

Proposed Guide

September 2013

Comments due: 31 October 2013



Proposed Guide for Registered Auditors

GUIDANCE ON PERFORMING AUDITS ON BEHALF OF THE AGSA

REQUEST FOR COMMENTS

The Committee for Auditing Standards (CFAS) of the Independent Regulatory Board for Auditors (IRBA) has approved this *proposed Guide for Registered Auditors: Guidance on Performing Audits on behalf of the AGSA* on 30 August 2013 for exposure for comment by 31 October 2013. This proposed Guide may be modified in light of comments received before being issued in final form.

This proposed Guide has been prepared by the CFAS Public Sector Standing Committee comprising representatives of large, medium and small audit practices and the AGSA

The IRBA's legislative mandate

The objects of the Auditing Profession Act, 2005 (Act No 26 of 2005) (the "Act") are set out in section 2 and include, inter alia:

- (c) *"to approve the development and maintenance of internationally comparable ethical standards and auditing standards for auditors that promote investment and as a consequence employment in the Republic; and*
- (d) *to set out measures to advance the implementation of appropriate standards of competence and good ethics in the auditing profession;"*

To give effect to the objects of the Act, section 4 of the Act sets out the general functions of the Regulatory Board (the "IRBA"), including that *"the Regulatory Board must, in addition to its other functions provided for in this Act"* take steps to meet certain specific requirements. These include section 4(1) which specifies that the IRBA must:

- (c) *"prescribe standards of professional competence, ethics and conduct of registered auditors;" and*
- (e) *"prescribe auditing standards".*

To enable the IRBA to meet these requirements, section 4(2)(a) states that *"the IRBA may participate in the activities of international bodies whose main purpose it is to develop and set auditing standards and to promote the auditing profession;"*.

Statutory responsibility of the CFAS

The statutory responsibility of the CFAS is set out in section 22(2) which requires that *"the CFAS must assist the IRBA to:*

- (a) *develop, maintain, adopt, issue or prescribe auditing pronouncements;*
- (b) *consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and*
- (c) *promote and ensure the relevance of auditing pronouncements.*

The proposed Guide may be downloaded free-of-charge in PDF format from the IRBA website: www.irba.co.za.

Comments should be submitted by **31 October 2013**.

Respondents are requested to submit their comments electronically in a Word and pdf format to the Director: Standards, Sandy van Esch svanesch@irba.co.za or to standards@irba.co.za. All comments will be considered a matter of public record and will be posted on the IRBA website, www.irba.co.za.

Comments may also be faxed for the attention of the Director: Standards at +27 086 575 6535 or mailed to:

REQUEST FOR COMMENTS

The Director: Standards
The Independent Regulatory Board for Auditors
PO Box 8237
Greenstone1616
South Africa

Should you have any queries, or experience any technical difficulties in downloading the documents, please e-mail the Standards Department at: standards@irba.co.za or contact:

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EXPLANATORY MEMORANDUM

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EXPLANATORY MEMORANDUM

Introduction

This memorandum provides background to and an explanation of the proposed Guide *Guidance for Registered Auditors: Performing Audits on Behalf of the AGSA* (the proposed Guide). This proposed Guide has been prepared by the CFAS Public Sector Standing Committee comprising representatives of large, medium and small audit practices and the AGSA. CFAS approved the proposed Guide on 30 August 2013 for exposure for comment by 31 October 2013.

Background

This proposed 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 Auditor-General of South Africa (AGSA), in conformance with the AGSA's specific requirements and the requirements of the Public Audit Act (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.

Project Timetable

Subject to comments received on exposure of this proposed Guide, the CFAS intends to finalise the proposed Guide in the fourth quarter of 2013.

Guide for Respondents

The CFAS welcomes comments on all matters addressed in the exposure draft. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments and, where appropriate, make specific suggestions for any proposed changes to wording. When a respondent agrees with the proposals in this exposure draft it will be helpful for the CFAS to be made aware of this view.

Request for specific comments

Comments on any aspects of the proposed Guide are welcome. Respondents are requested in particular to comment on the following:

1. Are there additional aspects that should be addressed in the proposed Guide? If so, list the aspects and the guidance that is required?
2. Are there aspects in the proposed Guide that require further guidance? If so, list the aspects and the guidance that is required?

