



irba

INDEPENDENT REGULATORY BOARD FOR AUDITORS

NEWS

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What we learnt from the uncertainties of 2020 should be

THE DRIVING FORCE

in our efforts to collectively reposition our profession

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A REFLECTION ON SOME PROGRESS DESPITE ALL THE CHALLENGES OF 2020

"It's the repetition of affirmations that leads to belief. And once that belief becomes a deep conviction, things begin to happen." - **Muhammad Ali**

The "Year of Plenty" (and it has indeed been plentiful), as 2020 was popularly labelled when it began, is now drawing to a close. Notwithstanding all the challenges that these past 12 months have presented, reflections reveal that as an organisation we have made steady progress.

The ramifications of COVID-19 will no doubt continue to alter the risk landscape, and the year ahead is sure to be challenging in that regard. Many organisations will battle with long-term viability, business continuity, operational resilience, supply chain impacts and talent disruption – and dealing with all that certainly calls for astute leadership that has proper plans and foresight.

Against this backdrop of change and uncertainties, we embarked on a strategy refresh to align our plans to the new realities and expectations, as necessitated by the impact of COVID-19 and the leadership change at the IRBA. The realignment has entailed a review of our processes, people, platforms and our stakeholder engagement model to ensure that we continue serving and protecting the South African public and investors through focusing on the priorities highlighted in the graphic in the middle.

From the above, I will reflect on certain areas that are gaining momentum.

At the beginning of the year, the IRBA embarked on a journey to reposition and recreate the appeal of the registered auditor (RA)



brand. I am really excited about the future of this project and the impact it will have on the profession and the pipeline of future RAs. Refer to page 17 for more information on this project.

We have also made significant progress with the Auditing Profession Amendment Bill and are edging closer to completing this process. During this quarter, Parliament hosted two sessions: one on public consultations on the Bill; and the second for National Treasury and the IRBA to respond to the issues raised during the public consultations. The Bill was introduced and debated in the National Assembly on 2 December 2020 and will then be submitted to the National Council of Provinces for concurrence.

The role that the IRBA plays in protecting the financial interests of the public cannot be over-emphasised. As such, that is why I started my journey with the IRBA by engaging with internal and external stakeholders to discern how we can work together to rebuild this profession and respond to the expectations of the public that we serve and protect. The affirmations from these conversations have enabled us to reconstruct the IRBA's strategy and, more importantly, to recreate projects that will truly enable the elevation of the confidence needed in the audit profession.

Listening to the outcomes of these conversations has led to some great initiatives that are underway at the IRBA, as depicted in the graphic below.



We recently concluded a sanction hearing on the African Bank Investment Limited matter against the Deloitte auditor, Mgcinisihlalo Jordan. This has been a difficult, but very important, case that demonstrated the importance of public protection and the need for the IRBA to deal with matters in a very swift and effective manner.

While we respect the ruling by the independent Disciplinary Committee, we are of the view that errant auditors should be brought to book in a manner that is commensurate to the offence committed. This particular instance represents a failure of a capital market audit, and the economic and social ramifications must be understood. Consequently, auditors need to demonstrate an enhanced responsibility for accuracy and diligence in their conduct as auditors of financial institutions. It is vital that the IRBA is seen to be protecting the public in dealing with errant auditors and to also restore the trust and confidence in the auditing profession.

While the IRBA has been working on these and other projects to restore confidence in the profession, certain public debates have created distractions and negative publicity for the regulator, at a time when the profession is faced with so many challenges. These are debilitating the agility the IRBA needs to address operational matters and the efficiency needed to execute initiatives. It is my fervent wish that these distractions will subside in the near future, so we can all focus on the common objective of protecting the public.

The IRBA successfully submitted its 2020 Annual Report to Parliament and the report shows an achievement of a decade of clean audit reports, making the regulator one of the few public entities to accomplish this. Sincere gratitude to all staff members for their commitment and efforts towards ensuring that we continue with this level of performance.

While the IRBA is undoubtedly an organisation in transition, we are still committed to making a difference. Also, I remain confident that the CQ (cultural, connective, collective, collaborative intelligence) of all stakeholders will uplift the profession and restore the much-needed confidence in the ecosystem, thereby protecting the financial interests of the investing public.

To all our stakeholders, a heartfelt gratitude for your candid and open engagements over these past six months. We have heard you and are taking your proposals into consideration. As we continue with this collective resolve and conviction, we will fulfil our shared desire to restore the integrity of our profession.

I wish you all a joyous break through the festive season; and as you spend time with your loved ones, please remain vigilant because the virus is still with us. I certainly look forward to 2021 with promise and hope.

Merry Christmas and a Novel 2021, with abundant blessings to all.



Jenitha John
Chief Executive Officer

LIST OF TOPICS COVERED IN THIS ISSUE

- Standards:
 - Committee for Auditing Standards Strategy 2020-2024.
 - Approved Projects to Commence.
 - IRBA Board Adopts International Standard on Auditing 315 (Revised): *Identifying and Assessing the Risks of Material Misstatement*.
 - IRBA Board Adopts International Standard on Related Services 4400 (Revised): *Agreed-Upon Procedures Engagements*.
 - The IAASB Issues Conforming Amendments to the International Standards as a Result of the Revised IESBA Code and the IRBA Issues Updated Illustrative Auditor's Reports Following These Conforming Amendments.
 - Global Consultation on Fraud and Going Concern in an Audit of Financial Statements: Exploring the Differences Between Public Perceptions About the Role of the Auditor and the Auditor's Responsibilities in a Financial Statement Audit.
 - IAASB Projects in Progress.
- Ethics:
 - Revisions to Part 4B of the IRBA Code to Reflect Terms and Concepts Used in International Standard on Assurance Engagements 3000 (Revised).
 - IESBA Stakeholder Input on Key Ethical Questions Arising from Technological Developments.
 - AICPA, IESBA and IAASB Staff Jointly Issue Guidance on Important Considerations Regarding the Use of Specialists in the COVID-19 Environment.
 - IESBA Projects in Progress.

COMMITTEE FOR AUDITING STANDARDS (CFAS)

CFAS Strategy 2020-2024

The committee recently finalised its strategy for 2020-2024, and this will inform its work programme. The strategy is available in a PDF format and may be downloaded from the IRBA website by clicking [here](#).

The CFAS remains committed to hearing about and engaging on emerging issues and trends. Stakeholders are encouraged to share comments and suggestions regarding emerging trends to the Standards Department for consideration in future updates of the CFAS Strategy, and to inform the future work programme.

