
INDEPENDENT REGULATORY BOARD FOR AUDITORS

NOTICE TO REGISTERED AUDITORS ON REPORTABLE IRREGULARITIES AND TO GIVE EFFECT TO THE AMENDMENTS TO THE AUDITING PROFESSION ACT 26 OF 2005

Johannesburg / 17 May 2021

The Auditing Profession Amendment Act 5 of 2021 (the Amended Act) was signed into law by President Cyril Ramaphosa on 23 April 2021 and came into effect on 26 April 2021.

Section 45(7) and (8) of the Amended Act states that, where an individual registered auditor has reported an irregularity to the Regulatory Board (IRBA) in terms of Subsection 45(1):

- a) The individual registered auditor may not be removed and the entity (client) may not remove the registered auditor, until a second report is transmitted to the IRBA in terms of Section 45(3); and
- b) The individual registered auditor resigns from the firm before transmitting a second report to the IRBA, that auditor must do the necessary handover to the incoming auditor, regardless of when the resignation takes effect.

In view of the above, the IRBA has embarked on a project to revise the 2015 *Guide for Registered Auditors on Reportable Irregularities in terms of the Auditing Profession Act, 2005*. This is to provide guidance to registered auditors on their responsibility to report reportable irregularities in terms of the Amended Act.

Notwithstanding the pending amendments to the guide, registered auditors, firms and audit clients are required to immediately ensure compliance with the Amended Act. This means, with effect from 26 April 2021, an auditor who has sent a first report to the IRBA, reporting any irregularity, shall not be removed from the engagement until a second report is transmitted to the regulator. In the event that such an auditor resigns from the firm, he/she shall ensure that the first report is handed over to the incoming auditor for further reporting.

Should you have any further queries, please do not hesitate to contact the Legal Department by emailing RIs@irba.co.za.

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About the IRBA

The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.