Accounting Practice (SA GAAP) from 1 December 2012 and the issue of the ASB Directive 5 Appendix I.

SAAPS 3 (Revised November 2013) also includes illustrative review reports for ISRE 2400 (Revised), Engagements to Review Historical Financial Statements effective for reviews of historical financial statements for periods ending on or after 31 December 2013. The existing illustrative review reports for ISRE 2400 are retained as they may continue to be used for reviews of financial statements for periods ending prior to 31 December 2013.

Guide for Registered Auditors: Reporting on Financial Information contained in Interim, Preliminary, Provisional and Abridged Reports required by the JSE Listings Requirements

The *Guide for Registered Auditors: Reporting on Financial Information Contained in Interim, Preliminary, Provisional and Abridged Reports*

Required by the JSE Listings Requirements (the JSE Guide) was prepared by the CFAS and was approved for issue in November 2013 and issued on 28 November 2013.

The purpose of the JSE Guide is to provide guidance to a JSE accredited auditor on the implementation of ISA 810, *Engagements to Report on Summary Financial Statements* and ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* when reporting on an issuer's interim, preliminary, provisional and abridged reports as required by the JSE Listings Requirements.

The JSE Guide also provides illustrative auditor's reports for circumstances when an issuer's auditor is reporting on summary financial statements or condensed financial statements included in the issuer's interim, preliminary, provisional or abridged report.

The JSE Guide replaces the SAICA Guide, *Guide on Reporting on Financial Information contained in Interim, Preliminary, Provisional and Abridged Reports* issued in March 2004 which has been withdrawn by SAICA. The JSE Guide is effective for auditors' reports on an issuer's interim, preliminary, provisional or abridged report issued on or after 1 January 2014.

Regulatory reports in progress

Auditor's reports on the annual retirement fund returns to the Financial Services Board

The RIRSC Retirement Funds Task Group has finalised the regulatory audit/assurance reports for:

- The Schedule D main audit report;
- The Section 15 agreed upon procedures reports for small retirement funds, umbrella funds, retirement annuity funds and preservation funds; and

- The Regulation 28 reports on Schedule IB for retirement funds.

These have been submitted to the Financial Services Board and will be published shortly as part of the annual financial statements pack for the various kinds of funds.

Discussions have been held between the RIRSC Retirement Funds Task Group, comprising retirement fund auditors, senior staff of the Retirement Funds Department of the Financial Services Board (FSB) and National Treasury, to resolve interpretation issues arising from Regulation 28, relating to the supplementary disclosures in Schedule IB to the annual financial statement. The FSB has requested that auditors provide additional information as to why they have modified or qualified their Regulation 28 report in the "Basis of Opinion" paragraph. The FSB thanks those auditors who have already done so. The FSB has also requested that auditors request their clients to explain their interpretations of Regulation 28 in footnotes to Schedule IB, where there is uncertainty about the provisions in Regulation 28. Where auditors disagree with their client's interpretations, this should be considered in their report.

The CFAS has approved a project to develop Compliance Standards as guidance for auditors when performing engagements to report on compliance matters required by South African regulators. The project commenced in March 2014 and it is expected that a standard will be finalised in approximately 18 months.

CFAS PUBLIC SECTOR STANDING COMMITTEE (PSSC)

Joint IRBA/AGSA Guide for Registered Auditors: Guidance for Registered Auditors: Performing Audits where the AGSA has Opted not to Perform the Audit

The Joint IRBA/AGSA Guide *Guidance for Registered Auditors: Performing Audits where the AGSA has opted not to Perform the Audit* (Joint Guide) was considered by the CFAS at its meeting in March 2014 to recommend to the Board to approve for issue. The Joint Guide was prepared by the PSSC, comprising representatives of large, medium and small audit practices and the Auditor-General South Africa (AGSA).

The Joint Guide provides information that will assist registered auditors when performing regulatory audit engagements, including the audit of the financial statements, predetermined objectives, and compliance with laws and regulations for section 4.3 public sector entities, which the AGSA has opted not to audit, in accordance with the specific requirements of the Public Audit Act (PAA). It addresses the following matters:

- The roles and responsibilities of the audit firm and the appointment and discharge, of audit firms;
- The auditing standards that are to be complied with and technical consultation process;
- Communication between the auditor, the AGSA, the auditee, the executive authority and oversight bodies; and
- Reporting.

Joint IRBA/AGSA Guide for Registered Auditors: Guidance on Performing Audits on Behalf of the AGSA

The **Joint IRBA/AGSA Guide** *Guidance for Registered Auditors: Guidance on Performing Audits on Behalf of the AGSA* (Joint Guide) was considered by the CFAS at its meeting in March 2014 to recommend to the Board to approve for issue jointly with the AGSA. The Joint Guide was prepared by the

PSSC, comprising representatives of large, medium and small audit practices and the AGSA.

The Joint Guide provides information that will assist registered auditors to perform regularity audit engagements, including the audit of the financial statements, predetermined objectives and compliance with laws and regulations, on behalf of the AGSA, in conformance with the AGSA's specific requirements and the requirements of the PAA. It addresses the following matters:

- The roles and responsibilities of the audit firm and the AGSA, including the supervision and review responsibilities;
- The auditing standards and ethical requirements that are to be complied with;
- Communication between the auditor, the AGSA, the auditee, the executive authority and oversight bodies;
- Technical consultations and difference-of-opinion processes; and
- Reporting.

