



irba

INDEPENDENT REGULATORY BOARD FOR AUDITORS

NEWS

ISSUE 30 | APRIL - JUNE 2015



IN THIS ISSUE:

- 2** From the CEO's desk
- 3** Education, Training and Professional Development
- 5** Standards

- 9** Ethics
- 10** Reportable Irregularities
- 12** Legal

- 13** Registry
- 16** Communications
- 17** General News

FROM THE CEO'S DESK

The last quarter has been filled with great achievements for the IRBA. The hard work that has been happening behind the scenes has and continues to pay off for our team and for the benefit of the profession.

We recently hosted a team from the International Audit and Assurance Standards Board (IAASB), led by the Chairman Professor Arnold Schilder, on a two-day outreach programme. The outreach is part of the IAASB's efforts to communicate the new and revised Auditor Reporting Standards to various stakeholders. The team engaged with the leadership of the IRBA, SAICA, the Auditor-General and representatives from the audit firms.

Consistent with our strategic pillar to be an influencer in Africa, the IRBA spent two days in Zimbabwe to introduce the new Auditor Reporting Standards to strategic partners, including Deputy President Emmerson Mnangagwa, the Reserve Bank, the Stock Exchange, the Auditor-General and the profession in Zimbabwe.

Following the success of our previous national information sessions and all the changes happening in the profession, I will, together with the directors, be presenting the 2015 IRBA information sessions around the country during August/September 2015. The theme for the sessions is "Responding to our Dynamic World", so we will engage with you on the IRBA's strategy to respond to the multitude of changes, the importance of upholding our world-class standards and remaining competent to meet the ever-changing demands. There is no better time to recognise the need for changes in the profession, for it to be recognised for the value it adds to the economy of the country and for us to remain proud of our profession while we create the right environment to grow it despite any challenges.

This year we will be joined by the Competition Commission on some of our sessions. We know that you as professionals face a lot of competition and market conduct related issues and we hope that the commission can provide some insights into the issues that you are dealing with. For dates and topics to be covered at the information sessions turn to page 18.

One of the IRBA's strategic pillars is independence. We are therefore considering measures to further strengthen auditor independence to respond to the current global debates and recent legislative measures that have been implemented in the various countries across the globe. The primary reasons to further strengthen the independence of auditors include improving audit quality, addressing market concentration in the audit market and contributing to transformation in the profession.

The IRBA concluded its preliminary research to solicit information from other countries that have implemented or are in the process of implementing various measures to strengthen independence. Subsequent to the research, the IRBA Board held a workshop to discuss the preliminary research findings and agreed on a process going forward. The process includes consultation with various stakeholders and further research on the effect that different measures will have on the profession. Upon completion of this process, the IRBA Board will make a decision based on the available information.

Following requests from registered auditors to strengthen the Registered Auditor (RA) brand so as to promote the value added by the auditing profession, I am proud to announce that the RA designation has now been registered with the South African Qualifications Authority (SAQA). Refer to page 17 for the new logo and how it can be used by all RAs.

I would also like to thank our team for obtaining yet another unqualified audit report for the 2014/2015 financial year. The IRBA Annual Report will be tabled in Parliament in September and auditors can also expect our soon to be released third Integrated Report and Public Inspections Report. We must continue to strive for excellence in everything we do, whether it is in strengthening our institutional capacity or the quality of services delivered to the public. This has to contribute to a better economy and ultimately a better country.



Bernard Peter Agulhas
Chief Executive Officer

EDUCATION, TRAINING AND PROFESSIONAL DEVELOPMENT

The Audit Development Programme – Recognition of Prior Learning (RPL)

The President of the Republic of South Africa, His Excellency President Jacob Zuma, assented to the Audit Profession Amendment Bill in June 2015. The Bill brings the Audit Development Programme (ADP) into effect. The IRBA regards auditing as a specialist field of accounting. In this regard, the IRBA has introduced the ADP as a mechanism to develop and assess audit competence. The ADP is an experiential learning period.

With the introduction of the ADP, the pathway to qualification as a Registered Auditor (RA) is as follows:

1. A recognised academic programme at an accredited university (e.g. Certificate in the Theory of Accounting (CTA) accredited by SAICA);
2. A recognised core assessment programme e.g. SAICA's Part 1: Initial Test of Competence (ITC);
3. A recognised professional development and assessment programme e.g. SAICA's training contract (articles), professional programme and the Assessment of Professional Competence (APC); and
4. Successful completion of the ADP.

Candidates who wrote the Public Practice Examination (PPE) do not have to register for the ADP; they will still be eligible to register as RAs based on the previous delivery model. However, such candidates may need to consider the IRBA's Proficiency Policy (also known as the 'Three Year Rule').

The IRBA recognises that some candidates who wrote the APC in November 2014 have already completed their articles. Some of these candidates are already in managerial positions within the firms and they may have already attained or be close to attaining the competencies required for the successful completion of the ADP.

In this regard, the IRBA has developed a recognition of prior learning (RPL) policy that allows candidates to register and complete the ADP through an RPL route. The RPL policy states that if a candidate is able to support that they have demonstrated the competencies at the level required by the IRBA prior to the minimum duration of 18 months, the candidate may apply for RPL and have their time on the ADP reduced.

To assist in further understanding the RPL policy, below are

answers to a few frequently asked questions.