Approved Projects to Commence

At its meeting held in November 2020, the CFAS approved the following projects for its 2020/2021 work programme:

- Data Protection.
- Quality Management Standards – Local Laws & Regulations.
- System of Quality Management Transitional Guidance.
- Conforming Amendment to CFAS Pronouncements: Quality Management Standards.
- Auditor's Report Disclosures.
- ISA Plus.
- Conforming Amendments – ISRS 4400.
- Regulation 46 Banking Industry Reports.
- Debt Collectors.

The CFAS decides to take on projects using a prioritisation process that takes into account factors such as public interest, the regulator impacted, the number of auditors impacted and the nature of legislative changes.

IRBA BOARD ADOPTS INTERNATIONAL STANDARD ON AUDITING 315 (REVISED): IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT

The International Auditing and Assurance Standards Board (IAASB) issued International Standard on Auditing (ISA) 315 (Revised), Identifying and Assessing the Risks of Material Misstatement (ISA 315 (Revised 2019)) on 19 December 2019.

Subsequently, at its meeting on 29 October 2020, the Board of the IRBA approved ISA 315 (Revised 2019) for adoption, issue and prescription for use by auditors in South Africa. The approval includes Conforming and Consequential Amendments to Other International Standards.

The changes in substance between extant ISA 315 and ISA 315 (Revised 2019) are that in finalising ISA 315 (Revised 2019), the IAASB focused on the understandability, complexity and length of the standard, and made enhancements and clarifications to encourage a more consistent and robust risk assessment, which forms the foundation of the auditor's efforts to gather sufficient appropriate audit evidence. In addition, the revisions modernise the standard to keep up with the evolving environment in which businesses operate, particularly in relation to technology, and focus on why procedures are required.

Subsequently, related conforming amendments have been made to the following ISAs:

- ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*;
- ISA 210, *Agreeing the Terms of Audit Engagements*;
- ISA 230, *Audit Documentation*;
- ISA 240, *The Auditor's Responsibilities Relating to Fraud in an*

Audit of Financial Statements;

- ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements;*
- ISA 260 (Revised), *Communication with Those Charged with Governance;*
- ISA 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance;*
- ISA 330, *The Auditor's Responses to Assessed Risks;*
- ISA 402, *Audit Considerations Relating to an Entity Using a Service Organisation;*
- ISA 500, *Audit Evidence;*
- ISA 501, *Audit Evidence – Special Considerations for Selected Items;*
- ISA 530, *Audit Documentation;*
- ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures;*
- ISA 550, *Related Parties;*
- ISA 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors);*
- ISA 610, *Using the Work of Internal Auditors;*
- ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report; and*
- ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information.*

ISA 315 (Revised 2019) and the related *Conforming and Consequential Amendments to Other International Standards* become effective for audits of financial statements for periods beginning on or after 15 December 2021. Early adoption is permissible and encouraged by the IRBA.

To download ISA 315 (Revised 2019) and the related *Conforming and Consequential Amendments to Other International Standards*, visit the [IRBA website](#).

ISRS 4400 (Revised), Agreed-Upon Procedures Engagements

The IAASB issued International Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements* (ISRS 4400 (Revised)) on 3 April 2020.

Subsequently, at its meeting on 29 October 2020, the IRBA Board approved ISRS 4400 (Revised) for adoption, issue and prescription for use by registered auditors in South Africa.

The changes in substance include:

- Scope and Responsibilities
 - The scope now covers Agreed-upon Procedures (AUP) engagements on both financial and non-financial subject matters.
 - New requirements and application material clarify the practitioner's responsibilities in relation to the various parties involved in an AUP engagement, such as the engaging party, the intended users of the AUP report and the responsible party for the subject matter on

which the AUP are performed.

- Compliance with Independence Requirements
 - New requirements and application material recognise that, even when the practitioner may not be required (for example, by law or regulation, an ethics code or contract) to comply with independence requirements, the practitioner may agree with the engaging party that compliance with independence requirements is appropriate for the purpose of the AUP engagement.
- Professional Judgment
 - There are new requirements and supporting application material for the practitioner to exercise professional judgment throughout the engagement, including in accepting, conducting and reporting on the AUP engagement, taking into account the circumstances of the engagement.
- Engagement Acceptance and Continuance
 - The revised ISRS introduces new requirements and application material in relation to engagement acceptance and continuance considerations.
- Using the Work of a Practitioner's Expert
 - New requirements and application material provide guidance on how a practitioner's expert can assist the practitioner in an AUP engagement.
- The Agreed-Upon Procedures Report
 - There is enhanced transparency on:
 - The responsibilities of the various parties involved in an AUP engagement; and
 - Whether or not the practitioner is required to comply with independence requirements; and if so, the relevant independence requirements applicable.
 - There is new application material to guide the practitioner in deciding on whether to restrict the use or distribution of the AUP report.
 - New reporting requirements and application material address circumstances when a summary of findings is provided in the AUP report and when the practitioner is undertaking an AUP engagement together with another engagement.

This revised ISRS may be downloaded from the [IRBA website](#).

The following guidance material is also available on the IAASB website:

- [Introduction to ISRS 4400 \(Revised\): Fact sheet](#).
This revised ISRS is effective for agreed-upon procedures engagements for which the terms of engagement are agreed on by or after 1 January 2022.

REGULATED INDUSTRIES AND REPORTS STANDING COMMITTEE (RIRSC)

The IAASB Issues Conforming Amendments to the International Standards as a Result of the Revised IESBA Code and the IRBA Issues Updated Illustrative Auditor's Reports Following These Conforming Amendments

IAASB – Conforming Amendments

On 9 July 2020, the IRBA communicated that the IAASB had issued conforming amendments to the IAASB International Standards, as a result of the revised International Ethics Standards Board for Accountants' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) effective as of 15 July 2020. The communique also noted that the IRBA's CFAS had recommended these conforming amendments to the IRBA Board.

Subsequently, at its meeting on 29 October 2020, the IRBA Board

approved these conforming amendments for adoption, issue and prescription for use by registered auditors in South Africa.

These conforming amendments to the IAASB International Standards are limited to changes in response to the revised IESBA Code. They also ensure that the IAASB International Standards can continue to be applied together with the IESBA Code.

To download these conforming amendments to the IAASB International Standards, visit the [IRBA website](#).

IRBA – Updated Illustrative Auditor's Reports

The IRBA has also issued the updated illustrative auditor's reports for use by registered auditors. The updates arise from the conforming amendments to the IAASB International Standards.