The PSSC has played an important role in facilitating the development of useful guidance for registered auditors engaged in public sector audits. This relationship between the CFAS and the AGSA is unique and we believe will contribute to enhancing audit quality and reporting on public sector financial statements, governance and accountability.

We thank those firms who submitted comments on the proposed Joint Guides. All comments received have been considered and final changes made were considered by the CFAS at its meeting in March 2014 and were recommended to the Board to approve for issue jointly with the AGSA.

CFAS SUSTAINABILITY STANDING COMMITTEE (SSC)

The SSC has developed an illustrative auditor's assurance report and related engagement letter that may be used by registered auditors for sustainability assurance engagements. These were considered by the CFAS at its meeting in March 2014 and approved for issue.

CFAS B-BBEE ASSURANCE MATTERS

Uncertainty regarding the amended Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice

We draw attention to the IRBA communiqué issued on 13 December 2013 regarding the caution to be exercised by B-BBEE approved registered auditors and registered auditors (RAs) when considering issuing B-BBEE Verification Certificates and Exempted Micro Enterprise (EME) Certificates under the Amended Codes of Good Practice on B-BBEE as gazetted on 11 October 2013 (Codes of 2013).

RAs are also reminded that the amended Statement 000 in the Code of 2013 stipulates that only a sworn affidavit by an EME is required. It makes no provision for the issuing of EME certificates.

The IRBA has observed a number of instances where some RAs issue “EME certificates” in their capacity” as CAs(SA), a member of SAICA, but without indicating that they are also an RA, and without following the IRBA’s reporting requirements, including the signing conventions in the IRBA *Code of Professional Conduct for Registered Auditors*.

RAs engaged in this emerging undesirable practice are reminded that they are to apply SASAE 3502 *Assurance Engagements on Broad-Based Black Economic Empowerment (B-BBEE) Verification Certificates* when issuing EME certificates, regardless of their membership with professional bodies.

The dti issued a General Notice No. 226 of 2014 in Government Gazette No. 37453 published on 18 March 2014 extending the transitional period of the Codes of 2013 by a further six months, until 30 April 2015.

Broad-Based Black Economic Empowerment Amendment Act, 2013 (B-BBEE Amendment Act)

On 27 January 2014, the President assented to the B-BBEE Amendment Act. Salient amendments include:

- Defining a fronting practice and criminalising misrepresentation of a B-BBEE status of an enterprise;
- Providing for a “B-BBEE Verification Professional Regulator”, which is to be appointed by the Minister of Trade and Industry;
- Providing for the establishment of the B-BBEE Commission;
- Adding a trumping clause in the B-BBEE Amendment Act;
- Requiring all spheres of government, public entities and organs of state to report on their compliance with B-BBEE in their audited annual financial statements and annual reports

required under the Public Finance Management Act, 1999 (Act No. 1 of 1999); and

- Requiring all public companies listed on the JSE to provide to the Commission, in such manner as may be prescribed, a report on their compliance with B-BBEE.

RAs are encouraged to contact the Standards Department via email b-bbeequeries@irba.co.za or telephone 087 940 8800 or Gerhardus Burger on direct line 087 940 8786 for assistance regarding B-BBEE assurance matters.

THE INTERNATIONAL AUDIT AND ASSURANCE STANDARDS BOARD (IAASB)

International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information

This revised assurance standard deals with assurance engagements other than audits or reviews of historical financial information. In revising ISAE 3000, the IAASB also agreed amendments to the *International Framework for Assurance Engagements*, as well as ISAE 3402, *Assurance Reports on Controls at a Service Organization*, ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, and ISAE 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. ISAE 3000 (Revised) is effective for assurance engagements when the assurance report is dated on or after 15 December 2015.

The CFAS considered ISAE 3000 (Revised) at its meeting in March 2014, and recommended its adoption to the Board to prescribe for registered auditors.

Consultation Paper: IAASB’s Proposed Strategy for 2015-2019 and Proposed Work Program for 2015-2016

The IAASB is undertaking this consultation to obtain views on its future direction, in order to build on its existing base of standards and address new topics where needed. The Consultation Paper includes questions to obtain stakeholders’ views on whether the IAASB’s strategic objectives are appropriate for 2015–2019, the approach taken to the development of the Work Program for 2015–2016, in particular the IAASB’s decision to focus on fewer key projects, and the appropriateness of the topics chosen as the focus for the Work Program for 2015–2016, in light of the proposed strategic objectives. The Consultation Paper is available on the IAASB’s website.

Comments were due by 4 April 2014. The CFAS will also consider the IAASB Proposed Strategy and Work Program in preparing its consultation paper on the *CFAS Proposed Strategy 2015–2019 and Work Programme for 2015–2016*.

SMALL AND MEDIUM PRACTICES

The International Federation of Accountants (IFAC) Small and Medium Practices (SMP) Committee

The SMP Committee of IFAC represents the interests of professional accountants who work in SMPs. 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, especially in the audit of small and medium enterprises (SMEs).

These publications have not been adopted by the IRBA as they were not subject to the IAASB's due process for development of International Standards, or the

CFAS due process for adoption of International Standards and guidance.

However, SMPs may refer to the guidance issued by the SMP Committee at their discretion, and may find the guidance useful, but are advised that registered auditors are still required to apply all auditing pronouncements adopted,

developed, issued and prescribed by the IRBA, including the IAASB International Standards.