How does a candidate apply for RPL?

Candidates seeking to use the RPL route must follow the same application process as all other candidates. They must complete the application form (Form 5) and submit a copy of their CV, a copy of their training contract discharge letter, a copy of their ID and proof of payment of the registration fee. On receipt of notification that the application has been successfully processed, the candidate must notify the IRBA that they intend applying for RPL. The IRBA will then organise a meeting to orientate candidates.

Are there additional costs in applying for the RPL?

No. Candidates will pay the applicable fee in the year of the application. There are no additional costs for applying for RPL.

What are the considerations in submitting a Portfolio of Evidence (PoE) through the RPL route?

The PoE requirements for candidates registering through RPL remain the same as those of candidates registering through the normal route. However, it is important to note that generally the candidates registering through RPL will have to compile the PoE on a retrospective basis. This may pose no difficulty if their firms maintained all supporting documentation on both an engagement and HR level. Candidates need to keep in mind the principle that 'if it's not documented, it has not been done'. This is important because the IRBA only has the PoE to rely on for the assessment of a candidate's competence. Where no documentation has been maintained, candidates may be required to spend some time on the ADP to successfully demonstrate competence. It is also important to note that registration through the RPL route doesn't mean that candidates will be automatically assessed as having 'Successfully Completed the ADP'. The PoE will go through the same assessment process as all other PoEs.

What about candidates who have completed their articles but have not completed their SAICA examinations?

Candidates who have already completed articles, but have not passed their board exams, and are still in the employment of the firm at a senior or managerial position within the audit function, have an opportunity to start working on their PoE. However, these candidates would not be eligible to register for the ADP as yet; they would be eligible to register when they successfully complete their SAICA exams. We encourage the firms to start working with the candidates as if they were

EDUCATION, TRAINING AND PROFESSIONAL DEVELOPMENT cont.

registered for the ADP. This means the candidates may already start compiling their PoE ensuring that the portfolio is ready when they pass their exams.

The IRBA is excited about the opportunities presented by the ADP, specifically the opportunity to assess audit competence on the job. In this regard, the IRBA values the work done by the firms in preparation for the ADP and in the development of mid-tier audit managers.

More details on the ADP are available on the IRBA's website (www.irba.co.za). For queries on the ADP or to schedule an ADP presentation at your firm please, contact Robert Zwane on 087 940 8800 or rwane@irba.co.za.

Audit Development Programme Launch

The Audit Development Programme was officially launched on 25 May. The launch was attended by stakeholders from government, the auditing profession, professional bodies, academic institutions and Registered Candidate Auditors. The Accountant-General Michael Sass delivered the keynote address on behalf of the Deputy Minister of Finance.



Laine Katzin

Director: Education, Training and Professional Development

Telephone: 087 940 8800

Fax: 087 940 8875

E-mail: edutrain@irba.co.za



Imran Vanker and Terence Nombembe with guests at the ADP launch



Bernard Agulhas, Laine Katzin and Robert Zwane with the first Candidate Registered Auditors



Bernard Agulhas with Peter Bosch and Nyiko Hlekane from the South African Qualifications Authority



Patrick Kabuya of the World Bank

STANDARDS

New and Revised Auditor Reporting Standards

The format and content of all audit reports on financial statements are about to change significantly. We provide hereunder an opportunity for registered auditors to become acquainted with the changes and to share these changes with their audit clients to provide for a smooth and effective implementation in South Africa.

As registered auditors are now aware, the International Auditing and Assurance Standards Board (IAASB) issued the new and revised Auditor Reporting Standards (the Reporting Standards) in January 2015. The IRBA Board approved the Reporting Standards in May 2015.

The IRBA is continuing with its Auditor Reporting Awareness Programme. Initiatives have included:

- The Chairman of the IAASB, Professor Arnold Schilder, visiting South Africa on an outreach programme and engaging with leadership from the IRBA, SAICA, the JSE Limited, the Auditor General and the large audit firms on 18 and 19 May 2015.
- An Auditor Reporting Awareness Workshop, “*The New Auditor's Report – Straight from the Horse's Mouth*”, hosted jointly by SAICA and the IRBA, was held during the IAASB's outreach. The event was attended by JSE-accredited auditors and others, and it focused on changes to the auditor's report and the new standard on Key Audit Matters. The event was also broadcast and is available at no charge on a webinar (see below for the link).

- The IRBA hosted a **Regulator Workshop** on 18 June 2015 to introduce other regulators to the recent developments in auditor reporting that affect them. The workshop was well attended and welcomed by the regulators. The regulators will be considering whether to prescribe the requirement of disclosing Key Audit Matters in the audit report of entities of the industries that they regulate.
- The **Institute of Directors Southern Africa (IoD)** hosted a joint IoD and IRBA *New Auditor Reporting* event on 19 June 2015. The event was aimed at IoD members in their capacity as directors of companies and/or members of audit committees to alert them to the impact that the Reporting Standards will have on them and the value they should prepare to gain from them.
- A **dedicated webpage** on the Reporting Standards contains a comprehensive list of resources to promote awareness and understanding as well as assist with the effective implementation of the Reporting Standards:
<http://www.irba.co.za/index.php/auditing-standards-functions-55/252-international-clarity-pronouncements-adopted-and-i/882-the-new-and-revised-auditor-reporting-standards>
- The **Reporting Standards** may be downloaded here:
<http://www.irba.co.za/index.php/auditing-standards-functions-55/111-auditing-standards/880-the-irba-board-adopts-the-iaasbs-new-and-revised-auditor-reporting-standards-an>
- The issuing of two **communiqués**:
 - o **17 June 2015** – The IRBA Board adopts the IAASB's new and revised Auditor Reporting Standards and related conforming amendments.