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PROPOSED GUIDE GUIDANCE ON PERFORMING AUDITS ON BEHALF OF THE AGSA

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1. INTRODUCTION

- 1.1 This 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 Auditor-General of South Africa (AGSA) in conformance with the AGSA's specific requirements and the requirements of the Public Audit Act, Act No. 25 of 2004 (PAA). The AGSA retains overall responsibility for these audits and will sign the auditor's report.
- 1.2 Auditors are also referred to the *Guidance for auditing in the public sector Volume 1: Auditing in the public sector and Audit of predetermined objectives*¹ in this regard.
- 1.3 The relationship with registered auditors where the AGSA has opted not to perform the audit of a public sector entity is dealt with in the *Guide for registered auditors: Guidance on performing audits where the AGSA has opted not to perform the audit*.
- 1.4 Engagements where auditors are contracted in/ seconded to the AGSA are not dealt with in this Guide. The unique requirements of performance audits and investigations performed on behalf of the AGSA are also not dealt with in this Guide.

2. DEFINITIONS

Audit firm:	A firm of registered auditors engaged in public practice as Registered Auditors that perform audits on behalf of the AGSA.
Audit partner:	The partner in the audit firm who shares the responsibility for the engagement and its performance with the AGSA senior manager.
Senior manager (SM):	The person within the AGSA who is responsible for and has been assigned an engagement by the audit business executive (BE) and has sufficient and appropriate experience and authority to perform the engagement.
Product champion:	The person in each audit business unit within the AGSA who is responsible for dealing with technical matters within the business unit.
Auditing pronouncements:	Comprise the auditing standards and guidelines as prescribed in directives issued by the AGSA.
Quality of the audit:	Refers to the responsibility to ensure that: <ul style="list-style-type: none">• the audit work performed complies with the auditing pronouncements prescribed by the AGSA and applicable laws and regulations.• ISQC 1 policies and procedures established by the AGSA or the audit firm are adhered to.
Memorandum of Agreement (MOA):	The agreement between the AGSA and the audit firm regarding their respective responsibilities for the performance of the audit on behalf of the AGSA.
Executive Authority	The Executive Authority as defined by the Public Finance Management Act (PFMA) and the Local Government: Municipal Systems Act.

¹ The guide can be downloaded from the IRBA website: www.irba.co.za .

3. CONTRACTING WITH AUDIT FIRMS

- 3.1 In terms of section 12(1) of the PAA, the AGSA may authorise a private practitioner (hereafter referred to as the audit firm) to perform audits on its behalf.
- 3.2 The AGSA follows a stringent tender process to compile an approved list of audit firms to perform audits on its behalf. Work will only be allocated to audit firms that appear on the approved list.
- 3.3 Audit firms contracted to perform audits on behalf of the AGSA are regarded as part of the AGSA's engagement team. In this context the requirements of chapter 3 of the PAA are applicable to audit firms performing audits on behalf of the AGSA.
- 3.4 The terms and conditions of the contract are included in a standard MOA entered into between the audit firm and the AGSA.
- 3.5 A Directive is issued by the Auditor-General (AG) in terms of sections 2(b) and 13(3)(b) of the PAA which prescribe and explain certain matters related to public sector audits and are applicable to audit firms performing audits on behalf of the AGSA. The directive is revised from time to time.

4. ROLES AND RESPONSIBILITIES

- 4.1 The AGSA and the audit firm have different roles and responsibilities in conducting the audits. Appendix 1 provides a diagrammatic explanation of this relationship.

AGSA

- 4.2 All audits are assigned to senior managers (SMs) in the AGSA. The SM is responsible for ensuring that the engagements are undertaken in compliance with the auditing pronouncements, as prescribed in the AG Directive, and International Standards on Quality Control (ISQC) 1 policies and procedures of the AGSA.
- 4.3 The SM is the AGSA's representative who engages with the audit partner from the audit firm when audits are performed on behalf of the AGSA. Under these circumstances the SM remains overall responsible for the quality of the audit.
- 4.4 Each AGSA audit business unit (ABU) has a product champion (PC) who is responsible, inter alia, for dealing with the technical matters that arise during the audits as referred by the SM.