The effect on the illustrative auditor's reports are as a result of the following amended paragraph in ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements:

ISA	Paragraph	Effect on the Illustrative Auditor's Report
ISA 700 (Revised)	<p>Paragraph 40(b)</p> <p>For audits of financial statements of listed entities, state that the auditor provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.</p>	<p>Auditor's Responsibilities for the Audit of the Financial Statements</p> <p>...</p> <p>We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.</p>
ISA 800 (Revised), <i>Special Considerations – Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks</i>	<p>ISA 700 (Revised), Paragraph 40(b)</p> <p>For audits of financial statements of listed entities, state that the auditor provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.</p>	<p>Auditor's Responsibilities for the Audit of the Financial Statements</p> <p>...</p> <p>We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.</p>

ISA	Paragraph	Effect on the Illustrative Auditor's Report
ISA 805 (Revised), <i>Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>	ISA 700 (Revised), Paragraph 40(b) For audits of financial statements of listed entities, state that the auditor provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.	Auditor's Responsibilities for the Audit of the Financial Statements ... We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

The following auditor's reports have now been updated, as a result of the conforming amendments to the IAASB International Standards:

	Updated Illustrative Report	Relevant Page Numbers	Website Link
1.	SAAPS 3 (Revised May 2019), Illustrative Reports	Illustrative Report 1, pages 13-19. Illustrative Report 4, pages 28-34. Illustrative Report 5, pages 54-58. Illustrative Report 11, pages 83-88. Illustrative Report 12, pages 89-95.	Click here.
2.	Illustrative Mutual Banks Act Reports (Parts A-F)	PART A: Independent Auditor's Report on DI Returns, pages 3-6.	Click here.
3.	South African and Consolidated Operations - Revised Illustrative Regulatory Reports A-I	PART A: Independent [Auditor's/Auditors', delete as appropriate] Report on year-end BA Returns, pages 4-8.	Click here.
4.	Foreign Operations (BA 610 returns) - Revised Illustrative Regulatory Reports A-H	PART A: Independent [Auditor's/Auditors'] Report on the year-end BA 610 Return, pages 4-8.	Click here.

The updated illustrative reports are effective as of 16 November 2020.

Global Consultation on Fraud and Going Concern in an Audit of Financial Statements: *Exploring the Differences Between Public Perceptions About the Role of the Auditor and the Auditor's Responsibilities in a Financial Statement Audit*

The IAASB has published, for public comment, a Discussion Paper, *Fraud and Going Concern in an Audit of Financial Statements: Exploring the Differences Between Public Perceptions About the Role of the Auditor and the Auditor's Responsibilities in a Financial Statement Audit* (the Discussion Paper).

The auditor's role in relation to fraud and going concern in audits of financial statements continues to receive heightened public attention. In recent years, this has been amplified by the number of high-profile corporate failures. As a result, the IAASB has recognised the need to further explore these topics.

The Discussion Paper sets out the issues and challenges related to the expectation gap (i.e. the difference between what users of

financial statements expect and the auditor's responsibilities in a financial statement audit). It also explores possible actions that the IAASB could undertake to help narrow this gap.

In addition, the Discussion Paper is aimed at gathering perspectives from a broad range of stakeholders, across the financial reporting ecosystem, about the role of the auditor in relation to fraud and going concern in an audit of financial statements. Stakeholders are asked for their perspectives on whether the auditing standards related to fraud and going concern need to be updated to reflect the rapidly evolving external reporting landscape; and, if so, in what areas.

The feedback collected will inform decisions about possible further actions by the IAASB on these topics.

We invite registered auditors and other interested parties to submit comments directly to the IAASB via the [IAASB website](#) by 1 February 2021. A copy of the Discussion Paper is available in PDF format and may be downloaded from the Exposure Drafts and Comment Letters page of the [IRBA website](#).

INTERNATIONAL AUDIT AND ASSURANCE STANDARDS BOARD

IAASB Projects in Progress

- Audit evidence.
- Technology.
- Group audits (ISA 600).
- Extended external reporting (EER) assurance.
- Audits of less complex entities (LCE).
- Professional scepticism.
- Complexity Understandability Scalability Proportionality (CUSP).
- ISA 540 (Revised) Implementation.
- Auditor Reporting Implementation.
- Fraud.
- Going Concern.

More information on these projects is available on the [IAASB website](#).

REVISIONS TO PART 4B OF THE IRBA CODE TO REFLECT TERMS AND CONCEPTS USED IN INTERNATIONAL STANDARD ON ASSURANCE ENGAGEMENTS 3000 (REVISED)

The IRBA draws the attention of all registered auditors to revisions to Part 4B of the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code). These revisions reflect the terms and concepts used in International Standard on Assurance Engagements 3000 (Revised).

The IRBA adopted the amendments made to the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), issued during 2020, following the issue of proposed amendments on exposure for public comment via Government Gazette No. 42464 in South Africa on 17 May 2019 (Board Notice 76 of 2019). The main revisions include:

- Changes in key terminology, including a revised definition of the term "assurance client";
- Amendments to certain independence requirements in light of the revised assurance client definition;
- Greater clarity as to the parties to an assurance engagement, their roles and responsibilities, and the related independence requirements that apply; and
- A clearer distinction between the types of assurance engagement covered in Parts 4A (addressing independence for audit and review engagements) and 4B of the Code.

Part 4B relating to independence for assurance engagements with respect to underlying subject matter covering periods will be effective for periods beginning on or after 15 June 2021; otherwise, it will be effective as of 15 June 2021. Early adoption will be permitted. Board Notice 141 of 2020 was published in Government Gazette No. 43962 on 4 December 2020, advising of the publication of the amendments to the IRBA Code, pursuant to the provisions of Section 10(1)(a) of the Auditing Profession Act. The amendments to the IRBA Code may be downloaded from the [IRBA website](#).

INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (IESBA)

IESBA Stakeholder Input on Key Ethical Questions Arising from Technological Developments

The IESBA's Technology Task Force launched two online surveys that sought stakeholder feedback to inform its consideration of issues that are related to its technology work stream.

The topics addressed in those two recommendations were:

- [Technology and complexity in the professional environment](#); and
- [The impact of technology on auditor independence](#).

The views and input were sought from all categories of stakeholders, including investors and other users of financial statements; the

corporate governance community; the regulatory and audit oversight community; preparers; firms; national standard setters; professional accountancy organisations; academics; and others.

Stakeholder responses to the surveys would help guide the IESBA's consideration of the next steps, in relation to those two topics, at its December 2020 board meeting.

AICPA, IESBA and IAASB Staff Jointly Issue Guidance on Important Considerations Regarding the Use of Specialists in the COVID-19 Environment

The staff of the American Institute of Certified Public Accountants, the IESBA and the IAASB jointly released a publication titled [Using Specialists in the COVID-19 Environment: Including Considerations for Involving Specialists in Audits of Financial Statements](#).