Integrated reporting workshop with the IAASB team



Prof. Arnold Schilder and Bernard Agulhas during the PowerFM interview

STANDARDS cont.

- o [18 June 2015](#) – Visit by the IAASB Leadership and Resources for the Implementation of the New and Revised Auditor Reporting Standards.
- The **slides** from the IAASB/SAICA/IRBA event, “*The New Auditor’s Report – Straight from the Horse’s Mouth*”, are available on the [webpage](#).
- **Digital media:**
 - o A [webcast](#) of the joint SAICA/IRBA event “*The New Auditor’s Report – Straight from the Horse’s Mouth*”, targeting JSE-accredited auditors and focusing on Key Audit Matters.
 - o A recording of the CNBC Africa [television interview](#) with Professor Arnold Schilder on “*Digging Deeper into the Newly Revised Auditing Standards*” during the prime time show *Closing Bell South Africa* (interviewer Gugulethu Cele).
 - o A podcast of the Power FM [radio interview](#) with Professor Arnold Schilder and Bernard Agulhas during the prime time show *Power Hour* (interviewer Victor Kgomoeswana).
 - o Interviews available on YouTube recorded by WConsulting:
Panel discussion on the new Auditor Reporting Standards <https://youtu.be/pCYVlqtEzJE>
- **Articles in the Accountancy SA magazine**, published by SAICA:
 - o April 2015 edition:
[Focus on Key Audit Matters](#)
[New Auditor’s Report](#)
 - o July 2015 Special Edition on Auditor Reporting:
[Ins and outs of The New Auditor’s Report](#)
[Key audit matters: questions and answers](#)
[Auditor’s report and financial statement disclosures](#)
[Audit committee reporting](#)
[What’s going on with going concern?](#)
[Effect on smaller entities](#)

Registered auditors are also referred to **the IAASB’s** dedicated [Reporting Page](#) on the new auditor’s report. The page is a source for tools and resources to promote awareness, understanding and effective implementation of the reporting standards.

The following extensive resources have been developed by the IAASB:

- Auditor Reporting Fact Sheet**

- Slide Presentation in Support of the IAASB’s New and Revised Auditor Reporting Standards**
- At a Glance**
- Basis for Conclusions**
- Auditor Reporting Project History**
- **TOOLKIT: Auditor Reporting – Key Audit Matters****
- **TOOLKIT: Auditor Reporting – Illustrative Key Audit Matters****
- Auditor Reporting on Going Concern**

Alert: Please note that the publications marked ** have not been subjected to the IAASB or the IRBA due process and are not authoritative. They have not been issued by the IRBA. They are provided in order to assist registered auditors with the implementation of the new and revised auditing standards. The new and revised Auditor Reporting Standards are authoritative.

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

Committee for Auditing Standards (CFAS)

Proposed IRBA Guide for Registered Auditors: Reporting Responsibilities of the Reporting Accountant Relating to Property Entities in terms of the JSE Listings Requirements

The CFAS has approved a project for the development of an IRBA Guide to be used by reporting accountants when required to report in terms of Section 13, *Property Entities* of the JSE Listings Requirements. It is anticipated that the proposed Guide will be issued on exposure for comment later this year.

IFRS 9: Financial Instruments

The SAICA Banking Project Group has established a sub-committee, the IFRS 9 Implementation Working Group, to address industry issues related to the implementation of IFRS 9, *Financial Instruments*, specifically the impairment requirements. The IRBA is represented on the Working Group. The IRBA, through the IFRS 9 Implementation Working Group and through the IAASB’s Financial Institutions Working Group, will consider whether South African specific auditing guidance is required, especially on the impairment requirements contained in IFRS 9.

STANDARDS cont.

Estate Agency Affairs Board (EAAB)

Online submission of estate agents' auditor's reports to the EAAB

Auditors of estate agents are advised that the EAAB has determined the sole manner of transmission of the auditor's reports on the trust account(s) of an estate agent by the auditor to the EAAB. With effect from 1 March 2015, reports are to be submitted online via the [MyEAAB Auditors Portal](#), accessible on the EAAB website. Auditors are referred to the communicate issued by the EAAB on 20 May 2014, My EAAB Online Portal – Audit Compliance, on the EAAB website, providing instructions to auditors on how to register on the [MyEAAB Auditors Portal](#).

Consequently, the EAAB has advised that with effect from 1 March 2015, estate agents' auditor's reports on the trust account(s) of an estate agent that are posted, emailed or hand-delivered to EAAB will not be accepted as having been received in terms of Section 32(4) of the Estate Agency Affairs Act, No. 112 of 1976 (the Act).

Frequently Asked Questions (FAQs) for auditors of estate agents

These FAQs were developed by the EAAB to provide guidance to registered auditors in response to enquiries frequently received by the EAAB and/or errors detected by the EAAB in the auditors' reports submitted to the board.