Audit firm

- 4.5 Work on behalf of the AGSA is performed in terms of an MOA which sets out the following:
 - The scope of the engagement.
 - The auditing pronouncements, as prescribed in the AG Directive, and legal and regulatory requirements for the audit, which are the same as those that apply to the AGSA.
 - The expectation that all duties and responsibilities in terms of the agreement and all work will be performed with the highest degree of skill, care and diligence that is reasonably expected from the auditing profession.
- 4.6 When contracting an audit firm, the AGSA expects that the firm would have established and maintains a system of quality control as required by ISQC 1 to provide reasonable assurance that:

- the firm and its personnel comply with the professional standards and regulatory and legal requirements; and
 - reports prepared are appropriate in the circumstances.
- 4.7 It is also expected that the firm has established policies and procedures that include supervision and review responsibilities which adhere to the requirements of ISQC1 and International Standard on Auditing (ISA) 220.
- 4.8 In consultation with the AGSA, the audit firm identifies the audit partner who will be responsible for the audit and share responsibility for ensuring the quality of the audit.
- 4.9 The audit partner assigns the audit firm's audit team and accepts responsibility for the direction, supervision and performance of the audit team in compliance with professional standards and regulatory requirements. The audit partner is also responsible for ensuring that the draft auditor's report, as presented to the AGSA, is appropriate in the circumstances.
- 4.10 Prior to the commencement of the audit, the audit partner ensures that the team has relevant public sector knowledge and competencies to perform the audit. Audit firms that perform audits on behalf of the AGSA for the first time may be requested to attend an induction programme presented by the AGSA prior to commencement of the audit. Audit firms may also be invited to attend relevant training presented by the AGSA from time to time.
- 4.11 When the audit is performed jointly with another audit firm the allocation of work and responsibilities, including appointing a lead audit firm, will be negotiated and agreed upon between the AGSA's audit BE and the audit firms prior to commencement of the audit.

5. ETHICAL REQUIREMENTS

Professional codes of ethics

- 5.1 Registered auditors performing work on behalf of the AGSA are subject to the IRBA *Code of Professional Conduct for Registered Auditors*. In addition, registered auditors comply with the International Standard of Supreme Audit Institutions (ISSAI) 30, *Code of Ethics*² specifically relating to political neutrality.

Independence

- 5.2 The audit firm confirms its independence prior to accepting the audit engagement and remains independent throughout the audit. In this regard the audit firm may not undertake any other engagement with the auditee even if the work is performed by a different section or associate of the audit firm, unless specific prior written authorisation has been given by the AGSA.
- 5.3 The audit firm and members of the engagement team sign a declaration for each engagement, thereby undertaking to adhere to the codes of professional conduct as described in paragraph 5.1, which form part of the audit documentation.
- 5.4 The AGSA does not appoint an audit firm to perform a specific audit engagement at an auditee for longer than six years. The AGSA applies a two-year cooling off period prior to the possible re-awarding of the contract to the audit firm during which the audit firm may not participate in the audit of the auditee, undertake pre-issuance reviews of the audit, consult with the engagement team or the auditee, regarding technical or

² The ISSAI Code of Ethics may be downloaded from: www.issai.org

industry-specific issues, transactions or events or otherwise directly influence the outcome of the audit.

Confidentiality

- 5.5 In accordance with section 50 of the PAA, the audit firm maintains absolute confidentiality regarding all the information acquired from whichever source relating to the audit and is not permitted to divulge to any person other than the AGSA any aspect of such information. The information may not in any way or for any reason whatsoever be used without the prior written consent of the AGSA, other than for the purposes of the engagement or for purposes of complying with IRBA's inspection requirements.
- 5.6 Information that the AGSA supplies to the audit firm vests in the AGSA and the audit firm has no claim to it. All information related to the performance of the audit remains the property of the AGSA. Engagement documentation or extracts from such documentation may therefore only be made available to the auditee with written permission from the SM.
- 5.7 Section 18(3) of the PAA states that the AGSA, an authorised auditor or an assistant or other person referred to in section 17 of the PAA may not be compelled to disclose information obtained in the course of official duties in any proceedings in which the AGSA is not a party before a court in a civil matter or any other body or institution established in terms of legislation. The audit firm therefore obtains written approval from the Auditor-General before disclosing any information acquired by it during the performance of the audit.

Values

- 5.8 The AGSA strives towards a high-performance culture which is underpinned by the following strategic values:
- We value, respect and recognise our people
 - Our accountability is clear and personal
 - We are performance driven
 - We value and own our reputation and independence
 - We work effectively in teams
 - We are proud to be South African
- 5.9 In order to sustain ethical behaviour, all AGSA staff and the audit firms that perform work on its behalf are encouraged to demonstrate these values.

