

6 March 2020

**Imran Vanker**  
**Director: Standards**  
**IRBA**

**Cc: Committee for Auditing Standards**

**Comment letter in Re: Proposed Guide for Registered Auditors: Joint Audit Engagements**

The subject matter of the letter refers. We have reviewed the proposed guide issued 4 December 2019 and have the following comments as a firm:

**Acceptance and Continuance of Audit client Relationships and engagements**

**Paragraph 29**

Consider enhancing the paragraph further to state: That auditors need to ensure that the ethical requirements are not compromised and where engagements accepted pose a quality risk for the firm due to the % split of work, a reconsideration of the acceptance of the engagement should be performed.

**Paragraph 30**

As a single engagement letter will be issued perhaps it should be encouraged that the engagement letter makes reference to the joint audit agreement signed between the two audit firms.

**Joint audit arrangements**

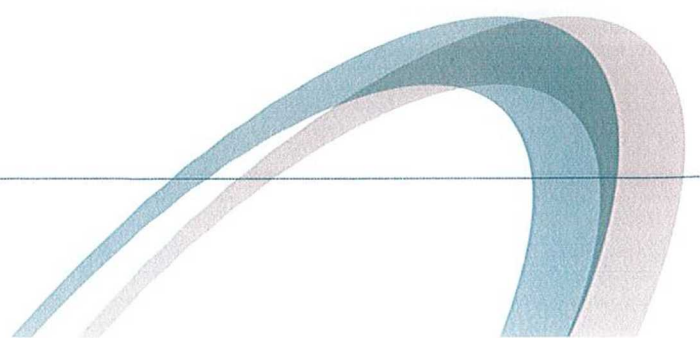
**Paragraph 16 and 51**

The definition of a new joint audit engagement should also include instances where an audit firm which was previously subcontracted changes to be jointly responsible for the audit. This will provide clarity and avoid confusion.

In paragraph 51, clarity on the level of opening balance verification should be explicitly provided as this will provide guidance on the extent of work to be performed by the joint auditors especially for the existing audit within the joint arrangement. This should take into consideration that the existing joint audit firm would be having the files and work performed on the prior year balances.

**Directors:**

TB Nkomozephi, M Ndlovu, D Msomi, R Kuutsi  
SM Jogee, ET Chapanduka, N Ashom, J Mgiba, J Gondo, S Vilakati  
Reg.No. 2010/016757/21



### **Paragraph 31**

The paragraph in the sentence includes the word “may decide to put in place a joint auditors agreement”. The word “may decide” should be reconsidered as it will make it difficult to implement in practice as one audit firm may decide to prepare agreement while the other firm would not agree to this.

### **Audit plan and Strategy**

#### **Paragraph 41**

The sentence “The joint auditors can also develop an audit plan on a standalone basis, according to the overall policy of each of their respective firms”. The above statement will cause some confusion to the firms and will not lead to the expression of one audit opinion. In our view the joint auditors should prepare one audit plan which is continuously being updated in terms of developments during the audit. Thus, consider removing this sentence accordingly.

### **Access to the working papers of a Joint Auditor**

#### **Paragraph 53**

This paragraph would only be applicable if the joint auditor’s agreement is prepared. Thus, consider revising the Paragraph 31 accordingly as commented above, as this will enhance the application of this paragraph.

Furthermore, the access to working papers should include to work done by the experts which should be part of the file to be archived. Emphasis should also be included that such access should not be limited/restricted in as much as the joint auditor obtaining comfort over the conclusion reached.

### **Cross review of the work performed by the other joint auditor and documentation of cross review**

#### **Paragraph 57**

The paragraph refers to the engagement partner, which is not explained anywhere in the document. The rest of the document refers to joint engagement partner.

Furthermore except for paragraph 57 which talks about the review by engagement partner, the paragraphs does not talk about the experience of the cross reviewer. This must be explicit in the guide to ensure that the right level of staff performs the cross review.

### **Archiving of the Audit file**

#### **Paragraph 80 and 81**

The responsibility of archiving the file should be included to the paragraph mentioned above. The responsibility of ensuring that the relevant audit documentation has been included in the file prior to archiving should rest with the joint auditor and a written communication should include confirmation of such.

### **Joint auditors report and resolution of differences of opinion between joint auditors**

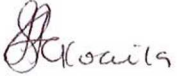
#### **Paragraph 71 to 74**

Further clarity should be provided on instances where differences are emanating from the application of difference in methodologies. This may need to be included in the joint auditor’s agreement.

## Overall Comment

While we do understand that the word must/shall/should were not always used in the guidance, we believe that with regards to certain guidance in the document the committee should consider utilising these words as this will enhance the application of the guide and also enhance the joint audits arrangements.

Kind regards



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**Ngubane & Co. (Jhb) Inc.**

**Joyce Mgiba**

**Director: Head of Risk, Compliance and Ethics**