The FAQs were published on the EAAB website on 24 March 2015 and are available at the following link http://www.eaab.org.za/audit_compliance.

CFAS Regulated Industries and Reports Standing Committee (RIRSC)

Revision of the South African Auditing Practice Statement (SAAPS) 3, Illustrative Reports

In response to the new and revised standards on auditor reporting issued by the IAASB in January 2015 and the adoption thereof by the IRBA Board in May 2015, the CFAS approved a project to revise SAAPS 3, *Illustrative Reports (Revised November 2013)*. The proposed SAAPS 3 (Revised 2015) is expected to be issued on exposure for comment later this year.

CFAS Public Sector Standing Committee (PSSC)

Joint Guides

The Joint IRBA/AGSA Guide for Registered Auditors: *Guidance for Registered Auditors: Performing Audits where the AGSA has Opted not to Perform the Audit* and the Joint IRBA/AGSA Guide for Registered Auditors: *Guidance on Performing Audits on Behalf of the AGSA* have been approved for issue by way of joint publication with the AGSA.

CFAS Sustainability Standing Committee (SSC)

Illustrative engagement letter and assurance report – GRI G4

The CFAS has approved a project for the SSC to develop an illustrative report, engagement letter and any necessary guidance to be used by registered auditors when required to issue an ISAE 3000 (Revised) sustainability assurance report on a Sustainability Report prepared in terms of GRI G4. It is anticipated that the illustrative engagement letter, assurance reports and related guidance will be issued later this year.

Integrated Reporting Standing Committee (<IR>SC)

The <IR>SC held its first meeting on 21 July 2015. Preparers of integrated reports, auditors, other assurance providers, the public sector and academics are represented on the committee. The purpose of the committee is to provide thought leadership by contributing to and influencing international developments in the domain of assurance on integrated reporting.

Recent developments in the sphere of assurance on integrated reporting:

- The Integrated Reporting Working Group of the IAASB has released a publication, [Exploring Assurance on Integrated Reporting and Other Emerging Developments in External Reporting](#), to inform stakeholders about the IAASB's ongoing work in this area.
- The International Integrated Reporting Council (the IIRC), in July 2015, issued a publication, 'Assurance on <IR>: [Overview of feedback and call to action](#)', which summarises significant matters raised in the debate engendered by its Assurance on <IR> publications, '[Assurance on <IR>: an introduction to the discussion](#)' and '[Assurance on <IR>: an exploration of issues](#)' released in July 2014.

STANDARDS cont.

B-BBEE Verification Assurance

Gazettes issued by the Department of Trade and Industry (DTI)

The DTI issued three gazettes in May 2015:

Gazette 38799 issued on 15 May 2015

Practitioners are urged to:

- (a) Familiarise themselves with the content of all relevant DTI announcements;
- (b) Refer any interpretation issues (of legislation and The Codes of Practice) to the DTI; and
- (c) Comply with the SASAE 3502 in updating B-BBEE related issues

The International Audit and Assurance Standards Board (IAASB)

Revised Standards

ISA 720 (Revised), The Auditor's Responsibilities Relating to Other Information

The IAASB issued ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*, in April 2015. The revisions aim to clarify and increase the auditor's involvement with "other information" – defined in the standard as financial and non-financial information, other than the audited financial statements that are included in entities' annual reports.

The Board adopted and prescribed ISA 720 for use by registered auditors at its meeting in July 2015.

Registered auditors are urged to familiarise themselves with this revised standard as in recent years there have been significant developments in relation to the detail included in companies' annual reports.

Addressing Disclosures in the Audit of Financial Statements – Revised ISAs and Related Conforming Amendments

The IAASB issued revisions to the standards encompassing changes to 10 ISAs and conforming amendments to five other ISAs in July 2015. The revisions to the standards aim to focus auditors more explicitly on disclosures throughout the audit process and drive consistency in auditor behaviour in applying

the requirements of the ISAs. The revisions and the conforming amendments will be considered by the CFAS meeting in August 2015 for approval to recommend to the Board to adopt and prescribe for use by registered auditors.

The audit of disclosures in financial statements continues to rate highly in inspection findings. The IRBA therefore welcomes this increased focus, and encourages registered auditors to give attention to disclosures throughout the audit.

Exposure Drafts

Proposed amendments to the IAASB's International Standards – Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations (NoCLAR)

The IAASB issued an Exposure Draft, *Proposed Amendments to the IAASB's International Standards—Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations*, to propose limited amendments to the IAASB's International Standards in response to the International Ethics Standards Board for Accountants (IESBA's) May 2015 Re-Exposure Draft, *Responding to Non-Compliance with Laws and Regulations* (see below).

Amendments are needed to the IAASB's International Standards in the public interest to enable them to operate in concert with the IESBA standards. The focus of the Exposure Draft is proposed amendments to ISA 250, *Consideration of Laws and Regulations in an Audit of Financial Statements*, with less extensive changes proposed to seven other standards.

Comments may be submitted directly on the [IAASB](https://www.ifac.org/publications-resources/responding-non-compliance-or-suspected-non-compliance-laws-and-regulations) website via the following link: <https://www.ifac.org/publications-resources/responding-non-compliance-or-suspected-non-compliance-laws-and-regulations>. Comments on the exposure draft are requested by **21 October 2015**.