6. AUDITING STANDARDS AND METHODOLOGY

- 6.1 In terms of section 13(1)(a) of the PAA, the AGSA has determined that the *International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements* issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants have to be applied in performing the audits conducted by the AGSA.
- 6.2 In addition, audit firms take into consideration the principles contained in the following which have been incorporated into the AGSA guidance:
- The International Standards of Supreme Audit Institutions (ISSAIs); and

- The INTOSAI Guidance for Good Governance, published by the International Organisation of Supreme Audit Institutions (INTOSAI).

Decision on use of own audit methodology/ software and working papers or that of the AGSA

- 6.3 Other than for the audits of predetermined objectives and compliance with laws and regulations, the audit firm may use its own audit software, methodology and working papers, unless the SM, in consultation with the BE, determines otherwise. The engagement, however, is still performed:
- in accordance with the auditing standards mentioned above, regulatory requirements and applicable guidance; and
 - using the reporting formats as prescribed by the AGSA.
- 6.4 The SM, in consultation with the BE, may request that the AGSA's methodology, audit software and working papers be used in the engagement after having considered the following:
- The team's experience in the public sector;
 - Previous experience with the allocated audit team and partner;
 - Whether it is a joint audit; and
 - Practical considerations of the AGSA.
- 6.5 The SM provides the Public audit manual and necessary technical guidance to the audit firm. If the AGSA software is used by the audit firm, the Public audit manual and technical guidance are available therein. In addition, the AGSA's technical guidance is available on the AGSA website to audit firms providing services to the AGSA.
- 6.6 The audit firm's hardware and software used for engagements and their accompanying ICT policies and procedures have to comply with the requirements of the MOA.
- 6.7 The audit firm provides the SM with access to the electronic working papers to enable an electronic review of the audit firm's working papers. The audit firm is not required to provide the AGSA with the audit software should there be restrictive rights of the software licence of the audit firms.
- 6.8 The audit firm assembles the engagement file and submits it to the AGSA within 60 days after the date of the auditor's report. When the AGSA audit software is not used, the AGSA is provided with a hard copy of the engagement file or a soft copy in a format that can be accessed without using the audit firm's proprietary software.

Aspects of AGSA methodology that the audit firm is required to adhere to

Overall

- 6.9 The audit firm will be provided with the AGSA's engagement letter confirming the engagement terms as signed by the AGSA's delegated signatory.

Financial audit

- 6.10 Audit firms following their own methodology apply the AGSA technical guidance on materiality. Audit firms complete the *AGSA Summary of uncorrected misstatements and Overall conclusion summary working papers* when undertaking the financial audit.

Audit of predetermined objectives

6.11 In terms of section 20(2)(c) of the PAA, the auditor's report reflects an opinion or conclusion on the entity's performance against predetermined objectives. Guidance on how this is achieved is contained in the AG Directive. The audit of performance against predetermined objectives is performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and against the applicable Performance management and reporting framework, consisting of the following:

- Applicable laws and regulations;
- The *Framework for the managing of programme performance information*, issued by the National Treasury; and
- Circulars and guidance issued by the National Treasury regarding the planning, management, monitoring and reporting of performance against predetermined objectives.

6.12 The audit firm follows the AGSA methodology in the audit of predetermined objectives.

Compliance with laws and regulations

6.13 In terms of section 20(2)(b) of the PAA, the auditor's report reflects an opinion or conclusion on the entity's compliance with any applicable legislation relating to financial matters, financial management and other related matters. Guidance on how this is achieved is contained in the AG Directive. The audit of compliance with legislation is performed in accordance with the relevant principles of ISSAI 4000 and ISSAI 4200.

6.14 The audit firm follows the AGSA methodology in the audit of compliance with laws and regulations.

Internal control

6.15 In terms of sections 4(1) of the PAA the AGSA reports on internal control (financial management). The matters reported on are limited to significant internal control deficiencies that resulted in a modified opinion on the financial statements, findings on the annual performance report and findings on compliance with laws and regulations. The audit firm follows the AGSA guidance in this regard.

AGSA focus areas

6.16 The AGSA from time to time identifies specific focus areas which are based on the AGSA's annual risk assessment. Audit firms perform audit procedures on these areas, which are an extension of those that form part of the normal audit process, to enable the AGSA to report thereon and in this regard the related AGSA methodology is followed.

7. COMMUNICATION

7.1 The engagement team, made up of persons from the AGSA and the audit firm, communicates with the auditee in such a manner that the audit firm and the AGSA are regarded as one team.

Steering committee meetings

7.2 The engagement team has regular meetings with the auditee regarding audit progress and problems identified. These meetings are led by the audit firm in the presence of the AGSA SM.

