



irba

INDEPENDENT REGULATORY BOARD FOR AUDITORS

NEWS

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THE DECISIVE STRIDES

Signify a Crucial Shift to Reposition Our Profession

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SIGNIFICANT STEPS FORWARD

In the past quarter, the IRBA has taken significant steps towards stability in its governance structure; it has also moved its strategic initiatives forward.

First and foremost, we are enthusiastic about our new Board, which was recently appointed by the Minister of Finance (see page 24 for the full list). The Board has already had its first meeting and we look forward to implementing our strategy with its guidance, as we embark on a journey to restore confidence and trust in the profession and the regulator.

During the interim period under the Caretaker Board, our management and employees continued to execute our mandate unabated and with commitment, demonstrating a resilient spirit and willingness to rebuild trust in our profession and the regulator.

I have had very positive and optimistic conversations with various stakeholders about our refocused strategy and it is clear that actions are starting to manifest at different levels. Thus far, our stakeholders support our plans to address gaps in the broader financial reporting and governance ecosystem, to reshape the future of our profession.

Our specific focus continues to be on implementing our refocused five-year strategy, which was adopted by Parliament in March. We have concluded our roadmap and have created three work streams that are led by our directors, to guide the ongoing implementation of our restoring confidence projects.

The work streams will focus on the following key areas:

1. Financial Reporting and Governance Ecosystem
 - Analysis of the broader financial and governance ecosystem, with a specific focus on identifying areas that impact audit quality.
2. Auditing Profession
 - Analysis of the auditing profession itself and identifying measures to address significant gaps where reform or guidance may be required.
3. IRBA
 - Fees and resourcing;
 - Investigations capacity;
 - Implementing the Auditing Profession Amendment Act;
 - Transformation of the profession;
 - RA brand;
 - Digital (platforms, business intelligence and data analytics); and
 - Improved communication and visibility of the regulator.

We have also taken stock of what we have achieved since early 2018, and what still needs to be done. The Auditing Profession Amendment Act was assented to by the President in April, and we are advanced in the process of implementing the various changes in terms of the amendments.

Our implementation plan consists of 11 projects that include developing a regulatory strategy; reconstituting the Board; strengthening our investigation and disciplinary powers by firming up our Investigating Committee, Enforcement Committee and Disciplinary Committee; assessing the compliance of registered auditors (RAs) that are on our register through revised registration requirements; updating reportable irregularities guidelines; the referral of non-audit complaints to accredited professional bodies; the development of subpoena, and search and seizure guidelines; amending the Disciplinary Rules; and proposing to the Minister maximum monetary sanctions for improper conduct by RAs.

Globally, our international participation was re-affirmed and bolstered by our re-election to the board of the International Forum of Independent Audit Regulators (IFIAR) for another four-year term. This means we will continue to play an important role in its mission to serve the public interest, including investors, by enhancing audit oversight globally; and it is also our mission to do so locally.

During the quarter, our Inspections Department announced its 8th Inspections Cycle Strategy and Process, which is aligned to the IRBA's refocused strategy. As a result, the following key changes have been introduced in this cycle:

- Comprehensive stakeholder engagement;
- Guided proactive monitoring of remediation initiatives;
- Theme-based inspections;
- An enhanced business intelligence process; and
- Enhanced reporting.

The 8th Inspections Cycle and Process can be downloaded on the [IRBA website](#).

As we continue to implement our refocused strategy, we will be sharing some of the key initiatives and interactions that have already begun with stakeholders.

We look forward to these discussions and the feedback we will receive. The collective effort and ideas that will come forth will certainly help us set the auditing profession and the regulator on a new revitalised path.