The Exposure Draft may be downloaded from the IAASB website by clicking on the following link:

<https://www.ifac.org/publications-resources/responding-non-compliance-or-suspected-non-compliance-laws-and-regulations>.

ETHICS

Committee for Auditor Ethics (CFAE)

IESBA's proposed standard on responding to non-compliance with laws and regulations (NoCLAR)

The International Ethics Standard Board for Accountants (IESBA), on 6 May 2015, released the re-exposed *Proposed Standard on Responding to Laws and Regulations (NoCLAR)*. As the IRBA *Code of Professional Conduct for Registered Auditors* adopted Parts A and B of the IESBA Code, the proposed standard will be considered by the CFAE for possible amendments to the IRBA Code that could affect registered auditors.

The proposed standard sets out a new framework to guide auditors in deciding how best to act in the public interest when they come across an act or suspected act of non-compliance with laws and regulations.

The proposed standard is available in a PDF format and may be downloaded from the [IRBA website](#). Registered auditors and others are invited to submit any comments regarding the proposed changes directly on the [IESBA website](#). Comments on the exposure draft are requested by **4 September 2015**.

IESBA reinforces auditor independence provisions, further limits exceptions and clarifies guidance around non-assurance services

The IESBA in April 2015 released [Changes to the Code Addressing Certain Non-Assurance Services Provisions for Audit and Assurance Clients](#). The changes enhance the independence provisions in the *Code of Ethics for*

Professional Accountants (the Code) by, in particular, no longer permitting auditors to provide certain prohibited non-assurance services to public interest entity (PIE) audit clients in emergency situations, and ensuring that they do not assume management responsibility when providing non-assurance services to audit clients.

The revisions include the removal of provisions that permitted an audit firm to provide certain bookkeeping and taxation services to PIE audit clients in emergency situations, as these were susceptible to being interpreted too generally. In addition, the revised provisions include:

- New and clarified guidance regarding what constitutes management responsibility; and
- Clarified guidance regarding the concept of “routine or mechanical” services relating to the preparation of accounting records and financial statements for audit clients that are not PIEs.

To access the pronouncement, visit the IESBA website: www.ethicsboard.org. The changes will be considered by the CFAE at its September 2015 meeting for recommendation to be adopted by the IRBA Board at its November 2015 meeting.

Proposed Amendments to the Code relating to the Definition of Public Interest Entities

The CFAE has received 20 responses from registered auditors to its exposure draft on *Proposed Amendments to the IRBA Code of Professional Conduct for Registered Auditors (the IRBA Code) relating to the Definition of Public Interest Entities*. The CFAE continues to work on processing the responses and will keep registered auditors apprised of any developments and possible changes to the Code.

REPORTABLE IRREGULARITIES

Revised Guide for Registered Auditors: Reportable Irregularities in terms of the Auditing Profession Act

The *Revised Guide for Registered Auditors: Reportable Irregularities in Terms of the Auditing Profession Act* (the Guide) was issued on 24 June 2015. The Guide replaces the previous "Reportable Irregularities: A Guide for Registered Auditors" issued in June 2006, which has now been withdrawn.

Registered auditors are encouraged to familiarise themselves with the Guide, and are reminded that the IRBA monitors compliance with Section 45 (relating to Reportable Irregularities) during its inspections.

Below are statistics related to reportable irregularities (RIs) processed by the IRBA.

TOTAL NUMBER OF REPORTABLE IRREGULARITIES RECEIVED				
	Quarter ended 30 June 2015		Year ended 31 March 2015	
Number of reports (1st and 2nd) received and files closed within 40 days that should have been closed in the period	149	100%	946	98%
Number of second reports received late (after due date)	0	-	15	2%
Total number of RIs received	149	100%	961	100%

Registered auditors are commended on the improvement of their timely submission of the second reports.

CONTINUING/NOT CONTINUING RIs: OF THE TOTAL NUMBER OF RIs RECEIVED				
	Quarter ended 30 June 2015		Year ended 31 March 2015	
Continuing	86	58%	487	50%
Not continuing	63	42%	468	49%
Did not exist	0	0%	6	1%
Total number of RIs received	149	100%	961	100%

TYPE OF ENTITY: OF TOTAL NUMBER OF RIs RECEIVED		
	Quarter ended 30 June 2015	
Proprietary Limited	101	68%
Limited	9	6%
Provident Fund	7	5%
Body Corporate	6	4%
Estate Agent	5	3%
NPC	5	3%
Close Corporation	4	3%
Pension Fund	3	2%
Political Party – Fund	3	2%
Attorneys Trust Account	2	1%
School	2	1%
Medical Scheme	1	1%
Trust	1	1%
Total number of RIs received	149	100%

REPORTABLE IRREGULARITIES cont.

NUMBER OF RIs REPORTED TO THE TOP SIX REGULATORS*	
	Number of contraventions reported Quarter ended 30 June 2015
Companies Intellectual Property Commission (CIPC)	86%
South African Revenue Service (SARS)	47%
Department of Labour	26%
Estate Agencies Affairs Board (EAAB)	12%
JSE Limited	6%
Financial Services Board (FSB)	6%

* Top six regulators to which contraventions were reported, for the quarter ended 30 June 2015. This may exceed the total number of RIs received as each continuing RI report received may contain more than one contravention, resulting in it being sent to more than one regulator.