Audit committee meetings

- 7.3 The audit partner is involved in audit committee meetings on the invitation of the SM. The audit partner may advise the SM of matters to be discussed at the meeting.

Interactions and meetings with the executive authority and oversight bodies

- 7.4 The AGSA interacts proactively with the Executive Authority and oversight bodies such as Parliamentary Portfolio and Accounts Committees. The aim of these engagements is to promote and encourage clean audit outcomes and enhance effective public governance. The SM initiates these meetings and invites the audit partner to participate. The audit partner may advise the SM of matters to be discussed at the meeting.

8. SUPERVISION AND REVIEW

- 8.1 The audit partner is responsible for ensuring that reviews are performed throughout the audit in accordance with the prescribed auditing pronouncements and the audit firm's policies and procedures implemented in accordance with ISQC 1, and that sufficient appropriate audit evidence is obtained to support the conclusion reached in the draft auditor's report.
- 8.2 The SM provides direction on the audit by advising the audit partner of matters such as:
- the objectives of the work to be performed;
 - their responsibilities;
 - the nature of the auditee's business;
 - risk-related issues and problems that may arise; and
 - AGSA-specific audit and reporting requirements, e.g. audit of predetermined objectives, compliance with laws and regulations, internal control and technical guidance;
- 8.3 The SM continues to perform a supervisory role and at the minimum, a review of the relevant audit documentation. The nature, timing and extent of the direction, supervision and review are planned at the onset of the engagement and may vary depending on factors, including:
- the engagement risk assessment;
 - the complexity of the audit work to be performed;
 - the assessed risks of material misstatement (for example, an increase in the assessed risk of material misstatement for a given area of the audit ordinarily requires a corresponding increase in the extent of direction and supervision and a more detailed review of their work); and
 - the experience of the audit partner and the individual team members performing the audit work.
- 8.4 Supervision by the SM entails at a minimum:
- considering the experience of the audit team, including whether they have sufficient time to carry out their work;
 - tracking the progress of the audit engagement;
 - approval of the audit strategy prior to discussion with the auditee;

- addressing significant matters arising during the audit engagement, considering their significance and ensuring the planned approach is appropriately modified; and
 - identifying matters for consultation.
- 8.5 Before the date on which the draft auditor's report is finalised the SM ensures, through a review of audit documentation and discussions with the audit partner and audit team, that sufficient appropriate audit evidence has been obtained to support the opinion expressed.
- 8.6 The SM review may be less detailed than that of the audit partner as reliance is placed on the review work already performed. The knowledge, experience, capability and results of previous quality control reviews on the firm will influence the reliance placed on the reviews conducted.
- 8.7 The SM review focuses on whether appropriate judgements were made in the planning of the audit and whether the correct conclusions were reached based on the information recorded per the audit documentation and knowledge of the auditee.

AGSA assessment of quality on the specific engagement

- 8.8 An assessment of the quality of the work performed by the audit firm will be conducted after the completion of the planning stage, interim and final audit where possible.
- 8.9 The assessment is completed by the SM who liaises with the audit partner to discuss areas of concern. The assessment is then agreed with the audit partner. The assessment results will be taken into consideration in the future allocation of contract work to the audit firm.

Annual engagement quality control reviews

- 8.10 The audit firm's audit files relating to a specific engagement may be subject to review by the AGSA's quality control unit. The audit partner may be requested to assist the SM with matters relating to such a review. The results of this review will be taken into account when future contract work allocations are considered.

Penalties for non-performance

- 8.11 In the event that the audit firm fails to meet the quality standards as specified by the AGSA, the AGSA may impose a penalty fee and consider lodging a complaint with the Legal department of the IRBA.

9. PRE-ISSUANCE REVIEWS

- 9.1 A pre-issuance review is an engagement quality control review as required by ISQC 1 and is designed to provide an objective evaluation of the significant judgements the engagement team made and the conclusions reached in formulating the report before it is issued.
- 9.2 A pre-issuance review is performed for all significant risk engagements, as determined by the AGSA, including those that are performed on behalf of the AGSA.
- 9.3 The reviews may be undertaken by AGSA staff or an external reviewer. Where external reviewers are selected they are appointed in accordance with the AGSA's procurement policies and procedures may not be appointed by the audit firm. The

reviewer may not be an individual from the audit firm that performed the work on behalf of the AGSA and may not make any decisions on behalf of the engagement team.