The SMP Committee issued a *Guide for Review Engagements* in December 2013. The Guide may be found on the IFAC website. (Please note caveat above).

ETHICS

COMMITTEE FOR AUDITOR ETHICS (CFAE)

IRBA BOARD APPROVED THE AMENDMENTS TO THE CODE OF PROFESSIONAL CONDUCT

The IRBA Board approved the adoption of the amendments made to the IESBA Code during 2013 as amendments to the IRBA Code (Revised 2014) on 18 February 2014. The IRBA Code (Revised 2014), was issued on 17 March 2014 and may be downloaded from the IRBA website: www.irba.co.za.

Amendments to the IRBA Code

The amendments result in the following changes in substance:

Breach of a Requirement of the Code

This revision deals more comprehensively with a *registered auditor's* actions when encountering a breach of a requirement of the Code. The changes in particular establish a robust framework for addressing a breach of an independence requirement in the Code. This change affects paragraphs 100.10, 220.33-37, 290.117, 290.133, 290.159, 291.33-37, 291.112 and 291.127.

Conflicts of Interests

This revision to the Code establishes more specific requirements and provides more comprehensive guidance to support *registered auditors* in identifying, evaluating, and managing conflicts of interest. The changes clarify the meaning of a conflict of interest under the Code. This change affects paragraphs 100.17-100.24, 200.1-200.14 as well as the definition of Professional Activity and Professional Services.

Definition of "Engagement Team"

The change to the definition of "*engagement team*" is to clarify the relationship between internal auditors providing direct assistance on an external audit and the meaning of an engagement team under the Code.

The IESBA issued the revised definition in conjunction with the IAASB's issue of its ISA 610 (Revised 2013), *Using the Work of Internal Auditors*. ISA 610 (Revised 2013) includes requirements and guidance addressing the external 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, where such assistance is not prohibited by law or regulation.

It is proposed that the revised definition of "*engagement team*" will become effective for audits of financial statements for periods ending on or after the 15 December 2014. Early adoption is permitted.

Definition of "Those Charged with Governance"

The change more closely aligns the definition of "*those charged with governance*" in the Code with that in ISA 260, *Communication with Those Charged with Governance*, thereby eliminating any potential confusion. The CFAE does not

expect that any changes will be necessary to audit firms' systems and methodologies or common practice.

The changes clarify that a subgroup of those charged with governance of an entity, such as an audit committee, may assist the governing body in meeting its responsibilities. In those cases, if a registered auditor or audit firm communicates with such a subgroup, the Code requires the registered auditor or firm to determine whether communication with all of those charged with governance is also necessary so that they are adequately informed. These changes affect the definition of "those charged with governance", paragraph 100.25 and 290.28.

Definition of Professional Activity and Professional Services

The reclassification of the definition of "professional services" as "professional activity" as:

"An activity requiring accountancy or related skills undertaken by a registered auditor, including

accounting, auditing, review, other assurance and related services, taxation, management consulting, and financial management.

Consequential change to the definition of "professional services" as:

"Professional activities performed for clients."

Additional amendments to the IRBA Code

Unlike the IESBA Code amendments that are all included at the back of the IESBA *Handbook of the Code of Ethics for Professional Accountants* 2013 Edition, the IRBA Secretariat

has incorporated all the proposed amendments into the IRBA Code, issued in June 2010, as the IRBA Code (Revised 2014), with all amendments reflected as grey shading in the revised IRBA Code.

This has been done to facilitate practical implementation of the IRBA Code (Revised 2014) in its impact on the inspections, investigations and disciplinary functions of the IRBA.

The *Changes of Substance* from the 2010 IRBA Code have been included at the end of the revised Code, as well as a table summarising the paragraphs amended.

It is not anticipated that the amendments create additional requirements for auditors that require an extended period of time for implementation.

The amendments to the IESBA Code (2013) have been issued with the following effective dates, all with early adoption permitted:

- Breaches of the requirements of the Code (effective on or after 1 April 2014);
- Conflicts of interest (effective on or after 1 July 2014);
- Change to the definition of "engagement team" (effective for audits of financial statements for periods ending on or after the 15 December 2014);
- Change to the definition of "those charged with governance" (effective on or after 1 July 2014); and
- Reclassification of the definition of "professional services" as "professional activity", and consequential changes to the definition of "professional services" (effective on or after 1 July 2014).

Effective date in South Africa

In order to facilitate implementation of the IRBA Code (Revised 2014), regard being had to its impact on the inspections, investigations and disciplinary functions of the IRBA, and as early adoption is permitted by both the IESBA and the IRBA, the Board approved the incorporation of all the amendments into the revised IRBA Code in February 2014, with an effective date of **1 April 2014**.

B-BBEE FAQs approved for issue

The CFAE approved a number of **Frequently Asked Questions (FAQs)** with responses at its meeting in March 2014 based on queries most commonly received by the Standards Department and the B-BBEE Queries mailbox (b-bbeequeries@irba.co.za) to assist B-BBEE approved registered auditors (BARs) with implementation of the SASAE 3502 and the IRBA Code (Revised) when dealing with ethical issues frequently encountered by practitioners undertaking B-BBEE assurance and advisory engagements. The FAQs may be accessed at the B-BBEE webpage on the IRBA website: www.irba.co.za.