The publication provides guidance to assist professional accountants in business and in public practice determine when there might be a need to use the services of a specialist to assist in performing specific tasks and other professional activities within their employing organisations, and in serving their clients in the COVID-19 environment. Also, the publication highlights relevant ethical considerations for accountants when thinking about using a specialist, as well as circumstances that indicate a need for a specialist during an audit of financial statements.

IESBA Projects in Progress

- Non-assurance Services.
- Fees.
- Definition of PIE and Listed Entity.
- Engagement Teams/Group Audits.
- Technology.
- Tax Planning and related services.
- Engagement Quality Reviewer.
- Benchmarking Initiative.

More information on these projects is available on the [IESBA website](#).

Should you have any further queries, please send an email to standards@irba.co.za.



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The investigation and disciplinary matters reported in this issue are developments that took place over the eight-month period from April to November.

INVESTIGATING COMMITTEE

The Investigating Committee met three times during this period and referred 47 matters to the Disciplinary Advisory Committee.

DISCIPLINARY ADVISORY COMMITTEE

The Disciplinary Advisory Committee met twice during this period and concluded on six matters.

Decisions to Charge and Matters Finalised by Consent Order

Four matters were finalised by consent order.

Matter 1

The respondent failed to file the client's tax returns timeously, which resulted in penalties and interest being charged to the client by the South African Revenue Service. Furthermore, the respondent failed to regularly bill the client for work performed, and instead issued a cumulative bill on termination of services.

The respondent was sentenced to a fine of R100 000, of which R75 000 has been suspended for three years, on condition that the respondent is not found guilty of improper conduct relating to work done during the period of suspension; costs amounting to R10 000 were ordered; and publication by the IRBA in general terms.

Matter 2

Mr David Russel Broom, the respondent, failed to identify that sufficient appropriate audit evidence was not obtained in certain areas on an audit engagement where he was appointed as the engagement quality control reviewer. He further failed to review audit documentation relating to some significant judgments made by the engagement team.

The respondent was sentenced to a fine of R200 000; no cost order; and publication by the IRBA of the respondent's name, the findings of the investigation and the sanction imposed on them.

Matter 3

The respondent was found guilty of unprofessional communication and, therefore, a breach of the Code of Professional Conduct.

The respondent was sentenced to a fine of R20 000, of which R10 000 has been suspended for three years, on condition that the respondent is not found guilty of improper conduct relating to work done during the period of suspension; no cost order; and publication by the IRBA in general terms.

Matter 4

Mr Patrick Joseph Smit, the respondent, failed as the auditor to respond appropriately to the fact that the financial statements of the client provided insufficient disclosures regarding additional information included in the Income Statement and the Statement of Other Comprehensive Income.

The respondent was sentenced to a fine of R200 000, of which R150 000 has been suspended for three years, on condition that the respondent is not found guilty of improper conduct relating to work done during the period of suspension; no cost order; and publication by the IRBA of the respondent's name, the findings of the investigation and the sanction imposed on them.

Decisions to Charge and Matters Referred for Disciplinary Hearings

Two matters were referred to the Legal Department for disciplinary hearings.



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DISCIPLINARY COMMITTEE

Matters Referred for Disciplinary Hearings

Following the finalisation of one matter, there are currently 19 open cases that have been referred to the Legal Department for disciplinary hearings, and these matters are at different stages of the process.

Matters Heard by the Committee

During the period under review, four matters were heard by the Disciplinary Committee. Two of these matters are pending sanction hearings, which are scheduled for the first quarter of 2021. The other two matters have been finalised and the details that pertain to them are captured herein below.

C vs IRBA

The respondent, a registered auditor, was charged with one charge of improper conduct, following an investigation by the IRBA.

The charge against the respondent emanated from a complaint received from the Office of the Director of Public Prosecutions, following a guilty plea by the respondent in criminal proceedings relating to non-compliance with tax legislation, specifically, failure to pay.

The nature of the charges against the respondent can be summarised as follows:

1. Failure to pay the South African Revenue Service (SARS) an amount of R21 485.55 for tax deducted from his employees during 2002 and 2006.
2. Failure to submit five EMP/PAYE 201 returns to SARS between 2010 and 2011.
3. Notwithstanding registration as a VAT vendor, failure to pay SARS VAT amounting to R473 846.26 between 2005 and 2011, and to submit VAT returns for the fourth VAT period of 2005 and the sixth VAT period of 2008.
4. Failure to submit his entities' income tax returns between 2005 and 2012.

The IRBA submitted that the respondent's conduct, as outlined above, contravened Rule 2.2, in as far as it constituted legislative contravention; Rule 2.6, in so far as it was at odds with the relevant provisions of the Code of Conduct; and Rule 2.17, in so far as it brought the profession into disrepute.

The respondent pleaded guilty to all the charges; and in light of the guilty plea, the matter was referred for a sanction hearing before the Disciplinary Committee (committee), in terms of Section 51 of the Auditing Profession Act (APA), read together with Rule 7 of the Disciplinary Rules. The hearing convened on the 3rd and 4th of September 2020, wherein the parties were given an opportunity to submit evidence in mitigation and aggravation of the sanction.

During the sanction hearing, the respondent raised a special plea arguing that the IRBA does not have the jurisdiction to discipline

him, as the conduct for which he was charged related to conduct in his personal capacity and not his professional capacity, as contemplated in the Rules Regarding Improper Conduct and/or the IRBA Code of Conduct. After hearing the arguments, the committee dismissed the special plea on the grounds that the respondent, by virtue of his plea of guilt and participation in the proceedings, acquiesced to the jurisdiction of the IRBA to discipline him. Furthermore, the committee could not consider a special plea at a sanction hearing.

In considering what constituted the appropriate sanction for the charge preferred against the respondent, the committee took into account the following:

1. The serious nature of the charge preferred against the respondent, in respect of which he had pleaded guilty.
2. The fact that there was no actual evidence before the committee in support of the contention that the respondent's conduct had in fact brought the profession into disrepute. To the contrary, evidence tendered on behalf of the respondent indicated that even after disclosure to his clients, the respondent only lost two clients and gained more afterwards.
3. The respondent had already been punished for contravention of tax legislation by the National Prosecuting Authority and paid the relevant fine.

In the premise of the above, the committee then ordered the following sanction to be imposed on the respondent:

1. Cancellation of the respondent's registration with the IRBA, which cancellation is suspended for a period of five years on condition that the respondent is not found guilty of similar improper conduct within that period;
2. Payment of R150 000, as contribution to the IRBA's costs; and
3. Publication in general terms.

