



19 August 2022

Ian Mtegha
Building 2
Greenstone Office Park
Emerald Boulevard
Modderfontein
South Africa

Email: imtegha@irba.co.za

CFO FORUM SUBMISSION FOR EXPOSURE DRAFT FOR THE PROPOSED IRBA RULES ARISING FROM THE INTERNATIONAL STANDARDS ON QUALITY MANAGEMENT

In response to your request for comments on the exposure draft for the proposed IRBA Rules arising from the International Standards on Quality Management, attached is the comment letter prepared by the CFO Forum, an interest group of the South African Institute of Chartered Accountants (SAICA).

We have included our comments to the questions posed regarding the proposed IRBA Rules arising from the International Standards on Quality Management in Appendix A.

This comment letter results from deliberations of the members of the CFO Forum, a discussion group formed and attended by the Chief Financial Officers of major Johannesburg Stock Exchange (JSE) listed and larger state-owned companies – with members representing a significant part of South African business. The CFO Forum has broad sectoral coverage ranging from financial services, mining, retail, media, telecoms, medical services and paper & packaging. Its aim is to contribute positively to the development of South Africa's policy and practice on financial matters that affect business – such as government regulatory issues and initiatives, taxation, financial reporting, corporate law and governance, capital market regulation and stakeholder communications for enterprises.

We thank you for the opportunity to provide comments on this exposure draft.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours sincerely

Jason Quinn
Chair of the CFO Forum

APPENDIX A: SPECIFIC COMMENTS TO EXPOSURE DRAFT

Proposed IRBA Rules arising from the International Standards on Quality Management

IRBA Proposed Rules	Questions for comment by the CFO forum	CFO Comment
<p>Proposed Rule 1: Firm CEO A firm’s CEO should be an RA, subject to firms being allowed to appoint CEOs for their assurance divisions (the CEO must be an RA), if a different non-RA CEO is to be appointed for the non-assurance division (the CEO can be an RA or any other suitable individual).</p>	<ul style="list-style-type: none"> • Do you support the proposed IRBA Rule 1? Yes / No If “No”, please indicate the reason(s) for your response. • Do you believe that there is guidance required in support of the proposed IRBA Rule 1? Yes / No If “Yes”, please indicate what guidance is needed. • Do you agree with the effective date for the proposed IRBA Rule 1? Yes / No If “No”, please indicate the reason(s) for disagreeing and also suggest an effective date and transitional provisions that will be appropriate. 	<p>Yes</p> <p>No</p> <p>Mixed views from the CFO forum. Some members are comfortable with the proposed effective date while others believe it should be sooner or if this is not practical the CEO should be assisted by a RA.</p>
<p>Proposed Rule 2: Transparency Reports The mandatory annual preparation of transparency reports for firms, as defined in the Auditing Profession Act, that audit financial statements of listed entities.</p>	<ul style="list-style-type: none"> • Do you support the proposed IRBA Rule 2? Yes / No If “No”, please indicate the reason(s) for your response. • Do you believe that there is guidance required in support of the proposed IRBA Rule 2? Yes / No If “Yes”, please indicate what guidance is needed. • Do you agree with the effective date for the proposed IRBA Rule 2? Yes / No If “No”, please indicate the reason(s) for disagreeing and also suggest an effective date and transitional provisions that will be appropriate. 	<p>Yes</p> <p>No</p> <p>Mixed views from the CFO forum. Some members are comfortable with the proposed effective date while others believe it should be with immediate effect at the next year-end.</p>

IRBA Proposed Rules	Questions for comment by the CFO forum	CFO Comment
<p>Proposed Rule 3: Engagement Quality Reviews</p> <p>An engagement quality review should be performed for all audits of financial statements of public interest entities, as defined in the IRBA Code, in addition to those engagements scoped in by ISQM 1.</p>	<ul style="list-style-type: none"> • Do you support the proposed IRBA Rule 3? Yes / No If “No”, please indicate the reason(s) for your response. • Do you believe that there is guidance required in support of the proposed IRBA Rule 3? Yes / No If “Yes”, please indicate what guidance is needed. • Do you agree with the effective date for the proposed IRBA Rule 3? Yes / No If “No”, please indicate the reason(s) for disagreeing and also suggest an effective date and transitional provisions that will be appropriate. 	<p>Yes, however we are aware that IRBA is revising and expanding the definition of public interest entities and may want to consider whether it would be necessary for a EQR on each of those categories</p> <p>No</p> <p>Yes</p>
<p>Proposed Rule 4: Engagement Quality Reviewer (EQR) and an Assistant to an EQR</p> <p>The engagement quality reviewer must be registered with the IRBA as a registered auditor. Further, an assistant to an engagement quality reviewer must have, as a minimum, three years of relevant</p>	<ul style="list-style-type: none"> • Do you support the proposed IRBA Rule 4? Yes / No If “No”, please indicate the reason(s) for your response. • Do you believe that there is guidance required in support of the proposed IRBA Rule 4? Yes / No If “Yes”, please indicate what guidance is needed. • Do you agree with the effective date for the proposed IRBA Rule 4? Yes / No If “No”, please indicate the reason(s) for disagreeing and also suggest an effective date and transitional provisions that will be appropriate. 	<p>Yes, however the CFO Forum would like to highlight, for consideration, that this would prohibit global firms from using global EQR’s or EQR assistants.</p> <p>No</p> <p>Mixed views from the CFO forum. Some members are comfortable with the proposed effective date while others believe it should be with immediate effect.</p>

IRBA Proposed Rules	Questions for comment by the CFO forum	CFO Comment
<p>Proposed Rule 5: Assembly and Retention of Audit Documentation</p> <p>The assembly of the final engagement file shall not exceed 60 days;</p> <ul style="list-style-type: none"> • The retention period for the engagement documentation should be a minimum of five years, or such longer period as determined by other laws and regulations or firm policies/procedures; and • The retention of documentation for the system of quality management should be a minimum period of five years, or such longer period as determined by other laws and regulations or firm policies/procedures. 	<ul style="list-style-type: none"> • Do you support the proposed IRBA Rule 5? Yes / No If “No”, please indicate the reason(s) for your response. • Do you believe that there is guidance required in support of the proposed IRBA Rule 5? Yes / No If “Yes”, please indicate what guidance is needed. • Do you agree with the effective date for the proposed IRBA Rule 2? Yes / No If “No”, please indicate the reason(s) for disagreeing and also suggest an effective date and transitional provisions that will be appropriate. 	<p>Yes</p> <p>No</p> <p>Mixed views from the CFO forum. Some members are comfortable with the proposed effective date while others believe it should be with immediate effect.</p>
<p>Request for further comment</p>	<ul style="list-style-type: none"> • Are there any other rule(s) that you believe the IRBA Board should consider so as to supplement and/or strengthen the requirements contained in the ISQMs that are applicable to audit firms and registered auditors? Yes / No If “Yes”, please provide details of your proposed rule(s) and indicate the reason(s) for your response. 	<p>No</p>