- 9.4 The audit partner resolves all findings before finalising the auditor's report. The SM is responsible for ensuring that all findings are resolved.

10. TECHNICAL CONSULTATIONS

Process, documentation of and agreement on technical consultations

- 10.1 The audit partner follows the audit firm's process to resolve technical matters with its own technical department and informs the SM that a matter has arisen that requires consultation.
- 10.2 The technical opinion/ conclusion arising from the firm's technical consultation is documented, discussed and agreed with the SM and PC prior to discussion with the auditee or any other party.
- 10.3 The firm may only approach the AGSA's technical division through the SM and the relevant PC.
- 10.4 The technical consultation process is illustrated in appendices 2 and 3 of this Guide.

11. DIFFERENCES OF OPINION

Technical consultations

- 11.1 The audit partner follows the audit firm's internal process to resolve a disagreement between the audit partner and the audit firm's technical department regarding the technical consultation.
- 11.2 If the SM does not agree with the opinion/ conclusion, it is discussed with the AGSA's technical division. If the AGSA's technical division disagrees with the opinion/ conclusion, the audit partner is informed and the AGSA's technical division's opinion/ conclusion prevails. If the audit partner disagrees, the AGSA's difference-of-opinion process is followed.

Pre-issuance review

- 11.3 Disagreements between the audit partner or SM and the pre-issuance reviewer are resolved by following the AGSA's difference-of-opinion process.
- 11.4 All differences of opinion are resolved prior to the signing of the auditor's report.
- 11.5 The AGSA's difference-of-opinion resolution process is illustrated in appendix 4 of this Guide.

12. REPORTING

Timelines

- 12.1 In order to comply with legislated deadlines the audit is performed, as far as possible, in line with the following timelines unless agreed otherwise with the SM:
- Planning to be completed by the latest 31 March (PFMA)/ 31 August (MFMA)
 - Execution of the audit to be completed by the latest 30 June (PFMA)/ 30 October (MFMA)

- Final management and draft auditor's report to be completed by the latest 15 July (PFMA)/ 15 November (MFMA)

Management report

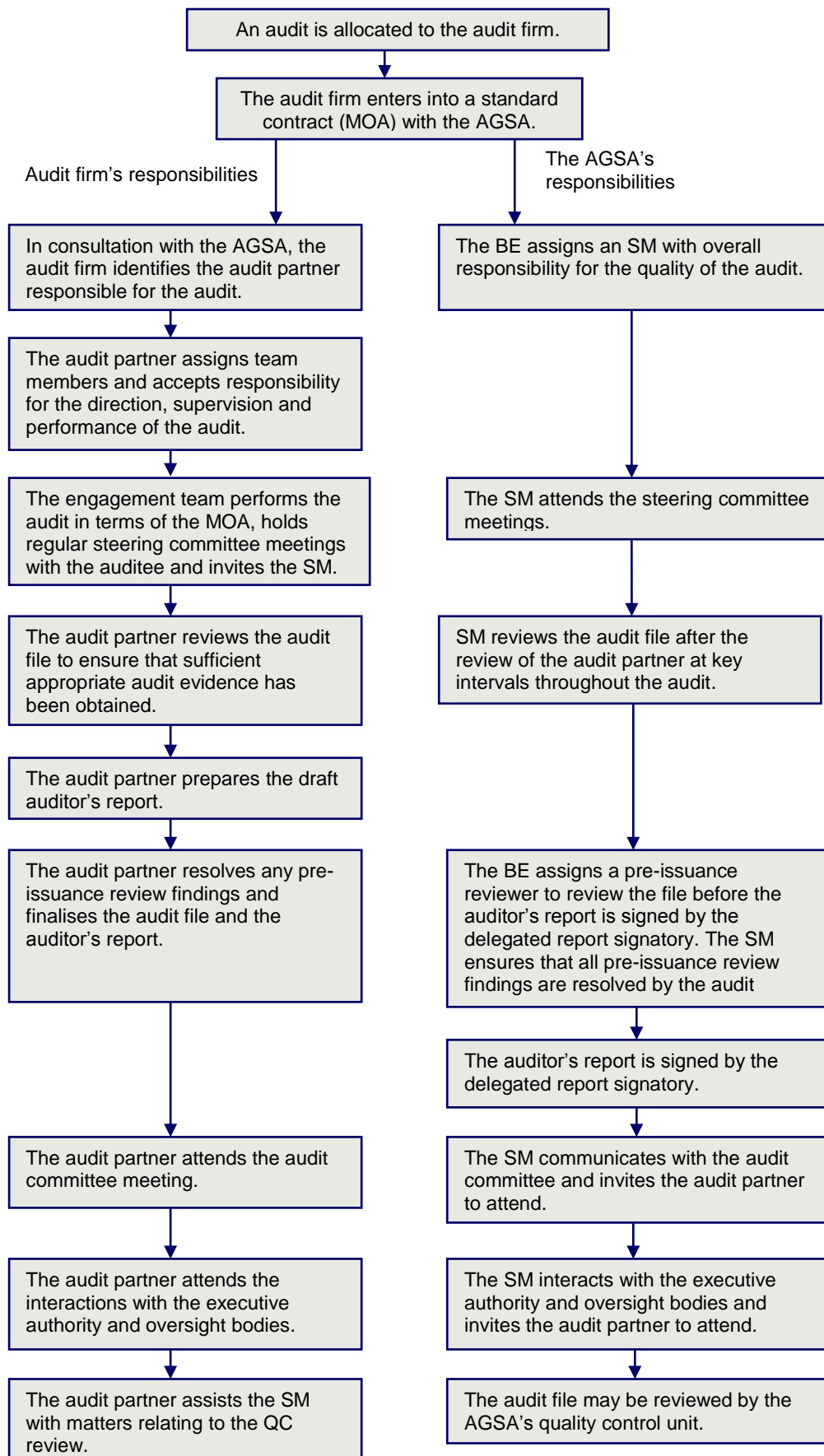
12.2 Audit firms prepare the management report in the format prescribed by the AGSA in its *Reporting Guide*. The draft management report may only be discussed with the auditee once the AGSA's delegated signatory has approved it for discussion. The AGSA's delegated signatory signs the final management report.