Committees and task groups

Registered auditors with an interest in participating in IRBA structures on technical aspects are welcome to contact us. We have a range of committees, task groups and projects, and we would value the opportunity to welcome new participants. We are keen to get the perspectives of practitioners from small and medium practices (SMPs) and other specialists.



Imran Vanker

Director: Standards

Telephone: 087 940 8838

Fax: 086 575 6535

E-mail: standards@irba.co.za

LEGAL

QUARTERLY REPORT FROM THE DIRECTOR: LEGAL FOR THE PERIOD 1 APRIL 2015 TO 30 JUNE 2015

INVESTIGATING COMMITTEE

The Investigating Committee met twice during this period and referred 19 individual matters to the Disciplinary Advisory Committee with recommendations.

DISCIPLINARY ADVISORY COMMITTEE

Due to the new Board being appointed, the Disciplinary Advisory Committee missed the April meeting and only met once during this period (10 June 2015) and disposed of 22 matters, as follows:

Decisions not to charge

- **Three** 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);
- **Three** 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

Three matters were finalised with fines. All of these matters were referred from the Inspections Department and their particulars are as follows:

- **One** matter involved a re-inspection in the third cycle of inspections, with the respondent not having passed the first inspection. It was found that the auditor's documentation did not provide an adequate record of the basis for the respondent's auditor's report, neither did it provide adequate evidence that the audit was conducted in accordance with

International Standards on Auditing and/or applicable legal and regulatory requirements, as required by ISA 230. As a consequence, there was inadequate evidence that audit procedures were designed and performed to enable the auditor to draw reasonable conclusions on which to base the respondent's auditor's opinion, as required by ISA 500. The significant audit areas, for which the documentation and/or audit evidence was found to be deficient, included:

- o Independence and ethical considerations;
- o Audit materiality;
- o Fraud risk assessment;
- o Related parties;
- o Journal entries;
- o Property, plant and equipment;
- o Inventories;
- o Revenue (including revenue recognition);
- o Basis of preparation of the annual financial statements; and
- o Going concern.

The respondent was sentenced to a fine of R25,000 of which R12,500 was suspended on conditions, and publication in general terms only.

- **In one** matter the inspection revealed that the respondent had issued an unqualified audit opinion in relation to the annual financial statements of his client, notwithstanding that those annual financial statements departed from the IFRS for SMEs (which was the financial reporting framework applied in preparing the said annual financial statements): property plant and equipment was carried in the balance sheet at a revalued amount, while IFRS for SMEs requires this asset class to be carried at cost less accumulated depreciation and impairment losses. The respondent was sentenced to a fine of R50,000 of which R25,000 was suspended on conditions, and publication in general terms only.
- **In one** matter the inspection revealed that the respondent had issued an unqualified audit opinion in relation to the annual financial statements of his client, notwithstanding that those annual financial statements were prepared in accordance with SA GAAP for SMEs. This was no longer a valid financial reporting framework for companies at the time. The respondent was sentenced to a fine of R50,000 of which R25,000 was suspended on conditions, and

LEGAL cont.

publication in general terms only.

Decision to charge and matter referred to the Disciplinary Committee

Six matters were referred to the Disciplinary Committee for a hearing.

DISCIPLINARY COMMITTEE

The Committee sat twice during this period.

On **20, 21 and 22 April 2015** the Committee heard a matter in Stellenbosch. At the end of the three days the pro forma complainant closed his case and the matter was remanded to

9, 10, 11 and 13 November 2015 for the respondent's case.

On **26 June 2015** the Committee resumed to hear arguments on costs in a part heard matter that began in 2012. In 2014, the Committee had found the practitioner guilty on certain counts of negligence and this finding is currently the subject of a review application. The Committee will hand down sanction in the matter in due course.



Jane O'Connor

Director: Legal

Telephone: 087 940 8804

Fax: 087 940 8873

E-mail: legal@irba.co.za

REGISTRY

Individuals admitted to the register of the Board from 1 April – 30 June 2015

Abba Fatima	Faasen Nico Eric Dirk	Marais Andre Craig
Alexander Edmund James	Fenn Gregory Bruce	Mashale Refilwe Gloria
Andrews Patricia Gertrude Celton	Fouche Juanita	Mather Yasien
Arbuthnot Deseré	Fridberg Robyn Leigh	Mbatha Nosisa Dorothy
Asare Bediako Michael	Goslett Warren	McDonald Riana Zola
Aveling Gavin CK	Hartwig Ruth Frances	McKeaveney Andrew Joseph
Aylward Kevin	Hassen Mahmood	Meyerowitz Seth Marc
Baatjies Lizelle	Hlabela Thabang Concelia	Mojaepelo Ntokozo Busisiwe
Berger Matthew Eric	Hoyle Gary	Monkam Tchamgoué Jeannette Aimée
Berry Liezl	Hurudza Brenda	Mukuze Mollen
Bholat Muhammad Zakariyya	Jacobs David Hermanus	Ndlangamandla Senzo Sbonakaliso
Botha Carla	Jappie Celeste Ricarda	Nkosi Dingane Otto
Burger Ruan	Kaladin Rivaaj	Norval Wayne Anthony
Chagonda Vimbai Mary	Klostermann Claire Suzan	Nyathi Thabisile Lindy
Chinsamy Shahrendram	Kortjass Gugu Thandiwe Happy	Olivier Chris Tiaan
Coetzee Schalk Petrus Bernardus	Laher Ismail	Oosthuizen Pedeé
De Villiers Johanna Maria	Lesch Wendy Jane	Philippou Theo
Diale Paballo Gaisang	Liebenberg Lindi	Piaray Tanya
Ditta Salman Allah	Lombard Benjamin Christoffel	Potgieter Marthinus Cornelius
Dollie Zuhayr	Lourens Jacobus Johannes	Robinson Brendan
Doolabh Sukhraj Vanessa	Mabala Simnikiwe	Rymaszewski Marian Alexander
Ebrahim Naeem Mahomed	Mahlaba Mosefe Isaya Kgaugelo	Schoeman Amelia
Emeforonu Ndubisi Ugonna	Manduwa Moses	Schoeman Ockert Petrus Jacobus