Imre Nagy
Acting Chief Executive Officer

TOPICS COVERED IN THIS ISSUE

- Standards:
 - South Africa's Launch Event of the IAASB's Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Extended External Reporting (EER) Assurance Engagements.
 - Consultation Paper: Enhancing Disclosures in the Auditor's Reports in South Africa: Addressing the Needs of Users of Financial Statements.
 - Exposure Draft: Proposed Conforming and Consequential Amendments to IRBA Pronouncements Arising from the International Auditing and Assurance Standards Board's Quality Management Standards.
 - Estate Agency Affairs Board: 2021 Audit Reports Submission Reminder.
 - Proposed Guide for Registered Auditors: Guidance on Performing Audits on Behalf of the AGSA (Revised May 2021).
 - IAASB Quality Management Webinar Series.
 - New IAASB Quality Management Implementation Guides Now Available.
 - IAASB Projects in Progress.
- Ethics:
 - IESBA Launches the Post-Implementation Review of the Long Association International Independence Standard.
 - IESBA Global Ethics Webinars on the Non-Assurance Services and Fee-Related Revisions to the IESBA Code of Ethics.
 - IESBA Projects in Progress.

SOUTH AFRICA'S LAUNCH EVENT OF THE IAASB'S NON-AUTHORITATIVE GUIDANCE ON APPLYING ISAE 3000 (REVISED) TO EXTENDED EXTERNAL REPORTING (EER) ASSURANCE ENGAGEMENTS

The International Auditing and Assurance Standards Board (IAASB) published its *Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Extended External Reporting (EER) Assurance Engagements* (the IAASB's non-authoritative guidance on EER) on 6 April 2021.

To raise awareness on this guidance, the IRBA, in collaboration with the South African Institute of Chartered Accountants, and the University of the Witwatersrand scheduled a webinar on 6 July 2021 for all stakeholders, with the IAASB chairman, Tom Seidenstein, as part of the panel.

EER encapsulates many different forms of reporting that include, but are not limited to, sustainability or environmental, social and governance reporting; integrated reporting; reporting on corporate social responsibility; greenhouse gas statements; and service

performance reporting in the public sector. These kinds of extended reporting are growing in frequency and importance, and they address matters that are becoming increasingly critical to investors and other users for decision-making.

This IAASB's non-authoritative guidance on EER responds to 10 key stakeholder-identified challenges commonly encountered in applying International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. It therefore promotes a consistent high-quality application of ISAE 3000 (Revised) in extended external reporting assurance engagements to:

- Strengthen the influence of such engagements on the quality of extended external reporting;
- Enhance trust in the resulting assurance reports; and
- Increase the credibility of extended external reports, so that they can be trusted and relied upon by their intended users.

Further, the IAASB's non-authoritative guidance on EER addresses a number of overarching matters, including applying appropriate competence and capabilities; exercising professional scepticism and professional judgement; the preconditions for an assurance engagement; and more specific technical matters. It also provides further explanations and examples for users to better understand the distinction between limited assurance and reasonable assurance engagements.

The IAASB's non-authoritative guidance on EER and the additional support material may be downloaded from the [IAASB website](#).

COMMITTEE FOR AUDITING STANDARDS (CFAS)

Consultation Paper, Enhancing Disclosures in the Auditor's Reports in South Africa: Addressing the Needs of Users of Financial Statements

The IRBA has released the Consultation Paper – *Enhancing Disclosures in the Auditor's Reports in South Africa: Addressing the Needs of Users of Financial Statements* (this Consultation Paper), and comments are due on **15 September 2021**.

The purpose of this Consultation Paper is for the CFAS to gather perspectives from stakeholders about the need and options for additional disclosures in the independent auditor's report for an audit of financial statements. The information collected will help make informed decisions about possible outcomes that arise from the consultation in the public interest.

Audit quality and the restoration of public confidence in the audit is the focus of the IRBA's audit reform strategy. The audit report is a key communication tool between the auditor and stakeholders; and for many stakeholders, an auditor's report may be the only communication with the auditor. Therefore, enhancing the value of the audit report as a communication tool could increase confidence in audits and contribute to enhancing audit quality. Audit regulators and national standard setters around the world have similar

objectives at this time, and some proposals discussed in this Consultation Paper are also being explored in other jurisdictions.

