
INDEPENDENT REGULATORY BOARD FOR AUDITORS

Auditors' duty to report RIs on non-compliance with EAAB regulatory deadline of 30 June 2020

Johannesburg/ 30 June 2020

The Independent Regulatory Board for Auditors (IRBA) is aware of the concerns of registered auditors regarding the Estate Agency Affairs Board's (EAAB) 30 June 2020 submission deadline for audit reports for estate agencies with a financial year-end of 28 February 2020.

Due to the COVID-19 pandemic lockdown restrictions, which had both restricted auditors and estate agencies from operating, the IRBA engaged with the EAAB at an early stage to enquire whether the EAAB would consider granting practitioners an extension or an exemption on the 30 June 2020 compliance requirement.

In terms of Section 45 of the Auditing Profession Act (26 of 2005) registered auditors have a duty to report on reportable irregularities. In the event that registered auditors are not able to comply with the 30 June 2020 deadline for submission of audit reports due to estate agencies not being in a position to produce the required information for audit, then the registered auditors will without delay submit a written report (first letter) to the IRBA. The report must give particulars of the reportable irregularity and any other information which the auditor considers appropriate. Within three days, the auditor must notify the management board of the estate agency client.

This could result in a significant influx of Reportable Irregularities (RIs) relating to estate agency financial reporting. Should lockdown levels continue to restrict estate agencies and the auditors are not able to resolve the RI within the subsequent 30 days, this results in the second letter which the IRBA would then forward to the EAAB.

The IRBA supports any authorised extensions granted by other regulators where these will assist auditors in consistently delivering high quality audits. Such extensions have been granted by various other regulators. However, auditors are reminded that in the absence of any such extension Section 45 must be complied with.

As a result of the far-reaching consequences of the lockdown on the industry, the EAAB has agreed not to impose penalties for late submissions.

In May the EAAB made detailed submissions to the Department of Human Settlements on a raft of possible Covid-19 pandemic relief measures which included the issues of extension of deadlines for audit reports and the deferment of Continuing Professional Development (CPD) fees. The EAAB is awaiting a response from the Department on these and other issues and will communicate the outcome as soon as it is received. The IRBA will communicate these decisions to auditors accordingly.

Enquiries to the EAAB can be addresses to the Audit Compliance Department by email to audit@eaab.org.za

Bernard Peter Agulhas
Chief Executive Officer

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.