**Illustrative Letter to the Management Board of the Audited Entity**

<Firm letterhead>

<Date>

Members of the management board

<Name of entity>

<Address>

Dear Members

**REPORTABLE IRREGULARITY**

This letter is issued in accordance with the requirements of the Auditing Profession Act, No. 26 of 2005, (the APA), section 45 – *Duty to report on irregularities*.

The APA defines a reportable irregularity as any unlawful act or omission committed by any person responsible for the management of an entity, which -

1. has caused or is likely to cause material financial loss to the entity or to any partner, member, shareholder, creditor or investor of the entity in respect of his, her or its dealings with the entity; or
2. is fraudulent or amounts to theft; or
3. represents a material breach of any fiduciary duty owed by such 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.

I have reason to believe that a reportable irregularity has taken or is taking place and, as required by the APA, I have reported particulars of the irregularity to the Independent Regulatory Board for Auditors (IRBA) in a written report dated <insert date> a copy of which is attached. As indicated in that letter, I am not at able to make a legal determination in respect of the suspected unlawful act or omission, but have exercised professional judgement, based on the evidence or information which has come to my attention, including undertaking further investigations of information as were considered necessary in the circumstances.

The APA requires me as soon as is reasonably possible, but no later than 30 days from the date of the individual auditor’s report which was forwarded to the IRBA, to send another report to the IRBA which must include:

1. A statement that I am of the opinion that:
2. no reportable irregularity is taking place; or
3. the suspected reportable irregularity is no longer taking place and that adequate steps have been taken for the prevention or recovery of any loss as a result thereof, if relevant; or
4. the reportable irregularity is continuing.]
5. Detailed particulars and information supporting the statement above.

Please note that, where the reportable irregularity is continuing, the IRBA has a responsibility to notify any appropriate regulator in writing of the details of the reportable irregularity and to provide it with a copy of my report.

I invite you to discuss my report to the IRBA, at a meeting to be arranged as soon as possible, and at that meeting I will afford you the opportunity to make representations in respect of my report.

Please acknowledge receipt of this report.

Yours faithfully

**<Signature of registered auditor>**

**<Name of registered auditor>[[1]](#footnote-1)**

Registered Auditor

**<Registered Auditor’s IRBA registration number>**

**<Registered Auditor’s direct email address>**

**<Registered Auditor’s direct telephone number>**

1. The registered auditor that submits this report should be the registered auditor responsible and accountable for the audit as determined in accordance with section 44(1) of the Auditing Profession Act. [↑](#footnote-ref-1)