



**ANNUAL RETURN
FOR INDIVIDUAL REGISTERED AUDITORS
FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018
EXPLANATORY MEMORANDUM**

3 April 2017

Dear Practitioner

A: IMPORTANT INFORMATION

The IRBA has responded to requests from RAs and has developed an online process for RAs to complete and submit their Individual Annual Returns and, if they so choose, to pay their individual annual fees through our website.

You will receive an invoice for your annual fees by email at the beginning of April 2017.

You do not have to pay your annual fees through the website. We understand that there are firms who prefer to do a bulk payment for all the RAs linked to that firm and this remains an acceptable method of payment. The facility is there for RAs who would prefer to pay their annual fees through our website.

If you have not received your annual fee invoice by mid-April 2017, please contact invoices@irba.co.za or contact our Accounts Department on 087-940-8800.

You will no longer receive your Individual Annual Return document by email. Your Individual Annual Return is now only available through our website.

The due date for both the submission of your Individual Annual Return and payment of your individual annual fee is 31 May 2017.

REINSTATEMENT AND RE-REGISTRATION

If the IRBA terminates your registration because of non-payment of individual annual fees or non-submission of your complete Individual Annual Return, you may request reinstatement once you have paid a R2,520 administration fee plus payment of your annual fee and/or submission of your Annual Return.

Reinstatement for the 2017 annual renewal year will only be possible until **31 January 2018** after which RAs will need to apply for re-registration.

Please note that reinstatement is not automatic. It is influenced by pending disciplinary investigations, outstanding Assurance Work Declarations, and payment of any outstanding amounts, including but not limited to Assurance Declaration fees and disciplinary fines.

B: HOW TO SEND US YOUR PAYMENT / PROOF OF PAYMENT

1. Pay through the IRBA website (this is our preference):

Payment may be made via Visa, MasterCard, Diners or American Express credit cards.

Credit card transactions will be acquired for the IRBA via MyGate who are the approved payment gateway for Standard Bank. MyGate uses the strictest form of encryption, name Secure Socket Layer 3 (SSL3) and no credit card details are stored on the website. Users may go to www.mygate.co.za to view their security certificate and security policy.

If you pay through the website, you do not need to send us your proof of payment.

2. Pay by direct deposit or EFT or payment by cheque into our account and use **ONE** of the following method to send the proof of payment:

1.1 Email your proof of payment to invoices@irba.co.za;

1.2 Fax your proof of payment to 087-940-8877;

Please note the following if you pay by direct deposit or EFT:

- If you make a direct deposit, payment by cheque or EFT into our account, please use your RA registration number or invoice number as reference and ensure the deposit slip or proof of payment is emailed through to invoices@irba.co.za immediately after payment with the invoice number or RA registration number clearly indicated.
- If you do not send us your deposit slip or confirmation of payment, or if you do not correctly reference your payment, we may not be able to allocate that payment to you.
- Please do not reference your payment with your firm's practice number or your SAICA number.
- The IRBA does not accept cash payments.

C: HOW TO COMPLETE AND SUBMIT YOUR ANNUAL RETURN

Complete and submit your Individual Annual Return through our website.

Your Annual Return will then be processed by us, our database will be updated, and you will receive an automatic email confirming that your Annual Return has been received and updated.

Please note that our database will not be automatically updated with your Annual Return. It will be processed by us in the order in which it is received from the website.

D: SPECIFIC INFORMATION REGARDING THE COMPLETION OF THE PUBLIC PRACTICE QUESTIONNAIRE

All RAs must complete this section, regardless of whether you are classified as assurance or non-assurance and regardless of whether you are linked to a firm or not.

To assist you with completing this section, the following information is provided:

1. **Definition of public practice in the Auditing Profession Act, 26 of 2005:**

"public practice" means the practice of a registered auditor who places professional services at the disposal of the public for reward.

2. **Definition of professional activity in the Code of Professional Conduct:**

"professional activity" means an activity requiring accountancy or related skills undertaken by a Registered Auditor, including accounting, review, other assurance and related services, taxation, management consulting and financial management.

3. **Definition of professional services in the Code of Professional Conduct:**

"professional services" means professional activities performed for clients. These include but are not limited to:

