

18 August 2022

Mr. I Vanker
The Director – Standards
Independent Regulatory Board for Auditors
Building 2
Greenstone Hill Office Park
Emerald Boulevard
Modderfontein

standards@irba.co.za

Dear Imran,

Comments on the Proposed IRBA Rules Arising from the International Standards on Quality

We are pleased and appreciate the opportunity to comment on the Proposed IRBA Rules arising from the International Standards on Quality.

Below are our responses to the specific comments requested.

Comments:

1. Proposed IRBA Rule 1: Firm CEO - A prohibition of non-RAs from holding the position of CEO (or equivalent) in a firm, as defined in the APA.

a) Do you support the proposed IRBA Rule 1?

Yes, in principle we agree with the proposed IRBA Rule 1.

b) Do you believe that there is guidance required in support of the proposed IRBA Rule 1?

No, we do not believe that additional guidance is required regarding proposed IRBA Rule 1.

c) Do you agree with the effective date for the proposed IRBA Rule 1?

Yes, we agree with the proposed effective date of Rule 1.

2. Proposed IRBA Rule 2: Transparency Report - The mandatory preparation of transparency reports for firms, as defined in the APA, that audit financial statements of listed entities.

a) Do you support the proposed IRBA Rule 2?

Yes, we support the mandatory preparation of transparency report for audit firms that audit the financial statements of listed entities.

b) Do you believe that there is guidance required in support of the proposed IRBA Rule 2?
No, we do not believe that additional guidance is required regarding proposed IRBA Rule 2.

c) Do you agree with the effective date for the proposed IRBA Rule 2?
Yes, we agree with the proposed effective date of Rule 2.

3. Proposed IRBA Rule 3: Engagement Quality Reviews - The specific further entities and/or engagements when an engagement quality review should be performed, in addition to those engagements scoped in by ISQM 1.

a) Do you support the proposed IRBA Rule 3?
Yes.

b) Do you believe that there is guidance required in support of the proposed IRBA Rule 3?
No, we do not believe that additional guidance is required regarding proposed IRBA Rule 3.

c) Do you agree with the effective date for the proposed IRBA Rule 3?
Yes, we agree with the proposed effective date of Rule 3.

4. Proposed IRBA Rule 4: Engagement Quality Reviewer (“EQR”) and an assistant to the EQR - Further minimum requirements to be eligible as an EQR and an assistant to an EQR. This is in addition to the requirements in ISQM 2 and related firm policies or procedures.

a) Do you support the proposed IRBA Rule 4?

Not in its entirety. There are current situations where the EQR function for certain public interest entities is effectively performed by an International EQR sourced from the global network firm. This is to enable the International EQR to support the local engagement team with his/her expertise and experience enhancing the quality of the audit engagement. This does not apply to locally JSE listed entities as the EQR on these listed entities is required to have the same or more experience than the engagement partner which we concur with.

This would also apply to an assistant to an EQR where the assistant may be an International EQR from the global network firm. Similarly, the assistant to the EQR may not be eligible to register as a Registered Auditor given their area of expertise i.e. an IT auditor that is assisting the EQR.

*Our proposal would be for the proposed rule to be expanded to indicate that the eligible EQR is registered with the IRBA **or a similar international body.***

Similarly, we would propose that the requirement for the assistant to the EQR to be a member of the IRBA is removed given the specialised nature of certain assistants to the EQR.

b) Do you believe that there is guidance required in support of the proposed IRBA Rule 4?

Yes, as noted in a) above.

c) Do you agree with the effective date for the proposed IRBA Rule 3?

Yes, subject to the above proposed changes.

5. Proposed IRBA Rule 5: Assembly and Retention of Audit Documentation - The assembly of audit documentation within 60 days and a retention period of a minimum of five years, or such longer period as determined by other laws and regulations or firm policies/procedures.

a) Do you support the proposed IRBA Rule 5?

Yes, we agree with proposed Rule 5.

b) Do you believe that there is guidance required in support of the proposed IRBA Rule 5?

No.

c) Do you believe that there is guidance required in support of the proposed IRBA Rule 5?

No.

We would like to take the opportunity to thank the IRBA for the opportunity to comment on the exposure draft – Proposed IRBA Rules arising from the International Standards on Quality Management.

Please contact Terence Cheadle on 083 440 7681 if you wish to discuss any of the matters raised in this letter.

Yours sincerely,



Terence Cheadle
Risk Management partner – Audit

Chartered Accountant (SA)
Registered Auditor
Director