REGISTRY cont.

Schultz Mieke
 Singleton Scott Newman Stephen
 Snyman Monique
 Steyn Elizabeth
 Tayob Maryam
 Thlako Mmaudu Herman

Townsend Pieter Willem
 Van der Linde Donovan Tyron
 Van der Merwe Paul Jacobus
 Van der Walt Izak Dawid
 Van Zijl Correli
 Venter Eugene Casparus

Vermeulen Inge
 Viljoen Lezanne Nolene
 Wells Alfred Herbert Henry
 Willemse Louise Ilene

Individuals re-admitted to the register of the Board from 1 April – 30 June 2015

Bhana Kashmiria
 Brink Jan Harm
 Cupido Nadia
 Field Alan Brett
 Iyer Meganathan
 Kgokolo Thomas Teddy Mogale

Labuschagne Christo Pieter
 Mabokela Lucky Lesiba
 Matthews Nicholas John
 Mawire Art Shore
 Mlalazi Thembelani Loreta
 Oberholzer Willem J

Ross Robert Keith
 Springett Derek Peter
 Terblanche Johannes Gerhardus
 Watkins Warren
 Willemse Pierre Johan
 Zulu Maqhingana Johannes

Individuals removed from the register of the Board from 1 April – 30 June 2015

FULL NAMES	REASON	FULL NAMES	REASON
Amler Basil	Deceased	Forsyth Peter Anthony	Resigned
Arendse Mark David	Resigned	Fourie Deon Du Toit	Resigned
Bellini Marissa	Resigned	Frohbus Kevin Errol	Emigrated
Biggs Alke	Resigned	Gambu Sizakele Bridget	Resigned
Blum Elsie Susanna	Resigned	Gavin Gustav	Resigned
Botha Andre Kenne	Resigned	Geldenhuis Francois	Resigned
Bromfield Kim Jo-Anne	Resigned	Gioia Anita Marie	Resigned
Caietta Mario Vincenzo	Resigned	Goldstein David Roger	Resigned
Campbell Ryan Arthur	Resigned	Goossens Bram	Resigned
Cilliers Therese Marion	Resigned	Govender Kavisha	Resigned
Coetzee Andries	Deceased	Haiden Christina Maria	Resigned
Coetzee Isaac Jacobus	Resigned	Hopkins Kenneth Thomas	Resigned
Coetzee Jacques	Resigned	Hove Michael Takunda	Resigned
Davel Adriaan Jacobus	Resigned	Isaacs Moegamat Reeza	Resigned
Dawson Carl John	Resigned	Jackson Daryll	Resigned
Dreyer Herbert Morgan Evans	Resigned	Jacobs Pierre	Emigrated
Du Plessis Francine-Anne	Resigned	Jensen Arthur Norman	Resigned
Du Plessis Izel	Resigned	Judelson Seymour Joseph	Resigned
Du Preez Johannes Daniel Benjamin	Emigrated	Kilpatrick Bronwyn	Resigned
Du Toit Gerrit Johannes	Resigned	Kirkwood Neville Francis Hunter	Resigned
Ederly Jacob	Resigned	Komadinovic Tamara	Resigned
Edge Alexander Roy	Resigned	Kruger Andries Jacobus	Resigned
Faber Jochem	Resigned	Kruger Lucas Wilhelm	Resigned

REGISTRY cont.

Individuals removed from the register of the Board from 1 April – 30 June 2015 cont.

FULL NAMES	REASON	FULL NAMES	REASON
Latiff Omar Aboobaker	Resigned	Singh Amritha	Resigned
Liebenberg Christiaan Rudolph	Resigned	Smith Brian William	Resigned
Maharaj Jairam	Resigned	Standl Philip Robin	Resigned
Maredi Lamet Treasure Mahlatsi	Resigned	Stroebel Jacques Francois	Resigned
Michaelides Basil	Resigned	Swart Monique	Resigned
Minne Andre	Resigned	Swart Retief	Resigned
Moerat Rushaan	Resigned	Taljaard Surette Marie	Resigned
Ngema Nozipho	Resigned	Tshuma Siniko	Resigned
Ngwenya Luthuba Sylvester	Resigned	Van Dyk Herman	Resigned
Olivier Bernard John	Resigned	Van Helden Paul	Resigned
Olivier Nicola Beth	Resigned	Van Niekerk Albert	Resigned
Oshry Dave	Resigned	Van Schaik Rozelle Christine	Resigned
Peerless Dean	Emigrated	Van Zyl Haneke Aloise	Resigned
Pete Marco	Resigned	Visser Ernest Johannes Jakobus	Resigned
Prentice Peter Edward	Resigned	Wilson Allister Ian	Emigrated
Resnick Leonard Allen	Resigned	Van Staden Kerry Lynne	Resigned
Russon Jonathan	Resigned	Van Zyl Dedre	Resigned
Schneider Sharon Patricia	Resigned	Wilson Paul	Resigned
Scholtz Andre	Resigned	Woodhead Stephen John	Resigned
Sibiya Given Refilwe	Resigned		

Caroline Garbutt

Manager: Registrations

Telephone: 087 940 8800

Fax: 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 at www.irba.co.za under the News section.