IRBA vs M Jordan & Crowther

Two respondents, Mgcinisihlalo Jordan and Daniel Crowther, who are registered auditors from Deloitte, were charged with improper conduct. Jordan was the engagement partner for African Bank, and Crowther was to support Jordan in the audit. Jordan faced 10 charges of improper conduct, while Crowther faced only one charge. The merits hearing took place over 67 days between 2018 and 2020, with arguments being heard on 8 and 9 June 2020. The merits decision was issued on 5 October 2020, with the ruling finding Jordan guilty of five charges and acquitting him of the other five. Crowther was acquitted of the one charge he faced.

Subsequent to this, a sanction hearing for Jordan was convened on 21-23 November 2020, wherein the committee heard evidence in mitigation and aggravation of the sanction. It then issued its decision on 9 December 2020, imposing various sanctions. Copies of both the merits ruling and sanction ruling, together with summaries thereof, are available on the IRBA website through the following links:

- [Merits Ruling.](#)
- [Sanction Ruling.](#)

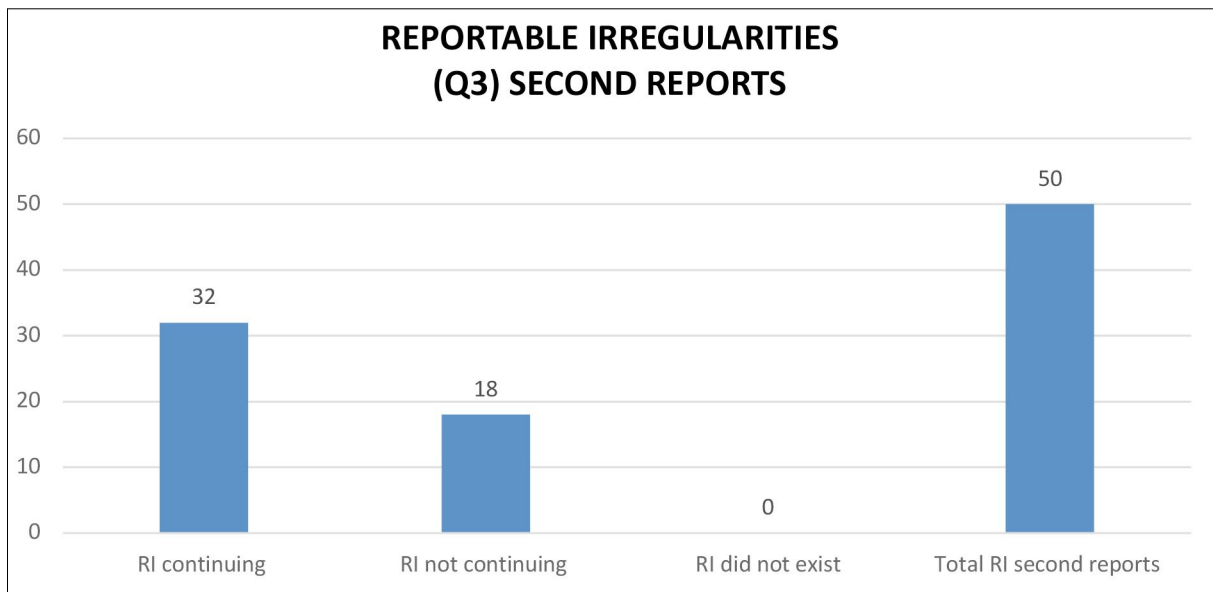
Upcoming Hearings

The matters below are scheduled for hearings before the committee in the upcoming quarter.

DATES	PARTIES	NATURE OF HEARING	VENUE
25 Jan-19 Feb 2021	IRBA // VDB	Merits hearing	Virtual – MS Teams
22 Feb-23 Feb 2021	RT // IRBA	Sanction hearing	Virtual – MS Teams

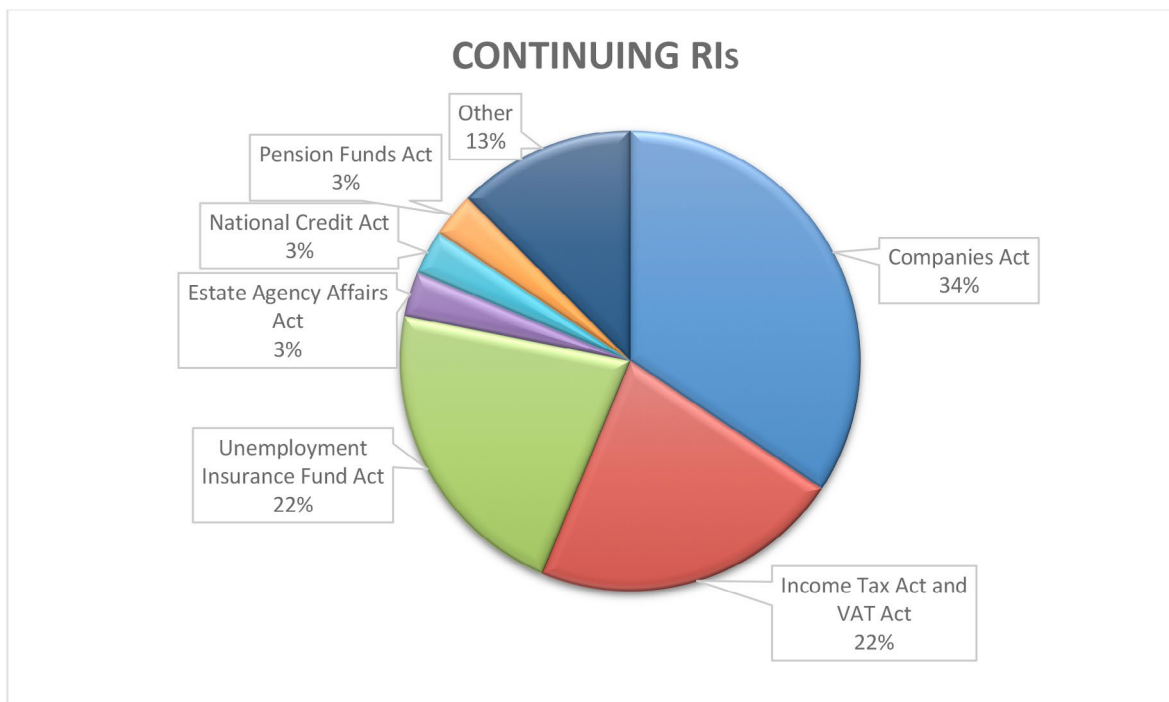
REPORTABLE IRREGULARITIES

The IRBA processed 140 first reports on reportable irregularities (RIs) during the period under review. In addition, 50 second reports were received and processed, the nature of which is highlighted below.



Note: The difference of 90 reports between the first and second reports received is due to timing differences in reporting between these reports.