At this stage, the CFAS is not committing to any specific outcomes of this Consultation Paper and is canvassing ideas on how to enhance transparency in auditor reporting and address the needs of stakeholders that may be in the public interest. This research and other strategic considerations will inform the view about the matters that the CFAS or other IRBA structures need to address.

The Consultation Paper discusses additional disclosures that have been drawn from developments in other jurisdictions and auditor's reports that are in the public domain; and it also seeks to explore the usefulness, benefits and drawbacks of the additional disclosures. These include:

- Disclosures about the audit scope and materiality.
- Disclosures about the audit effort related to irregularities, including fraud.
- Disclosures about the audit effort in relation to going concern.
- Disclosures relating to Key Audit Matters.
- Disclosures about fees and non-audit services.
- Disclosures about the entity's classification as a public interest entity.
- Disclosures about prior year misstatements.
- Disclosures about the threshold of unadjusted misstatements.

This Consultation Paper may be downloaded from the [IRBA website](#).

REGULATED INDUSTRIES AND REPORTS STANDING COMMITTEE (RIRSC)

Proposed Conforming and Consequential Amendments to IRBA Pronouncements Arising from the IAASB Quality Management Standards

The IRBA has released the Exposure Draft: *Proposed Conforming and Consequential Amendments to IRBA Pronouncements arising from the IAASB Quality Management Standards*, for exposure for public comment until **4 August 2021**.

International Standard on Quality Standard (ISQM) 1 and ISQM 2 replace the International Standard on Quality Control (ISQC) 1. The term "quality management" replaces the term "quality control" throughout the standards. In addition, the term "engagement quality control review" has been replaced with "engagement quality review". International Standard on Auditing (ISA) 220 (Revised) replaces ISA 220, *Quality Control for an Audit of Financial Statements*. Many of the IRBA's pronouncements refer to ISQC 1 and ISA 220. As such, the proposed conforming and consequential amendments will propose the necessary conforming and consequential amendments to the IRBA pronouncements, to avoid non-alignment or conflicts with the new and revised Quality Management Standards.

The Exposure Draft may be downloaded from the [IRBA website](#).

Estate Agency Affairs Board: 2021 Audit Reports Submission Reminder

The Estate Agency Affairs Board (EAAB) issued a reminder on 1 June 2021 regarding the 2021 audit reports submission information. The submission deadline for estate agency firms with a financial year-end of 28 February 2021 is 30 June 2021, and the EAAB has clarified some relevant issues for the benefit of registered auditors and the principals of their estate agency clients.

Click [here](#) to download the detailed reminder. For any further queries, please contact the EAAB directly at audit@eaab.org.za.

PUBLIC SECTOR STANDING COMMITTEE (PSSC)

Proposed Guide for Registered Auditors: Guidance on Performing Audits on Behalf of the AGSA (Revised May 2021)

The CFAS approved the release of the Proposed Guide for Registered Auditors: Guidance on Performing Audits on behalf of the AGSA (Revised May 2021) (this proposed Revised Guide) in May 2021, for exposure for public comment until **8 July 2021**.

This proposed Revised Guide will help improve the understanding and enhance the performance of quality public sector audit engagements by auditors in public practice. These are auditors who perform audit engagements on behalf of the AGSA, including the audit of financial statements, reported performance information and compliance with key legislation, and the additional audit procedures relating to focus areas, in accordance with the requirements of the Public Audit Act No. 25 of 2004 (PAA) (as amended by the Public Audit Amendment Act No. 5 of 2018). This proposed Revised Guide has been updated for the following:

- Consequential changes made to the Guide for Registered Auditors: Auditing in the Public Sector (Revised August 2019);
- Other relevant amendments arising from the revision of the PAA; and
- Alignment of content to the updated AGSA tender process, AGSA contract work policies and procedures as well as the relevant Memorandum of Agreement between the AGSA and the audit firm.