- (a) Audit, review, other assurance and related services:
- (i) Financial statement audits and reviews, other assurance and related services such as regulatory reporting, sustainability, compliance and performance reporting;
 - (ii) Company accounting advisory services such as preparation of accounting records and financial statements in accordance with recognised financial reporting standards and applicable statutes; and
 - (iii) Company statutory services.
- (b) Taxation services:
- (i) Tax return preparation and submission;
 - (ii) Tax calculations for the purpose of preparing accounting entries;
 - (iii) Tax planning and other tax advisory services; and
 - (iv) Assistance in the resolution of tax disputes;
- (c) Advisory services:
- (i) Accounting, advisory and financial management advisory services: accounting support, conversion services for new and revised accounting standards, financial modelling and project management;
 - (ii) Business performance services: business effectiveness, people and change management, operational and business finance;
 - (iii) Internal audit: risk and compliance services, review and monitoring of internal controls, risk management compliance services, corporate governance and audit committee advisory services;
 - (iv) Corporate finance services: mergers and acquisitions, valuations, infrastructure financing, debt and capital markets, due diligence reviews, transaction services and designated advisor services to listed companies;
 - (v) Corporate recovery services: liquidation and insolvency administration, curator bonis, administration of deceased estates, judicial management and trusteeships;
 - (vi) Financial risk management services: actuarial services, banking and risk advisory, regulatory and compliance services, technical accounting;
 - (vii) Information Technology (IT) advisory: security, privacy and continuity, enterprise resource planning, information system audit services, IT project advisory, governance and performance; and
 - (viii) Forensic services: dispute advisory and resolution; ethics and integrity monitoring, fraud risk management, intellectual property and other investigations and regulatory compliance.

3. What is assurance work?

The IRBA considers assurance work to include:

Category A – High risk audits and related assurance work

This refers to audits that are performed by RAs and firms that are required in terms of legislation or regulation. Currently these audits include:

- Audits required in terms of the Companies Act of 2008, of:
 - public companies;
 - state-owned enterprises; and
 - private companies with a public interest score of above 350 or more or at least 100, if its annual financial statements were internally compiled.
- Audits of subsidiaries of listed companies as required by the JSE Ltd up until the listing requirement 3.88 was amended with effect from 30 September 2014.
- Audits of banks and regulatory returns to the SARB in terms of the regulations to the Banks Act.
- Audits required by legislation under the Financial Services Board, of:
 - insurance companies;
 - collective investment schemes;
 - pension and retirement funds;
 - provident funds; and
 - any other audits required by the Financial Advisory and Intermediary Services Act (FAIS).
- Audits of medical schemes.

- Audits on behalf of the Auditor-General:
 - secondment of staff to assist the Auditor-General – no opinion is expressed and consequently these engagements should be excluded.
 - performance of an engagement under the supervision of the Auditor-General (so-called “contracted out” engagements). Although this audit opinion is signed by the Auditor-General, a substantial portion of the work is performed by the contracted firm. These engagements should be included.
 - audits performed and signed by a firm in terms of Section 4(3) of the Public Audit Act. These engagements should be included.
- Audits of Attorneys trust accounts.
- Audits of Estate Agents (business and trust accounts).
- Audits of Co-operatives.
- Audits of non-profit organisations where the turnover is more than R50 million.;
- Audits of all tertiary educational institutions.
- Assurance work related to other regulatory returns in respect of any of the above audit clients.
- An audit of a private company with a PI score below 350 where the MOI was altered to include an audit requirement. Such an engagement is not considered to be a voluntary audit.

Category C – Low risk assurance work, being all assurance work not already stated above and including:

- Voluntary audits by decision.
- Independent reviews required in terms of the Companies Act of 2008.
- Other assurance work.

E: HOW TO CHANGE YOUR STATUS FROM NON-ASSURANCE TO ASSURANCE

The following status changes may be made by updating your status in the Individual Annual Return:

- Change of status to non-assurance; and
- Change of status to assurance if it has been less than three years since you were last registered with this status.

For all the below scenarios, please email your request to change your status to registry@irba.co.za.

Please note that if you change your status in your Individual Annual Return in the below scenarios, your status will not automatically change to assurance on submission of your Individual Annual Return through our website.

- Change of status to assurance if it has been more than three years since you were last assurance;
- Change of status to assurance if you were registered with the IRBA as non-assurance because of a proficiency assessment conducted at the time of registration; and
- Change of status to assurance if you were registered with the IRBA as non-assurance at your request.

For all these scenarios, you will need to submit the following documents with your request:

- A brief CV detailing your professional history;
- Evidence of CPD undertaken for the past three years; and
- A letter motivating why you now seek assurance registration.

In these scenarios, your application will be assessed and you may be required to go through an interview with the IRBA’s Proficiency Assessment Panel.

If you are requested to attend an interview, a fee of R1,480 is payable for the year ending 31 March 2018.

In addition to the above, if you are an employee in an existing firm and you wish to change your status from non-assurance to assurance, please submit a letter from the Senior Partner or equivalent of the firm confirming your position in the firm and your audit proficiency.

F: COMPLIANCE QUESTIONNAIRE IN TERMS OF THE FINANCIAL INTELLIGENCE CENTRE ACT 38 OF 2001 (FIC ACT)

As a supervisory body referred to in Schedule 2 of the FIC Act, the IRBA is obliged to perform inspections of RAs and firms registered with the IRBA. Inspectors will be appointed to conduct inspections of accountable institutions in terms of Section 45A(4), and to exercise the powers in relation to such inspections in terms of Section 45B. The objective will be to ascertain compliance or non-compliance with the FIC Act and any determination or directive made in terms of the FIC Act.

Furthermore, inspections of a general nature relating to compliance with anti-money laundering legislation and guidelines may be conducted in terms of Section 47(1)(a) of the Auditing Profession Act, 26 of 2005.