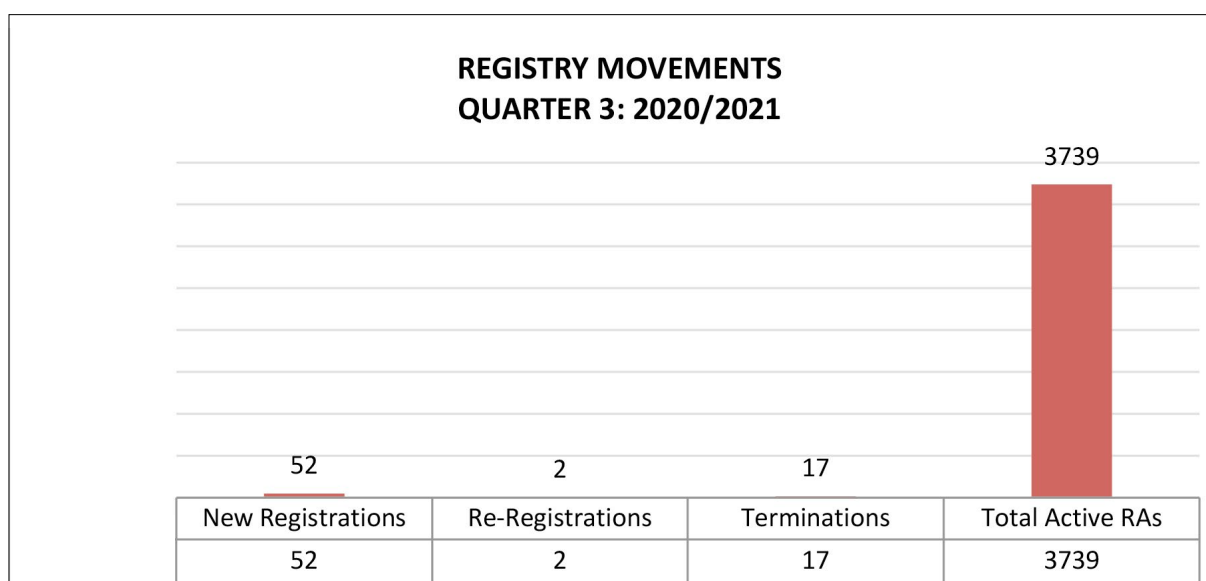
Of the 32 continuing RIs received, the top six types of RIs most frequently reported, categorised by nature, are reflected in the chart below.



Note: As depicted above, the top three types of reported contraventions related to the Companies Act, the Income Tax, the VAT Act and the Unemployment Insurance Fund Act. There were also several RIs highlighting contraventions of, among others, the National Credit Act, the Estate Agency Affairs Act and the Pension Funds Act.

All second reports highlighting continuing reportable irregularities were sent to the relevant regulators and/or authorities for action, in line with the provisions of the APA.

REGISTRATIONS, RE-REGISTRATIONS AND TERMINATIONS



Note: During the current reporting period, 52 new registrations were confirmed and entered into the register, while two registered auditors were re-registered, bringing the total number of registrations to 54.

During the period under review, 17 registered auditors (RAs) were removed from the register, and the most prevalent reason for removals was resignation.

As at the time of publication, the total number of RAs was 3,739. The names of the RAs entered into the register and those removed from it are provided herein below.

INDIVIDUALS ADMITTED TO THE REGISTER OF THE IRBA FROM 11 DECEMBER 2019-26 NOVEMBER 2020

Basson, Kylie	Le Roux, Matthys Johannes	Ramapela, Jacobeth Mmakgomo
Bhamjee, Abdullah	Lottering, Esmeralda Jillian	Ramsay, Lindie
Bhebhe, Patience	Ludick, Monique	Ruiters, Ethel Keamogetswe
Botha, Jani	Maenzanise, Tsitsi Agenia	Sarembock, Philip Charles
Britz, Renzo	Maimela, Phakama Marvin Lincoln	Serithi, Godfrey Itumeleng
Coetzer, Jacques	Makgakga, Tumelo Joy	Sihya, Lumko
De Villiers, Ilze	Makhubela, Cathrine Itumeleng	Smit, Jacobus Gideon
Dhansay, Junaid	Malavi, Mpho Penelope	Smit, Zandri
Dockrat, Yusif	Marivha, Nomfundo Sophie	Somai, Nitassha
Dolamo, Mampe Suzan	Matthews, Dalziel Wendell	Stonebridge, Dale Colin
Ebrahim, Muhammed	Mushambadzi, Brenda Nyaradzai	Sunhwa, Anesu
Eftychis, Veneta	Naidoo, Divania	Van Der Walt, Wilton
Erasmus, Pieter Johannes Potgieter	Ndlovu, Bonani	Vosloo, Adriaan Benjamin
Groenewald, Karlien Beatrix	Nel, Bernard	Walden, Adam Craig
Hill, David Nicholas	Nortjie, Gerrit	Wartington, Lorene
Joosub, Muhammad Aboo Baker	Padia, Nirupa Manaklal	Weston, Terri
Joubert, Elizabeth	Pita, Robert	Weymouth, Nicolette

INDIVIDUALS ADMITTED TO THE REGISTER OF THE IRBA FROM 11 DECEMBER 2019-26 NOVEMBER 2020

Kukard, Mariska

INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE IRBA FROM 11 DECEMBER 2019-26 NOVEMBER 2020

Colyvas, Alexander Dionisios

Engelbrecht, Lindie

INDIVIDUALS REMOVED FROM THE REGISTER OF THE IRBA FROM 26 SEPTEMBER 2020-26 NOVEMBER 2020

Botha, Carmen	Resigned
De Klerk, Albertus Johannes	Resigned
Dondashe, Wakeford Mzolisi	Due to a disciplinary hearing
Hlatshwayo, Neo	Resigned
Lang, Giles Richard	Emigrated
MacDonald, Leslie	Emigrated
Makwetu, Thembekile Kimi	Passed away
Marshall, Charlotte Patricia Lynn	Resigned
Moodley, Natasha	Resigned
Moolman, Wynand Theunis Jacobus	Passed away
Rees, Brian Eric	Resigned
Solomons, Muhammad Rushdi	Resigned
Trankle, Georg	Resigned
Van Heerden, Adrian Louis	Passed away
Vorster, Daniel Theodorus	Resigned
Zikode, Thamsanqa Phineas	Resigned

Annual Renewals

The registration of 121 RAs was lapsed for the non-payment of annual fees in October 2020; and of those, 37 have since been reinstated.

Due to the IRBA's appreciation of financial difficulties experienced by many of our RAs, as a result of the implications of the COVID-19 pandemic, lapsing was delayed in order to provide for extensions for the payment of annual fees. The cancellation of the registration of RAs for the non-submission of their Individual Annual Returns was consequently also delayed.

