

## Nicki Simons

---

**From:** Sandy van Esch  
**Sent:** 15 February 2012 06:22 AM  
**To:** Derek Spavins; Derek Spavins (derek.spavins@kpmg.co.za); Nicki Simons; Henk Heymans (henk@probeta.co.za)  
**Subject:** FW: Audit Committee and Company Secretary reports  
**Attachments:** GP Tech memo - Audit comm and Co secretary reports in AFS.doc

Hi Henk

This was raised at CFAS when the ED of SAAPS 3 was presented. I am forwarding your query to Derek and Nicki to deal with in considering the comments on SAAPS 3 Ed due in this coming week that will go to CFAS for approval in March 2012.

Regards,  
☺ Sandy

### Sandy van Esch

Director of Standards

Independent Regulatory Board for Auditors (IRBA)

IRBA Switchboard: +2787 940 8800

Direct: +2787 940 8871 | Facsimile: +27 086 575 6535 |

Cellular: +2782 322 6324

E-Mail: [svanesch@irba.co.za](mailto:svanesch@irba.co.za) | IRBA Website: [www.irba.co.za](http://www.irba.co.za)

PLEASE NOTE THE IRBA'S NEW POSTAL ADDRESS: PO Box 8237, Greenstone, 1616

 Please consider the environment before printing this email

### DISCLAIMER:

This information is intended only for the person or entity to which it is addressed and may contain private, confidential, proprietary and/or privileged material and may be subject to confidentiality agreements. Any review, retransmission, dissemination, or any other use of or taking of any action reliance upon this information, by persons or entities other than the intended recipient, is prohibited. If you received this in error, please contact the sender and delete the material from all storage media.

---

**From:** Heymans H [<mailto:henk@probeta.co.za>]  
**Sent:** 14 February 2012 04:00 PM  
**To:** Sandy van Esch; [ftimmins@gt.co.za](mailto:ftimmins@gt.co.za); [probeta.uk02.12rs.com](mailto:probeta.uk02.12rs.com)  
**Cc:** [henk@probeta.co.za](mailto:henk@probeta.co.za); [probeta.uk02.12rs.com](mailto:probeta.uk02.12rs.com)  
**Subject:** FW: Audit Committee and Company Secretary reports



**Add value** to the services you provide to your clients by making use of our Calendars, Newsletters and Tax Guides.

[more info >](#)



[CLICK HERE TO VISIT OUR WEBSITE](#)

Hi Sandy and Frank,

Has anyone ever asked you if the report from the audit committee and the company secretary should (could?) be included in the audit opinion?

We started debating it here with one of my clients and we now seem to have three different opinions – mine (see

below), SAICA's (also below) and Willie Botha's (see attached). Willie and SAICA seem to agree and I disagree with them, but I think I am making it too complicated again.

Do you think we should put it on the CFAS agenda?

Henk

---

**From:** Heymans H  
**Sent:** 26 January 2012 01:44 PM  
**To:** [willie.botha@mervitzmalan.co.za](mailto:willie.botha@mervitzmalan.co.za)  
**Cc:** Heymans H  
**Subject:** FW: Audit Committee and Company Secretary reports

Hallo Willie, ek het weer jou mening nodig asseblief. Kyk eers die vraag aan SAICA heel onder en dan hulle antwoord, en dan my mening net hierna.

---

**From:** Heymans H  
**Sent:** 26 January 2012 01:36 PM  
**To:** Rottok K; Kitching J; Jones J; Lucas K  
**Subject:** RE: Audit Committee and Company Secretary reports

This is an interesting one, I will give it my own best shot and hear what you think before I post it on LinkedIn (and show everyone that I am actually clueless):

1. S30 requires the "annual financial statements" to be audited.
2. The contents of "annual financial statements" are defined by the applicable framework – IFRS or IFRS for SMEs – as determined by reg 27.
3. The report by the secretary must be "in the... annual financial statements" s88(2)(e)
4. The report by the audit committee must be "included in the annual financial statements".
5. The audit is required by the Companies Act, but the ISAs prescribe the way we have to do the audit.
6. It therefore follows that the report by the secretary and audit committee must be audited.
7. SAICA's opinion below will be popular and practical but the logic is flawed.

I don't think the issue is whether those two reports can or should be audited, it is HOW they will be audited:

1. ISAs deal with audits of historic financial information only.
2. The report by the audit committee and the report by the company secretary are not historic financial information, so you can't use ISAs when auditing them. You need to use ISAEs.
3. How should we report then?

I think I'm getting myself into trouble, so I will have to discuss this with a few people and get back to you ...

