



Mr Imran Vanker  
Director: Standards  
The Independent Regulatory Board for Auditors

Email: [standards@irba.co.za](mailto:standards@irba.co.za)

19 August 2022

Dear Mr Vanker

**Comment on the Proposed IRBA Rules Arising from the International Standards on Quality Management**

We appreciate the opportunity to comment on the Committee for Auditing Standards' (CFAS) Proposed IRBA Rules Arising from the International Standards on Quality Management (the "Proposed Rules"). This response summarises the views of PricewaterhouseCoopers Incorporated.

We have provided our views on the matters on which comments were specifically requested.

If you would like to discuss our comments further, please do not hesitate to contact Natalie Terblanche on (011) 797 5723 or Mohammed Adam on (011) 797 4837.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Natalie Terblanche', written over a faint, illegible printed name.

Natalie Terblanche

Director

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**REQUEST FOR SPECIFIC COMMENTS**

<b>Proposed IRBA Rule 1</b>	
<p><b>a. Do you support the proposed IRBA Rule 1?</b>  <b>Yes / No. If “No”, please indicate the reason(s) for your response.</b></p>	<p>Yes - we support this proposed IRBA Rule for the reasons provided by the IRBA’s Management Committee, as set out in the Explanatory Memorandum.</p>
<p><b>b. Do you believe that there is guidance required in support of the proposed IRBA Rule 1?</b>  <b>Yes / No. If “Yes”, please indicate what guidance is needed.</b></p>	<p>No - we do not believe that any additional guidance is required.</p>
<p><b>c. Do you agree with the effective date for the proposed IRBA Rule 1?</b>  <b>Yes / No. If “No”, please indicate the reason(s) for disagreeing and also suggest an effective date and transitional provisions that will be appropriate.</b></p>	<p>Yes - we acknowledge the impact that this proposed Rule could have on the governance structures in some firms as set out in the Explanatory memorandum. However, we believe that a two year transitional period would be adequate to implement the proposed Rule.</p>

<b>Proposed IRBA Rule 2</b>	
<p><b>a. Do you support the proposed IRBA Rule 2?</b>  <b>Yes / No. If “No”, please indicate the reason(s) for your response.</b></p>	<p>Yes - we support the proposed IRBA Rule on the basis that it will provide audit committees of listed entities with relevant and reliable information to inform their understanding of a firm's system of quality management.</p> <p>We note that the proposed Rule refers to 'listed entities'. We propose that this term be aligned with the conforming changes to the IRBA Code that will arise as a result of the amendments to the IESBA Code i.e. to replace 'listed entity' with 'publicly traded entity'.</p>



<p><b>b. Do you believe that there is guidance required in support of the proposed IRBA Rule 2?</b></p> <p><b>Yes / No. If “Yes”, please indicate what guidance is needed.</b></p>	<p>Yes - we believe that guidance would be beneficial to firms in terms of what should be disclosed in their transparency reports. This would assist in ensuring consistency between firms and will provide meaningful information to audit committees.</p>
<p><b>c. Do you agree with the effective date for the proposed IRBA Rule 2?</b></p> <p><b>Yes / No. If “No”, please indicate the reason(s) for disagreeing and also suggest an effective date and transitional provisions that will be appropriate.</b></p>	<p>Yes - we believe that an effective date commencing two years after the IRBA Board’s prescription/ publication of the proposed IRBA Rule 2 would provide firms with sufficient time to comply with the requirements. We also believe that this period would afford the IRBA sufficient time to issue guidance to firms in respect of the contents of transparency reports.</p>

<p><b>Proposed IRBA Rule 3</b></p>	
<p><b>a. Do you support the proposed IRBA Rule 3?</b></p> <p><b>Yes / No. If “No”, please indicate the reason(s) for your response.</b></p>	<p>No - We envisage that the proposed Rule will have a significant impact on firm resources due to the increased number of engagements that will be subjected to an annual EQCR. In addition, the resourcing constraints inherent to the profession may impact the ability of firms to capacitate such roles with registered auditors.</p> <p>The impact of the revisions to the public interest entity (PIE) definition in the IRBA Code would also have an effect on the implementation of this proposed Rule.</p> <p>We propose that the IRBA revisit this proposed Rule once the revisions to the PIE definition is established.</p>
<p><b>b. Do you believe that there is guidance required in support of the proposed IRBA Rule 3?</b></p> <p><b>Yes / No. If “Yes”, please indicate what guidance is needed.</b></p>	<p>Given the feedback in (a) above, we propose that additional guidance be considered once the feedback has been taken into consideration.</p>



<p><b>c. Do you agree with the effective date for the proposed IRBA Rule 3?</b></p> <p><b>Yes / No. If “No”, please indicate the reason(s) for disagreeing and also suggest an effective date and transitional provisions that will be appropriate.</b></p>	<p>No - If this proposed Rule is prescribed or published we propose that the effective date be aligned with the effective date of the revisions to the PIE definition in the IRBA Code.</p>
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<p><b>Proposed IRBA Rule 4</b></p>	
<p><b>a. Do you support the proposed IRBA Rule 4?</b></p> <p><b>Yes / No. If “No”, please indicate the reason(s) for your response.</b></p>	<p>Yes - we support this proposed IRBA Rule as it provides a framework for appointing an EQCR and for the selection of an assistant to the EQCR.</p>
<p><b>b. Do you believe that there is guidance required in support of the proposed IRBA Rule 4?</b></p> <p><b>Yes / No. If “Yes”, please indicate what guidance is needed.</b></p>	<p>Yes - we believe guidance would be required in terms of what would constitute ‘relevant expertise’ as it relates to the assistant engagement quality reviewer.</p>
<p><b>c. Do you agree with the effective date for the proposed IRBA Rule 4?</b></p> <p><b>Yes / No. If “No”, please indicate the reason(s) for disagreeing and also suggest an effective date and transitional provisions that will be appropriate.</b></p>	<p>Yes - we agree with the effective date of this proposed Rule.</p>



<b>Proposed IRBA Rule 5</b>	
<p>a. Do you support the proposed IRBA Rule 5?</p> <p>Yes / No. If “No”, please indicate the reason(s) for your response.</p>	<p>Yes - we support this proposed IRBA Rule.</p>
<p>b. Do you believe that there is guidance required in support of the proposed IRBA Rule 5?</p> <p>Yes / No. If “Yes”, please indicate what guidance is needed.</p>	<p>No - we do not believe any additional guidance would be required.</p>
<p>c. Do you agree with the effective date for the proposed IRBA Rule 5?</p> <p>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>	<p>Yes - we agree with the effective date of this proposed Rule.</p>

**Question 6: Request for Further Comments**

**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.**

No - we do not believe that there are other rules that the IRBA Board should consider.