The definition of Accountable Institution is set out in Schedule 1 of the FIC Act and how it is normally applied to RAs is as follows:

- Par 2: *“A board of executors or a trust company or any other person that invests, keeps in safe custody, controls or administers trust property within the meaning of the Trust Property Control Act, 1988 (Act 57 of 1988).”*
- Par 12: *“A person who carries on the business of a financial services provider requiring authorisation in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act 37 of 2002), to provide advice and intermediary services in respect of the investment of any financial product (but excluding a short term insurance contract or policy referred to in the Short Term Insurance Act, 1998 (Act 53 of 1998) and a health service benefit provided by a medical scheme as defined in Section 1(1) of the Medical Schemes Act, 1998 (Act 131 of 1998).”*

If you are uncertain as to whether par 2 applies to you, you must read PCC6 “Clarity on item 2 of schedule 1 of the FIC Act”, issued by the FIC and available on the FIC and IRBA websites.

All RAs should refer to the various Guidance Notes and Public Compliance Communications (PCCs) as published on the FIC’s website at www.fic.gov.za. RAs are advised to familiarise themselves with the requirements as any non-compliance could result in substantial penalties.

RAs who may render services which could be brought within the ambit of the definition in Schedule 1 of the FIC Act are advised to also consider the definitions in the Financial Advisory and Intermediary Services Act 37 of 2002.

G: CPD DECLARATION

In order to assist RAs in completing this Declaration correctly, below are some of the relevant frequently asked questions, with the correct answers.

Question: What does a rolling three-year period mean?

Answer: A rolling three-year cycle allows more flexibility for RAs to earn their CPD hours.

A fixed total of CPD hours (90) must be completed every three years. The compulsory 90 hours includes at least 9 hours of compulsory ethics CPD.

However, a minimum of 20 verifiable CPD hours has to be achieved each year, including a minimum of 2 hours of ethics training.

The responsibility lies with the RA to ensure that the full 90 hours are achieved within three years.

Question: Does the IRBA offer an exemption for RAs based on retirement, extended leave of absence or other reasons?

Answer: No. The IRBA has a duty to ensure that RAs are competent at entry to the profession and remain so throughout their professional lives.

However, the IRBA does provide for concessions under extraordinary circumstances. Such an application for a concession must be made in writing to the IRBA with full supporting evidence. The concession, if granted, will only apply for a specified period of time and will be granted on the minimum number of hours to be achieved in a single year. The required 90 CPD hours in the rolling three-year period will still need to be achieved.

To apply for such a concession, please contact our Education and Transformation Department at edutrain@irba.co.za.

Question: I am the only RA in our office and find it very frustrating and time consuming to have to attend courses. I find it much more beneficial to read and study documents on my own. What can I do?

Answer: Your reading time will count towards your CPD hours. RAs are permitted to submit a maximum of 30 hours of self-certified reading over the three-year rolling period, with a maximum of 10 hours in any one year. Private study on its own will not count towards your verifiable structured learning. However, the IRBA recommends linkages with other RAs to form a study group. It will be important for the group to formalise the proceedings through planning and documenting the discussions.

Question: I am a CA(SA) not in public practice. Does CPD still affect me?

Answer: Yes. If you are registered with the IRBA, then CPD applies to you even if you are non-assurance.

For more information on CPD, please refer to our website www.irba.co.za. On the top menu bar, under "Guidance for RAs" select "Education and Transformation" and then "Continuing Professional Development".

H: UPDATING OF PERSONAL DETAILS

Please check your personal details on our website.

If any of your details are incorrect or incomplete, please correct or complete them in the space provided and submit your corrected details through our website.

With regards to the question on whether you are a registered tax practitioner, the reason for this question is that in terms of Section 240 of the Tax Administration Act, 28 of 2011, as amended by Section 82(1)(b) of the Tax Administration Laws Amendment Act, No 21 of 2012:

Note for tax practitioners:

- "(1) every natural person who –
- a) provides advice to another person with respect to the application of a tax Act; or
 - b) completes or assists in completing a return by another person,
 - (i) must register with or fall under the jurisdiction of a 'recognised controlling body' by the later of 1 July 2013 or 21 business days after the date on which that person for the first time provides the advice or completes or assists in completing the return; and
 - (ii) register with SARS as a tax practitioner in the prescribed form and manner within 21 business days after the date on which that person for the first time provides the advice or completes or assists in completing the return;"

In terms of Section 240A of the Tax Administration Act, 2011, as amended by the Tax Administration Laws Amendment Act, 2012, the IRBA is recognised as a 'recognised controlling body'.

I: WHO TO CONTACT FOR QUERIES

For queries on payments, please contact the Accounts Department at invoices@irba.co.za or 087-940-8800.

For all other queries, please contact Registry at registry@irba.co.za or 087-940-8800. If we do not know the answer to your query, we will refer you to the correct person within the IRBA.

If you experience any difficulties with the website interface, please contact us on 087-940-8800 and we will direct your call, or email us at registry@irba.co.za.