Letter of Authority regarding B-BBEE verification certificates

The CFAE also approved a Communique and **Letter of Authority regarding B-BBEE Verification Certificates** that BARs may provide for their clients, indicating their authority for issuing B-BBEE verification certificates, and EME certificates issued by both BARs and RAs, in terms of the existing 2007 Codes of Good Practice. The letter also deals with the prohibition on the use of the IRBA logo on B-BBEE verification certificates issued. These have been communicated and may be downloaded from the IRBA website.

REPORTABLE IRREGULARITIES

UPDATE OF THE REPORTABLE IRREGULARITIES GUIDE

The update of the *Reportable Irregularities Guide* is in progress with proposed changes arising from:

- The Companies Act, 2008 and Regulations thereto;
- The attorney's interpretation of "fiduciary duty" in part (c) of the definition: "represents a material breach of a fiduciary duty owed by such a person to the entity or any partner, member, shareholder, creditor or investor of the entity under any law applying to the entity or the conduct or management thereof"; and
- Updating of illustrative examples and case studies of reportable irregularities.

The Reportable Irregularities Task Group met in February 2014 and will meet again in April 2014 to finalise proposed changes to the *Reportable Irregularities Guide* for consideration by the Board. The revised *Reportable Irregularities Guide* is expected to be issued during the second half of 2014.

REPORTABLE IRREGULARITIES (RIs) RECEIVED:

	Year to date 31 December 2013		Year ended 31 March 2013	
	Number of reports received and files closed within 40 days	418	97%	630
Number of 2nd reports received late (after due date)	13	3%	46	7%
Total number of RIs received	431	100%	676	100%

OF THE TOTAL NUMBER OF RIs RECEIVED:

	Year to date 31 December 2013		Year ended 31 March 2013	
	Continuing	237	55%	418
Not continuing	188	44%	257	38%
Did not exist	6	1%	1	0%
Total number of RIs received	431	100%	676	100%

REPORTABLE IRREGULARITIES

CONTINUED

TOTAL NUMBER OF RIs RECEIVED BY TYPE OF ENTITY

	Year to date 31 December 2013	
(Proprietary) Limited	303	70%
Non-profit company organisation/Section 21 company	31	7%
Close corporation	28	7%
Limited	14	4%
Trust	10	2%
Fund	6	1%
School	6	1%
Estate agent	6	1%
Body corporate	5	1%
Other entities	22	6%
Total number of RIs received	431	100%

Sandy van Esch
Director: Standards
 Telephone: 087 940 8871
 Facsimile: 086 575 6535
 E-mail: svanesch@irba.co.za



LEGAL

QUARTERLY REPORT FROM THE DIRECTOR: LEGAL FOR THE PERIOD 1 OCTOBER 2013 TO 31 DECEMBER 2013

"DEAR PRACTITIONER" WORKSHOPS A MAJOR SUCCESS WITH REGISTERED AUDITORS

As part of the IRBA's initiative to be a value added regulator, and in line with our statutory mandate which is to strengthen the audit function and to protect the public, the Legal Department has embarked on a series of "How to avoid a Dear Practitioner Letter from IRBA" workshops. In these workshops actual case studies (with the documentation duly sanitised) are presented, illustrating where practitioners got things wrong. The object of the workshops is to allow practitioners to learn from the mistakes of their colleagues, and to avoid common pitfalls encountered by RAs on a regular basis.



The workshops encompass auditor reporting, including inadequate disclosure in financial statements, going concern and materiality; engagements on attorney's and estate agents' trust accounts; auditor obligation regarding trusts and similar entities; assisting holding-out and company secretarial pitfalls.

Originally only three workshops in Johannesburg, Durban and Cape Town were planned but due to the overwhelming demand these have been increased by 12 more workshops in Johannesburg, Pretoria, Durban, Cape Town, Pietermaritzburg and Boland, and possibly another in Bloemfontein.

The workshops contribute towards auditor - specific CPD, and have been well received.

INVESTIGATING COMMITTEE

The Investigating Committee met twice during this period (3rd October and 28 November 2013) and referred 25 individual matters to the Disciplinary Advisory Committee with recommendations.

DISCIPLINARY ADVISORY COMMITTEE

The Disciplinary Advisory Committee met once during this period and disposed of 25 matters, as follows.

Decisions not to charge

- **two** matters in terms of Disciplinary Rule 3.5.1.1 (the respondent is not guilty of unprofessional conduct; this includes the situation where the conduct in question might be proved but even if proved does not constitute unprofessional conduct);
- **four** matters in terms of Disciplinary Rule 3.5.1.2 (the respondent having given a reasonable explanation for the conduct);
- **six** 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);
- **one** matter in terms of Disciplinary Rule 3.5.1.5 (being that in all the circumstances it is not appropriate to charge the respondent with improper conduct).

Decision to charge and matter finalised by consent order

Eight practitioners were fined:

- The **first matter** related to a communications solutions company where various arithmetical and VAT errors, overcharging of services, errors on arithmetic calculation of sales transactions were found, all of which remained undetected by

the Practitioner, who proceeded to issue an unqualified audit opinion. Furthermore, the annual financial statements were deficient in that they failed to disclose foreign currency differences and other costs and services. In addition the practitioner failed to keep and / or obtain adequate working papers and audit evidence. He was fined R75,000, R25,000 of which was suspended for three years on condition that he is not found guilty of any offence relating to work done during the period of suspension with a contribution of R10,000 towards costs and publication in general terms.