Auditor's report template

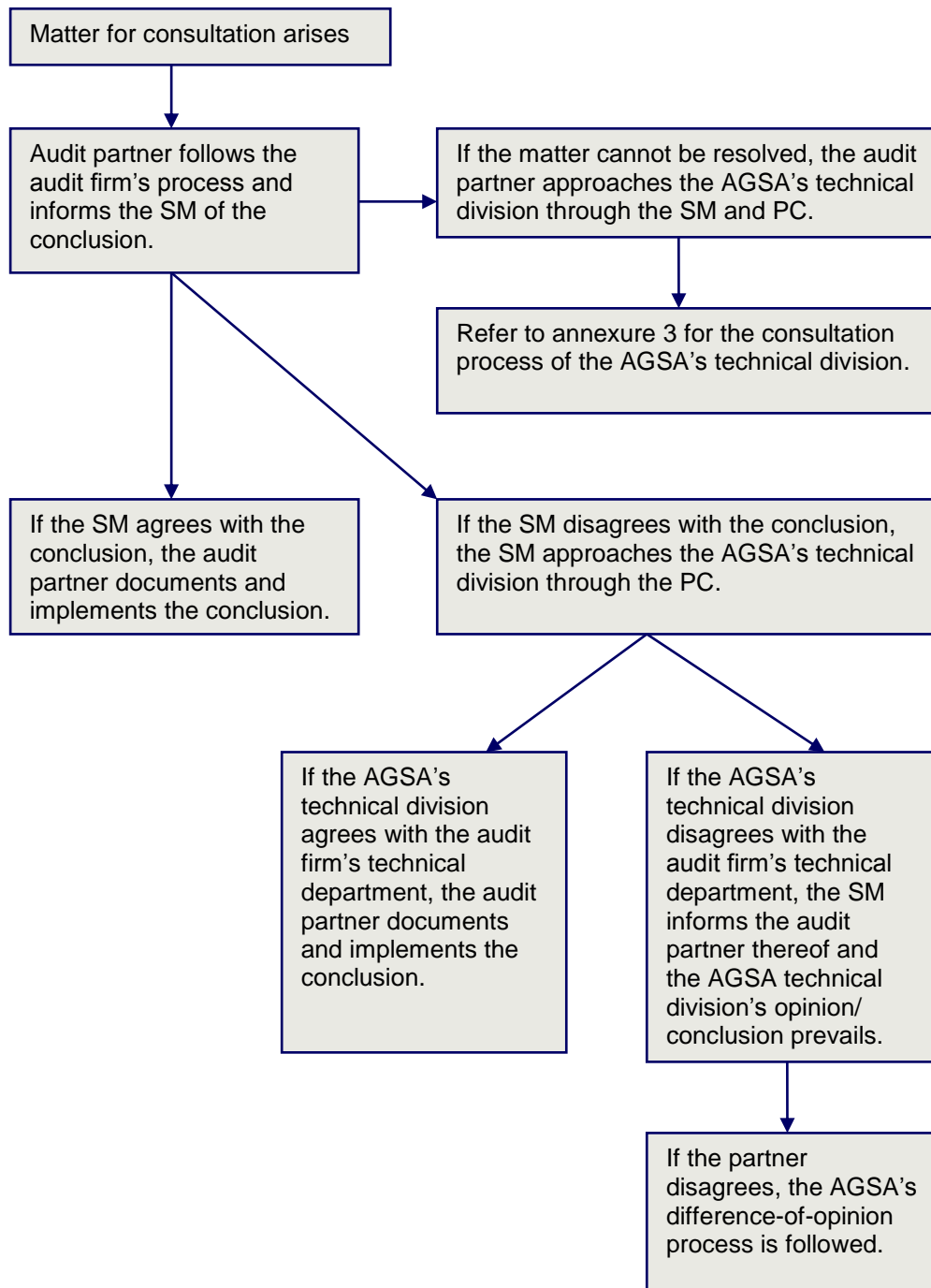
12.3 Audit firms prepare the auditor's report in the format prescribed by the AGSA in its *Reporting Guide*. The draft auditor's report may only be discussed with the auditee once the AGSA's delegated signatory has approved it for discussion.