Notices of Intention to cancel registration for the non-submission of Individual Annual Returns have now been issued and cancellations will be effected in January 2021. To this end, we urge all RAs who have not yet submitted their Individual Annual Returns online through the IRBA website to immediately do so.



Rebecca Motsepe

Director Legal

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ASSURANCE FEE BILLINGS

Registered auditors (RAs) are reminded that the assurance fee billing invoices were issued on **7 December 2020**. As these invoices are due 30 days from the date of issue, RAs are urged to ensure that these are settled promptly.

It is concerning to note that there a number of firms that have not yet submitted their assurance declarations, despite reminder emails and phone calls, in addition to the extensions granted earlier in the year. In this regard, RAs are reminded of the provisions in the disciplinary rules that reference improper conduct, in **Rule 2.13**, as “failure to comply within a reasonable time, with an order, requirement or request of the Regulatory Board”.

Consequently, RAs are advised that those who will not have made their submissions by 11 December will be referred for an investigation.

It should also be noted that due to the non-submission of assurance fee declarations in 2020, RAs have been invoiced on their last assurance declaration provided.

Assurance Fee Declarations

The explanatory memo and the information required for the 2021 assurance declaration will be provided in January 2021. When this is available, RAs are requested to carefully review the communication and note the submission deadlines.

Contact Information Update

RAs are requested to update their contact information via the IRBA website by clicking [here](#).



Nitasha Naicker

Director Operations

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UNLOCKING THE VALUE PROPOSITION OF THE REGISTERED AUDITOR BRAND

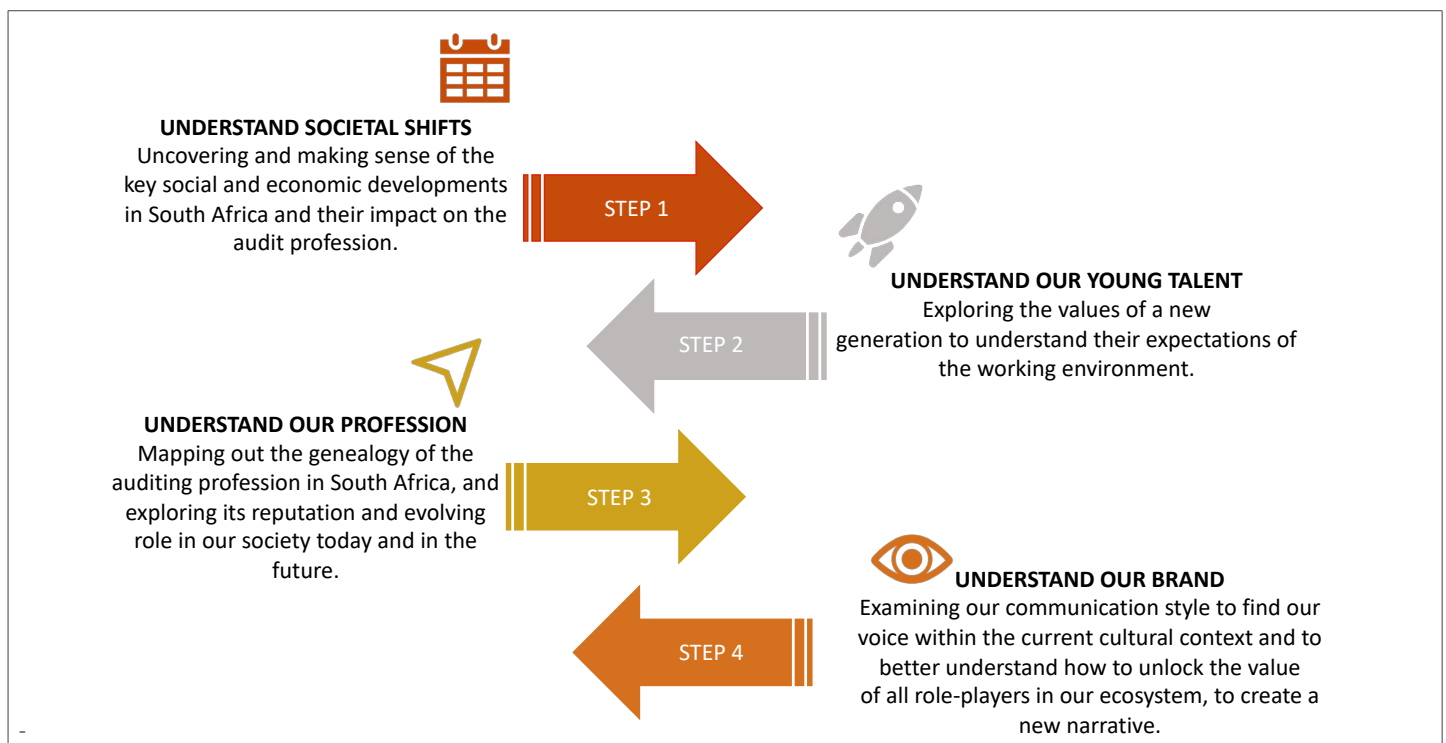
In 2019, the Education and Transformation (ET) team commenced research activities with stakeholders to understand their experience of the Audit Development Programme (ADP). The objective of this outreach was to identify areas of improvement to the ADP. These areas have been identified and are currently being implemented as part of the ADP Reloaded project. For more information on the proposed changes to the ADP, please refer to [IRBA News Issue 50](#).

One of the themes that emerged during the research was that there is a lack of awareness and understanding of the role of the