- The **second matter** related to a JSE listed environmental waste management company, where consolidated annual financial statements (audited by a new auditor) contained restatements relating to prior period errors which had been identified by new management. The effect of the most significant error was that income, after tax, had been overstated by at least 63% in prior period (audited by the practitioner). The prior period errors arose from the failure of previous management to use reliable information, which could reasonably have been obtained and taken into account by the practitioner, in the audit of the prior period financial statements. As a consequence of the undetected errors the practitioner's unmodified opinion was

inappropriate. The Practitioner was fined R100,000, with an order of R5,000 towards costs and publication in general terms;

- The **third matter** related to a body corporate where the practitioner signed and re-issued the annual financial statements creating two different versions. The amended annual financial statements reflected that the losses as originally reported, were materially different from the losses disclosed in the original annual financial statements for which no explanation was provided by the practitioner. Accordingly the audit opinion, expressed in the amended statements, was misleading in many respects. Furthermore, the practitioner used the offices of his audit client; and was a trustee to the body corporate which he audited, thereby impairing his independence. The practitioner also assisted an accounting firm, who were not registered auditors, to create the false impression that they were in fact registered auditors. The practitioner was fined R100,000, with an order of R5,000 towards costs and

publication in general terms. The practitioner is no longer resident in South Africa and the imposition of this sentence was postponed.

- The **fourth matter** related to a deceased estate and close corporation ('CC') where the practitioner misrepresented to his client that the estate had been wound up and finalised. In respect of the CC he charged fees to which he was not entitled and was late in drafting the annual financial statements for various years. Where required, he failed to describe contraventions of the Close Corporation Act in the reports on the annual financial statements. He failed to submit tax returns on time or at all. He failed to answer correspondence from the Board.

He was fined R75,000, R25,000 of which was suspended for three years on condition that he is not found guilty of any offences relating to work done during the period of suspension, with a contribution of R5,000 towards costs and publication in general terms.

- The **fifth matter** related to an attorneys firm's trust account where the practitioner signed and issued an unqualified assurance report. This was inappropriate since the trust account reflected a shortage of R1,480,528.42. The report however stated that

the amount in the trust bank account was the same as the total amount in the firm's trust creditors' account. Accordingly the practitioner failed to detect the shortage; he failed to produce adequate working papers and audit evidence. He also failed to answer correspondence from the Law Society. The Practitioner was fined R100,000, with an order of R5,000 towards costs and publication in general terms.

- The **sixth matter** related to two B-BBEE verification agencies (both companies) where the practitioner was the sole director of both. Neither company was at any material time registered with the Board, nor approved by the Board to perform verification assurance work. In addition, the practitioner assisted the companies to hold out as registered auditors in public practice. The Practitioner was fined R50,000, R25,000 of which was suspended for three years on condition that he is not found guilty of any offence relating to work done during that period, with a contribution of R5,000 towards cost and publication in general terms.
- The **seventh matter** related to the non-submission of tax return by the practitioner while he was a sole proprietor. He pleaded guilty to failure to submit VAT 201, EMP 201(PAYE), EMP 201

(UIF), EMP 501, IRP 501 and IT12 returns in respect of his own business, in the Magistrates' Court. The practitioner was fined R50,000, R25,000 of which was suspended for three years on condition that he is not found guilty of any offence relating to work done during the period of suspension, with a contribution of R5,000 towards costs and publication in general terms.

- The **eighth matter** related to a body corporate where the practitioner issued an unqualified report when he failed to detect various thefts committed by an employee. The practitioner failed to obtain proper bank confirmation letters and merely accepted photocopies from the managing agent of the Body Corporate. The practitioner failed to comply with International Standards on Auditing during the course of his audit. Accordingly the report signed by the practitioner was misleading. The Practitioner was fined R50,000, with an order of R5,000 towards costs and publication in general terms.

Decision to charge and matter referred to the Disciplinary Committee

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

DISCIPLINARY COMMITTEE

The Disciplinary Committee sat once on Saturday 2 November 2013 to finalise a part heard matter, and hear argument on sentence. The practitioner, who had refused a Consent order, had been found guilty of one out of three charges brought

against her. She was no longer registered as an auditor.

The charge on which the practitioner was found guilty concerned the calculation of negative goodwill, its inclusion in the income statement

under operating profit, audit materiality and the effect of this on headline earnings per share.

The practitioner was fined R75,000, suspended on condition that should she apply to be re-registered as an

auditor, prior payment of the fine is a condition of re-registration as such, (the same sanction proposed in the consent order), and was ordered to pay costs in the sum of R220,000.

COMPANY SECRETARIAL WORK

The IRBA has received an increasing number of allegations of improper conduct relating to unauthorised changes to the records held by the Companies and Intellectual Property Commission ('CIPC').

In a typical scenario, a Registered Auditor (RA) is approached by a prospective client who is involved in a family and/or shareholders' dispute. The aggrieved client presents the RA with a very credible story in which the incumbent auditor is painted as someone who is not independent and is seen as colluding with the other shareholders and/or directors.

The RA is furnished with copies of signed resolutions and other documents to support the client's case, and in some cases copies of the share register. The circumstances seem very compelling and the RA is persuaded to effect the changes on the CIPC website. The RA can, in this manner, become an unwitting party to unauthorised changes to CIPC records. Such unwitting participation will not be condoned by the Regulators as RAs should always verify information from a third party.