12.4 The draft report submitted to the AGSA is signed by the audit partner. The final report is signed by the AGSA's delegated signatory.

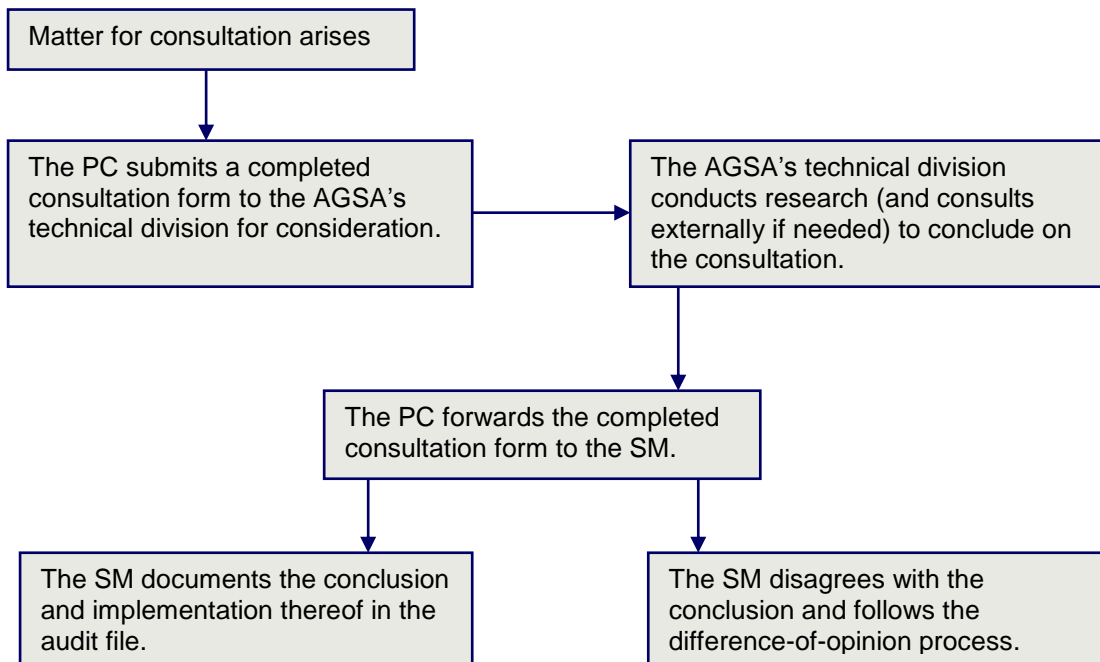
APPENDIX 1: RELATIONSHIP STRUCTURE WHERE AUDITS ARE PERFORMED ON BEHALF OF THE AGSA



APPENDIX 2: CONSULTATION PROCESS OUTSIDE THE AGSA



APPENDIX 3: CONSULTATION WITHIN THE AGSA



APPENDIX 4: DIAGRAM ON THE AGSA’s DIFFERENCE-OF-OPINION PROCESS