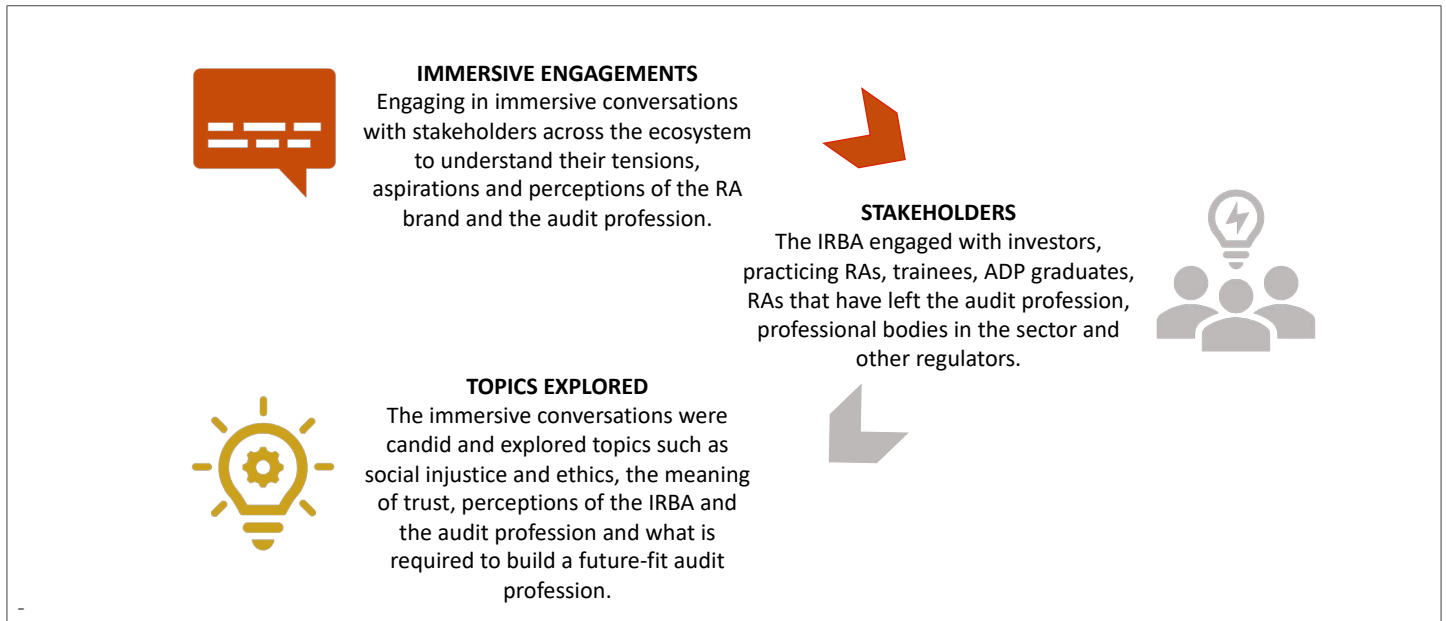
registered auditor (RA) and the value of their work. This was cited as a potential barrier to talented individuals who are interested in joining the audit profession. These conversations aligned with our experiences when engaging with students, trainees and other stakeholders. Additionally, an analysis of the declining RA register, and the low number of candidates registering on the ADP, supported a deeper exploration of this theme.

Consequently, earlier this year the ET team embarked on a project to understand the positioning of the RA brand in South Africa, with the objective of unlocking the value proposition of the brand. The RA brand project comprised the two phases that are detailed in the graphics below.


Phase 1: Understanding Our Brand Positioning





Phase 2: Engaging with Our Stakeholders




THIS IS WHAT WE HEARD...


- 


The audit profession has built credibility, expertise and professionalism over time and it is important that we maintain and, in some instances, restore these.
- 


Maintaining the relevance of RAs and the audit product is critical. This includes redefining the competencies and skillset required of auditors.
- 


A review of the audit as a compliance, 'tick-box' exercise vs a value-add service is needed.


- 

The expectation gap, including the public's expectation of the auditor's role in relation to fraud, contributes to the pressures that RAs face.
- 

There is a need for greater transparency as well as strengthened and more accountable governance structures across the financial reporting value chain.
- 

The audit environment provides an opportunity for learning, problem solving, working with high-performing individuals and having diverse experiences.
- 

There is a need for greater awareness of the audit profession and the work of RAs, to attract talent to the audit profession.
- 

The current positioning of the RA brand and the audit profession is perceived as being unrelatable to young talent.
- 

The regulatory approach of the IRBA requires a reflection and review, as the environment changes. There is also a need for collaboration between the IRBA and the audit profession to effectively fulfill our roles and contribute to a sustainable future for all.

The narrative about corruption and lack of leadership continues to dominate the media, engendering further mistrust in companies and institutions, while also reflecting poorly on the audit profession. Therefore, it is within this context that the RA has an even more important role to play in standing up for, and upholding what people know to be, a noble profession that is a guardian of public interest.

As the audit profession, we need to rebuild the bonds of trust and develop a single-minded commitment that injects "soul and meaning" into what it means to be an RA in South Africa. A key

success factor in repositioning the audit profession and restoring trust in the competence of RAs and the application of ethics will require us to work together. Collaboration across the ecosystem will present a critical step towards building an RA brand that is future fit, leading to an attraction of the right calibre of talent to the audit profession.

While the IRBA has been working on a series of projects aimed at restoring confidence in the audit profession, the messages and themes that were heard require that the IRBA reflects deeply

on its work, both in terms of regulating and supporting the audit profession, to protect the public interest.

The IRBA has undertaken a strategic refresh and refocus. Part of this process includes constructive engagement with stakeholders to reposition the RA brand and reconnect with all the role-players in the ecosystem. We will also be reviewing our strategy on how we engage with prospective RAs and the messages that we communicate to them.

We look forward to the continued support of stakeholders, as we move into the next phase of this journey. We extend our gratitude to the stakeholders that participated in this project and shared their stories, aspirations and tensions honestly and candidly, with the shared objectives of revaluing the RA brand and the audit profession.



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In the interest of improved communication with registered auditors and other stakeholders, a list of communiques sent by bulk e-mail during the reporting period for this issue is set out in the table below. These communiques may be downloaded from the [IRBA website](#) under the News section.

30 November 2020	Committee for Auditing Standards Strategy 2020-2024
26 November 2020	2019/2020 Annual Report Available on the Website
12 November 2020	IRBA Mourns the Death of Auditor-General Kimi Makwetu
9 November 2020	Revisions to Part 4B of the IRBA Code to Reflect Terms and Concepts Used in International Standard on Assurance Engagements 3000 (Revised)
5 November 2020	The IRBA Issues Conforming Amendments to the International Standards as a Result of the Revised IESBA Code and Also the Updated Illustrative Auditor's Reports Following These Conforming Amendments
2 November 2020	IRBA Board Adopts International Standard on Auditing 315 (Revised): Identifying and Assessing the Risks of Material Misstatement
23 October 2020	IESBA Seeks Stakeholder Input on Key Ethical Questions Arising from Technological Developments
09 October 2020	IRBA News Issue #51 Available
3 October 2020	IRBA Board Adopts International Standard on Related Services 4400 (Revised): Agreed-Upon Procedures Engagements

IRBA COMMUNICATIONS

If you would like to receive IRBA communications, or are aware of a non-auditor who would like to receive these, please advise Lebogang Manganye (lmanganye@irba.co.za).

OFFICE CLOSURE

The IRBA offices will close on Tuesday, 15 December 2020, and reopen on Monday, 4 January 2021. Our staff will continue working remotely in the new year until further notice.

The CEO and the staff of the IRBA wish you and your family a blessed, safe and happy break through the festive season; and as you spend time with your loved ones, remain vigilant as the virus is still with us.