24 June 2015	Revised Guide for Registered Auditors: Reportable Irregularities in Terms of the Auditing Profession Act
18 June 2015	Visit by the IAASB Leadership and Resources for the Implementation of the New and Revised Auditor Reporting Standards Resources
17 June 2015	The IRBA Board adopts the IAASB's new and revised Auditor Reporting Standards and related conforming amendments
8 June 2015	Rene Kenosi appointed first black female chairman of the Independent regulatory Board for Auditors
27 May 2015	IRBA Information Sessions 2015
13 May 2015	Proposed standard on responding to Non-Compliance with Laws and Regulations (NoCLAR)
29 April 2015	Application Impact of Amended 2013 Codes of Good Practice on the South African Standard on Assurance Engagements (SASAE) 3502
23 April 2015	Vacancy: Director Investigations
15 April 2015	Ethics CPD 2015

GENERAL NEWS

New RA logo unveiled

The IRBA has unveiled a new logo for Registered Auditors (RA). This is a culmination of the process of registering the RA designation with the South African Qualifications Authority (SAQA).

“We are excited about this development as this is another step towards raising awareness of the RA specialisation. Our RAs will now be able to use the designation and the RA logo next to their names and on their stationery,” said Bernard Agulhas, CEO of the IRBA.

The logo can be accessed by clicking on www.irba.co.za.



René Kenosi appointed first female chairman of the IRBA

René Kenosi has been appointed as the Chairman of the new board for the Independent Regulatory Board for Auditors (IRBA). Kenosi is the first Black female to spearhead the course of the IRBA since it was established in 2006. This is also the first time in the history of the IRBA and its predecessor that there are no practising Registered Auditors (RAs) on the board. The eight member board was appointed by the Minister of Finance for a two-year period in terms of Section 12(1) of the Auditing Profession Act.

Kenosi is a qualified Chartered Accountant with a career spanning over a number of years across banking, breweries, motor vehicle and professional services consulting industries. She is currently a director of Bridging Concepts Financial Services (Pty) Ltd, which provides internal audit, risk management, corporate training, and management consulting services. She has served on various Audit and Risk Committees including ICASA, LGSETA, Metrobus, Dr Kenneth Kaunda District Municipality, City of Matlosana, South African Micro Apex Fund (SAMAF), Metropolitan Trading Company (Pty) Ltd and the Services Seta. She also serves on the Companies and Intellectual Property Commission (CIPC) and the Department of Home Affairs Audit and Risk Committees.

Kenosi has also served on the boards of PUSH (Persevere Until Something Happens), a non-profit organisation, and The Small Enterprise Development Agency.

We welcome the new Chairman and board and are confident that they will further enhance and support the IRBA's mandate of public protection.



Graham Teare

On behalf of the IRBA and the management, we express our condolences on the passing of Graham Teare to the KPMG leadership as well as Graham's family and friends. Graham served on the Education Committee (EDCOM) of the IRBA for six years.

We will miss his valuable and professional participation on our committees, and appreciate the loss this presents to the profession.



GENERAL NEWS cont.

2015 IRBA Information Sessions

Following the success of the IRBA Information Sessions over the past several years, we are pleased to inform you that the next Information Sessions will be taking place during August and September 2015.

You are invited to attend one of the sessions that will be hosted throughout the country by the IRBA CEO and directors. The sessions will comprise a broad overview of developments and changes in the profession as they affect you, the Registered Auditor. They also allow us to share the IRBA Strategy with you, and provide the opportunity for Registered Auditors to share their thoughts on, and experiences in, the audit industry. The sessions will include:

1. **Developments and updates since the last Information Sessions**
2. **New IRBA Strategy**
 - o Four pillars
 - o Organisational changes
3. **Update on the World Bank Report on the Observance of Standards and Codes (ROSC)**
 - o Regulation of accountants
4. **Audit Development Programme**
5. **Inspections**

- o 6th Cycle Inspection scope
- o Common inspection findings and Trends
- o Root cause analysis action plans (Remedial action)

6. **Legal**

- o Disciplinary trends and outcomes

7. **Standards**

- o New and revised standards, including the Auditor Reporting Standards
- o Updates to the Code of Ethics
- o New B-BBEE codes

8. **Competition Commission**

- o Market conduct and anti-competitive behaviour

COST

The cost for attending the IRBA Information Sessions is **R1065 per delegate**. The cost is based on recovery of expenses to present the Information Sessions.

Continuing Professional Development

Attendees will receive a certificate for **4 hours** of Continuing Professional Development.

To register for the sessions, please click on this link: <http://www.irba.accomoptions.co.za/venue-calendar.php>