---

**From:** Rottok K  
**Sent:** 25 January 2012 04:05 PM  
**To:** Kitching J; Jones J; Lucas K  
**Cc:** Heymans H  
**Subject:** Audit Committee and Company Secretary reports

Hi All,

As requested, see below SAICA's response regarding Audit Committee and Company Secretary reports, will circulate to the rest of the firm, QUAC and Linked In shortly:

**As you are aware, there is currently no authoritative case law and little reference material that can be used to substantiate our opinions and interpretations of the new Act or the Regulations. Therefore, where we propose a particular interpretation of or approach to any matters raised in your question, this is based only on our current view of the interpretation of the Act and are not legal opinions. As these questions and answers address some matters which are open to different interpretations, readers are advised to apply their own judgement to any**

particular circumstance and to seek further professional advice where appropriate.

SAICA has issued guidance which can be found in the Draft SAICA Companies Act Guide which was issued: for comment on 5 September 2011. It states in section 10.4.13

**"Audit committee report in annual financial statements**

Reference: Section 1, Section 29, Section 30 and Section 94

Issue: Where in the annual financial statements should the audit committee report be included?

**Discussion**

- AFS are included in the definition of financial statements.
- Whereas the previous Act required the audit committee to include a report in the "financial statements", S94 of the Act specifically requires this report to be included in the "Annual Financial Statements".
- Where the AFS are presented with other information in, for example, an Annual Report, the placement of the audit committee report will need to be in the AFS section of such a report to give effect to the requirement of S94.
- As discussed in section 3.2 of this guide, if there is a conflict between the Auditing Profession Act and the Companies Act, 2008, the Auditing Profession Act will prevail. There is a concern that the auditor cannot audit the contents of the audit committee report, which deals with, inter alia, the auditor's independence. Given the potential conflict, it is argued that the audit report should not cover the audit committee report.

**Issues for consideration**

To ensure compliance with S94 of the Act and to avoid any potential conflict with the Auditing Profession Act, it is recommended that the audit committee report be included in the AFS (i.e. if the company issues an Annual Report which includes the AFS, the audit committee report should be placed in the AFS section of the said report), but that the audit committee report is placed before the audit report. The audit committee report is therefore included as an integral part of the AFS, but excluded from the pages of the AFS that are audited and referred to in the first paragraph of the audit report." We believe that the Company secretary report should be included in the AFS.

**KC Rottok**

Partner - Technical & Advisory

**RSM Betty & Dickson (Johannesburg)**

Tel: +27 11 329 6000

Fax: +27 11 329 6100

<http://www.rsmbettyanddickson.co.za>

[kc.rottok@jhb.rsmbd.co.za](mailto:kc.rottok@jhb.rsmbd.co.za)

[Click here](#) for details of our email policy and disclaimer

Information from ESET Smart Security, version of virus signature database 6825 (20120125)

The message was checked by ESET Smart Security.

<http://www.eset.com>

**Henk Heymans | Managing Director**

C: 082 575 6652 • E: [henk@probeta.co.za](mailto:henk@probeta.co.za) • W: [www.probeta.co.za](http://www.probeta.co.za)








[Download Vcard](#)

Jhb: T: +27 (011) 886 1395 • F: +27 (011) 886 3788 • PO Box 137, Randburg, 2125

CT: T: +27 (021) 910 2765 • F: 086 585 1460

[info@probeta.co.za](mailto:info@probeta.co.za) • [www.probeta.co.za](http://www.probeta.co.za) • ProBeta Accountancy Development (Pty) Ltd • Reg No. 1999/003013/07

Join Us on Facebook or Follow Us on Twitter, Click on the icon below

ProBeta  • ProBeta  • ProBeta Courses  • ProBeta ITS  • Assessment Tool  • ProBeta Manuals  • ProBeta Market Tools 



The information and opinions contained in this mail are not intended to substitute individual professional judgement and analysis of the particular circumstances of each case. Since any advice given is in most instances interpretation of generalised standards, opinions or judgements on topics which are not susceptible of exact delineation or universal agreement, neither ProBeta Accountancy Development (Pty) Limited, its management or employees can or do warrant the accuracy or completeness of the advice as a sufficient standard of professional care. All those reading this

correspondence hereby agree that they will indemnify and hold harmless the authors from any claims or liability or expense arising, directly or indirectly, from that use or reliance.

The contents of this message and any attachments are intended solely for the addressee's use and may be legally privileged and/or confidential. If you are not the addressee indicated in this message, any retention, distribution, copying or use of this message is strictly prohibited. If you received this message in error, kindly notify the sender immediately by reply e-mail and then destroy the message and any copies thereof. Email transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. ProBeta therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. No responsibility for changes made to this message after it was sent nor for any loss or damage from receipt or use will be accepted by the sender.