RAs need to exercise extreme caution and scepticism when approached by such clients in circumstances in which changes to the CIPC records are requested. The "hijacking" of companies has become prevalent. Contact should be made with the incumbent auditor as a priority to understand the context and to assess the *bona fides* of the client. To say that 'we trusted the client', is not good enough. Changes should not be effected until the RA is satisfied

of their validity by reference to the original minutes, share register, signed resignation letters and original transfer security deeds.

RAs should also refer to the requirements of **ISQC1**, especially regarding the 'Acceptance of Client Considerations.' ISQC1 acts as an umbrella standard and covers audits, reviews of financial statements, other assurance engagements and related services engagements, and clearly does not apply only to regulatory audit work performed.

RAs should furthermore heed the requirements of the **Code of Ethics** ('The Code') - even though these services are not specifically disallowed by the Code, the fundamental principles of "professional competence and due care" and independence should be considered. Where an RA who is not the auditor of the entity is approached to provide these services, the RA would in all probability not have access to all the information required to be able to perform such work and this should already be a cause of concern for the RA. Section 210.12 of the Code does not in itself disqualify an RA from performing such work, but if the client does not allow the consulting RA to communicate with the incumbent RA or provide the necessary information as required, this can be enough reason not to perform such services. If the consulting RA proceeds with the work without attempting to consult with the existing auditor, the consulting RA is in breach of the Code. RAs should regard any such request as high risk if the RA is not the appointed auditor or the appointed secretary of the client.

An equally disturbing practice currently taking place involves that of property transactions. The

Registrar of Deeds requires, where the transferee is a company, that a solvency certificate be submitted with the other conveyancing documents by the appointed conveyancer. Certain conveyancers will accept such a solvency certificate from an RA regardless of whether or not the RA is the auditor. The conveyancer and the Registrar of Deeds are satisfied regardless of who is issuing such a certificate and assume that the RA would have done the required investigation. This assumption is not correct but can be explained as the conveyancer is not aware of the professional standards and Code of Ethics applicable to RAs. An RA that accepts such an assignment who is also not the officially - appointed RA, does not know the status of the transferee and cannot reasonably have knowledge of the transferee.

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



REGISTRY

INDIVIDUALS ADMITTED TO THE REGISTER OF THE BOARD From 1 OCTOBER 2013 To 18 FEBRUARY 2014

Ally Wajeeda
Arnold Ayesha
Bango-Moyo Thandeka Hazel
Bapela Madie Jeremiah
Bhika Kiran
Chapanduka Edwin Tinashe
de Villiers Wilhelmina Anna
Dibishi Thamsanqa Phineas
Dludla Xolani Khayelihle
Ebrahim Fahmidah
Emery Ryan
Fourie Alwyn Francois
Govender Kavisha
Heeger Peter John
Hlungwani Watson
Jeeva Nooshin
Jogee Shaheen Mohamed
Kranhold Servaas
Kuhn Elizabeth
Low Gianni Joseph
Marais Ronette
Mazibuko Floyd Xolani
Mcilroy Stuart Duncan
Mkiva Unathi
Monegi Brian Neo
Mynhardt Kyle
Naran Kamalesh
Ngwenya Sithembiso Eugene Siyabonga
Nkosi Zakhele Stanley
Ntsandeni Fulufhelo
Pandor Ahmed Mohammed
Pienaar Albert Daniel
Pienaar Doné
Pillay Trishantanie
Prange Eric
Pretorius Sindy
Rademeyer Melt
Roberts Laura Jane

Robertson Struan Ian
Rossouw Sarakie
Simmons Wendy Joy
Stavast Lammert Hendrik Arie
Steyn Marti
Stock Patricia
Swanepoel Werner
Tobias Moshe Yona
van Heerden Veroeska
van Zyl Haneke Aloise
Visser Marco Ernestus
Weinreich Gerwin Peter Harry
Zvarevashe Zivanai

INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE BOARD From 1 OCTOBER 2013 To 18 FEBRUARY 2014

Claassen Jacob Willem Stephanus
Erasmus Marthinus Stephanus Albertus
Geldenhuis Francois
Greenberg Denis Manne
Henning Johannes Christiaan
Lombard Allan
Luke James Thomas Carlyon
Macey John Russell
Marule Richard Diboneng
Medupe Nondumiso
Moosa Ashraf
Ndlovu Nomthandazo Tshepo
van Schalkwyk Deon Jacques

INDIVIDUALS REMOVED FROM THE REGISTER OF THE BOARD From 1 OCTOBER 2013 To 18 FEBRUARY 2014

Aboo Fazana, *Resigned*
Barnard Wilmy, *Resigned*
Beckenstrater Peter Charles
Friedrich Wilhelm Philomena,
Declared disabled
Becker Sumarie, *Resigned*

Bernard Nicholas Hendrik, *Resigned*
Bloch Paul, *Resigned*
Diemont Christiaan, *Retired*
Emslie Robert Reinhardt, *Resigned*
Farquharson Christopher James,
Deceased
Ferreira Antonie Michael, *Deceased*
Fialkov Kevin, *Retired*
Francis Hadley James, *Deceased*
Gordon David, *Resigned*
Hansjee Neelash Denas, *Resigned*
Hills Dennis William Robert, *Retired*
Hoffman Nylde Heila, *Resigned*
Jones Michael Eric, *Resigned*
Joshi Pankaj, *Emigrated*
Levick Gavin Errol, *Retired*
McAllister Frederick Fraser, *Retired*
Noonan Robert Christopher
Crockford, *Resigned*
Peens Mariska, *Resigned*
Pelkowitz Barry Ellis, *Deceased*
Pocock Anthony Steven, *Deceased*
Rooknodien Fakir Ebrahim, *Resigned*
Saayman Jessica-Anne, *Emigrated*
Topham Brandon Rodney, *Resigned*
Vlok Cornelius Johannes, *Resigned*
Whitaker Andrew Rolfe, *Resigned*
Wright Glenn David, *Resigned*

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 are set out below. These Communiqués may be downloaded from the IRBA website (www.irba.co.za) under the News section.

15/10/2013	Government Gazette Notice - Accreditation Model 2013
18/10/2013	FIC media release - Commercial Institutions must apply Due Diligence to Business Clients
18/10/2013	Adoption of the International Audit and Assurance Standards Board's 2013 Handbooks
21/10/2013	Proposed amendments to the Code of Professional Conduct for Registered Auditors
15/11/2013	<i>Monitoring of Compliance with Section 90(2) of the Companies Act, 2008 with effect from 1 January 2014</i>
20/11/2013	<i>Invitation to comment on the 2013 Public Practice Examination</i>
02/12/2013	IRBA News issue #24
03/12/2013	Due Process Policy for the Development, Adoption and Issue of Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements; and Status and Authority of Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements
03/12/2013	South African Auditing Practice Statements Revised SAAPS 2 (Revised November 2013) Financial Reporting Frameworks and the Auditor's Report and SAAPS 3 (Revised November 2013) Illustrative Reports
03/12/2013	Guide for Registered Auditors: Reporting on Financial Information contained in Interim, Preliminary, Provisional and Abridged Reports required by the JSE Listings Requirements
06/12/2013	Monitoring of Compliance with Section 90(2) of the Companies Act, 2008 with effect from 1 January 2014 - Transitional Provisions
13/12/2013	Broad-Based Black Economic Empowerment (B-BBEE) Verification Certificates and Exempted Micro Enterprise (EME) Certificates Under the Amended Codes of Good Practice on B-BBEE as Gazetted on 11 October 2013 (Codes of 2013)
13/12/2013	How to Avoid a "Dear Practitioner" letter from the IRBA - Reporting Workshop for Registered Auditors 2014
17/02/2014	How to Avoid a "Dear Practitioner" letter from the IRBA - Reporting Workshop for Registered Auditors 2014 Additional Workshop dates
21/02/2014	Official Statement Accompanying the Release of the Results of the Public Practice Examination
26/02/2014	Important Notice regarding the 2014 Public Practice Examination
28/02/2014	Guide for Registered Auditors: Engagements on Attorneys Trust Accounts
18/03/2014	IRBA Code of Professional Conduct for Registered Auditors (Revised 2014)
27/03/2014	Evaluation of the cost of tax compliance on small businesses: Tax practitioner survey

GENERAL NEWS

MANUAL OF INFORMATION 2014

The Manual of Information 2014 will be published by April 2014. Among new information included in this year's manual are changes to the Accreditation Model, Accreditation Requirements and the new Audit Development Programme.

In the Standards section changes include:

- Amendments to the Code of Professional Conduct for registered auditors effective 1 April 2014;
- Inclusion of the *Status and Authority of Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*; and
- The *CFAS Due Process Policy for the Development, Adoption and Issue of Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements*.

The Manual of Information 2014 will be sent to all RAs at no cost.

NEW DIRECTOR: STANDARDS APPOINTED

Mr Imran Vanker has been appointed Director: Standards effective 1 May 2014. He brings with him vast experience in the areas of standards, management, stakeholder relationships and international liaison. Joining us from the Auditor General, he also has substantial knowledge of the public sector. He has also represented the Auditor General on some of the IRBA's technical committees. We welcome Imran and look forward to having him on the team.



NELSON MANDELA MEMORIALS

Following the sad passing of former president, Mr Nelson Mandela, the Greenstone Hill office park community held an impromptu memorial around the fountains.



6th December 2013
Greenstone Office Park
Edenwale
Thank you for sharing our Madiba Moment
On behalf all of UTI
Ayda le Hane - UTI SDI

GENERAL NEWS

CONTINUED

The staff of the IRBA also attended a memorial lunch during the funeral week, at which each staff member lit a candle in commemoration while the informal IRBA choir led in song.

The famous poem by WH Auden was also quoted, very appropriately:

*Stop all the clocks, cut off the telephone,
Prevent the dog from barking with a juicy bone,
Silence the pianos and with muffled drum
Bring out the coffin, let the mourners come.*

*Let aeroplanes circle moaning overhead
Scribbling on the sky the message He Is Dead,
Put crepe bows round the white necks of the public doves,
Let the traffic policemen wear black cotton gloves.*

*He was my North, my South, my East and West,
My working week and my Sunday rest,
My noon, my midnight, my talk, my song;
I thought that love would last for ever: I was wrong.*

*The stars are not wanted now: put out every one;
Pack up the moon and dismantle the sun;
Pour away the ocean and sweep up the wood.
For nothing now can ever come to any good.*



CLEAN AUDIT REPORT AWARD

In December 2013 the IRBA was represented by Bernard Agulhas (CEO) and Willemina de Jager (Director: Operations) at an awards ceremony hosted by the Auditor-General. The IRBA received an award for a clean audit in terms of the Public Finance and Management Act.



IRBA HOSTS BOTSWANA ACCOUNTANCY OVERSIGHT AUTHORITY FOR AN INFORMATION SESSION

The Independent Regulatory Board for Auditors (IRBA) recently hosted board members from the Botswana Accountancy Oversight Authority (BAOA) on a two day learning and benchmarking visit. BAOA was represented by four members of their board including the Chairman, Mr Tabake Kobedi and the CEO Mr Duncan Majinda.

The visit was intended for the Board members to learn from the experiences of years of regulating the South African profession by the IRBA and to empower BAOA to better understand the role of a regulator in order to achieve their mandate.

Mr Majinda commented that the IRBA has played an invaluable

role in the development of the accountancy profession in Botswana over the years during the time that it was conducting audit quality reviews for the Botswana Institute of Chartered Accountants. He appreciated that he personally had the privilege of working with the team of professionals doing the reviews when he joined the Institute as its CEO.

The two day information session focused on building capacity for the BAOA delegation in aspects of Legislation, The role of a regulator, Inspections, Standards, Education, Training and Development, Registrations, Branding and Awareness creation.

The IRBA is proud to play a role in shaping the future of regulation in Botswana and look forward to further engaging with them as they grow their organisation. Our standards and approach to regulation have been tried and tested and hence the Number One position in Auditing and Reporting Standards for four years in a row.

BAOA has recently been admitted to the International Federation of Independent Audit Regulators (IFIAR) as a member, which brings to four, the number of IFIAR members in Africa. The other members include South Africa, Mauritius and Egypt, that complied with the strict admission requirements for independent audit regulation.

IRBA'S REACH GOES BEYOND THE PROFESSION

The following letters of gratitude were received to acknowledge appreciation for the IRBA's continued efforts to fulfil a wider role in the SA community:



AREBAOKENG HOSPICE
393 Samora Machel street
Hospital view, Tembisa 1632
PR#: 0790000273317



Independent Regulator Board of Auditors
Building 2
Greenstone Hill Office Park
Emerald Boulevard
Modderfontein

Dear Joane Johnston

ACKNOWLEDGEMENT OF A DONATION OF R5000.00

On behalf of Arebaokeng Hospice I would like to thank you very much for the donation of R5000.00

I would like you to know that I consider it a special privilege to be associated with you in this way. It is in no small measure that your free giving spirit reinforces both our faith in humanity and our confidence for the future.

Your involvement in this organisation has been a profound one and words fall short of expressing my gratitude for you and hope this partnership will be sustained.

Feel free to refer any of your employees who stays in Tembisa for services which they or their families may need from our organisation in the area of Home-Based Care or Palliative Care.

You are kindly invited to visit our organisation.

FK Modise
Flora K. Modise
Executive Director

With regards

GENERAL NEWS

CONTINUED



Board of Governors: Ps. SC Mathebula, Ps. PM Mathebula, Mr. GCL Matloko, Dr. MF Sedibe, Mr. Z Thokwana
GDE Registration Number: EN 700 400622

Enq. Lerumo Matloko
Tel: 011 976 0600/1 or 071 871 0220
Date: 2014 February, 19th
Att: Ms. Xolisa Gugushe
Independent Regulatory Board for Auditors
PO Box 8237
GREENSTONE
1616

THANK YOU

Mam,

We wish to express our deep and heartfelt gratitude to you and your company for responding positively to our June 2013 request for a donation. We received our Photocopier in January 2014 and we are very grateful.

The availability of this machine for our School Office has really helped us to effectively implement our school curriculum. We are in a better position to provide our Learners with the quality of education we promised. This we could not do effectively without your help.

On behalf of our senior Pastor and Founder of the School; Ps. SC Mathebula and the entire School family we say a big thank you for your effort in lending a hand in our vision of 'Restoring Hope to our World, One child at a time'.

Yours in education,

.....
LERUMO CAIN MATLOKO
SENIOR ADMINISTRATOR

IRBA NEWS FORMAT CHANGE

Based on the survey conducted by IRBA, this will be the last printed issue of IRBA News. Going forward from issue #26 the IRBA News will only be available in a soft copy format from our website. Readers will be notified by an e-mail communique when a new issue is available.

At the same time, we will be exploring the new technologies to use better software so that the online reading experience will be enhanced.

Hard copies of the newsletter will be made available on written request to those readers who do not have the technology to read it online.

GENERAL NEWS

CONTINUED



Guests at the 2013 PPE Luncheon from left to right: IRBA CEO Mr Bernard Agulhas, EXAMCOM Chairman Mr Francois van den Berg, Xeenia Wallington, David Wallington, Craig Wallington, PwC CEO Suresh Kana, Catherine Aitken and IRBA Chairman Adv Willem van der Linde, SC.



Author, actor and comedian, Tim Plewman had everybody in stitches as MC at the function



Keynote speaker Professor Jeff Rowlands, addressed guests at the function.



Guests having a light moment at the 2013 PPE luncheon



IRBA CEO, Bernard Agulhas addressing guests and closing a chapter of PPE at the function

CONTACT INFORMATION

All correspondence to be addressed to:

The Editor
P O Box 8237, Greenstone, 1616, Johannesburg

Docex: DX008, Edenvale

E-mails to be addressed to:
Lebogang Manganye at lmanganye@irba.co.za

Website: www.irba.co.za