The CFAS welcomes comments on all matters addressed in this proposed Revised Guide, and also seeks responses to the two specific questions that are set out in the Explanatory Memorandum section.

We invite auditors and other interested parties to submit any comments regarding this proposed Revised Guide. Comments, in Word format, should be submitted via e-mail to standards@irba.co.za. All comments will be considered a matter of public record.

A copy of the exposure draft is available in PDF format and may be downloaded from the exposure drafts page on the [IRBA website](#).

INTERNATIONAL AUDIT AND ASSURANCE STANDARDS BOARD (IAASB)

IAASB Quality Management (QM) Webinar Series

This is an opportunity for all firms and their personnel, and those associated as service providers to firms, to invest in preparations for the implementation of a significant change in how firms plan and manage quality.

In March 2021, the IRBA approved the IAASB suite of QM standards for adoption, issue and prescription for use by registered auditors (auditors) in South Africa. The three QM standards are:

- [ISQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or](#)

[Related Services Engagements;](#)

- [ISQM 2, Engagement Quality Reviews;](#) and
- [ISA 220 \(Revised\), Quality Management for an Audit of Financial Statements.](#)

The IAASB, in collaboration with the International Federation of Accountants, has scheduled a series of QM webinars via Zoom, with the first one held in June. These online seminars, which will also be live-streamed on the IAASB's YouTube channel, will delve deeper into aspects of ISQM 1.

This webinar series is part of the IAASB's implementation support efforts and will be available on its YouTube channel following the live sessions. Participants joining live via Zoom will be able to submit questions.

Date and Time	Topic	Link
Thursday, 24 June 2021 (Featuring IAASB members Julie Cordon and Chun Wee Chiew, and its Deputy Director Natalie Klonaridis)	<ul style="list-style-type: none"> • All You Need to Know about the Firm's Risk Assessment Process 	Click here for the recording
Thursday, 29 July 2021 1pm-2pm SAST (Featuring IAASB members Josephine Jackson and Sue Almond, and Deputy Director Natalie Klonaridis)	<ul style="list-style-type: none"> • Resources: Expectations for Firms and Engagement Partners • The discussion will include the linkage between ISQM 1 and ISA 220 (Revised). 	Click to register
Thursday, 5 August 2021 1pm-2pm SAST (Featuring the IAASB's member Chun Wee Chiew, technical advisor Denise Weber and Deputy Director Natalie Klonaridis)	<ul style="list-style-type: none"> • What's New for Firms' Monitoring and Remediation Processes 	Click to register
Wednesday, 18 August 2021 1pm-2pm SAST (Featuring IAASB members Julie Cordon and Sachiko Kai, and Deputy Director Natalie Klonaridis)	<ul style="list-style-type: none"> • Bringing It All Together: Exploring All the Components of a Quality Management System 	Click to register

New IAASB Quality Management Implementation Guides

The IAASB released two guides to help stakeholders implement its suite of quality management standards. The guides, which will help stakeholders understand the standards and properly implement the requirements in the manner intended, are:

- [First-time Implementation Guide for ISQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements;](#) and
- [First-time Implementation Guide for ISQM 2, Engagement Quality Reviews.](#)

The IAASB will also issue an implementation guide for ISA 220 (Revised) later this year. The suite of quality management standards come into effect on 15 December 2022. These publications do not amend or override the ISQMs, the texts of which alone are authoritative; and reading them is not a substitute for reading the ISQMs.

IAASB Projects in Progress

- Audit evidence;
- Technology;
- Group audits (ISA 600);
- Extended external reporting (EER) assurance;
- Audits of less complex entities (LCE);
- Complexity Understandability Scalability Proportionality (CUSP);
- Fraud;
- Going Concern;
- Professional Scepticism; and
- Listed Entity and Public Interest Entity.

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

INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (IESBA)

IESBA Launches the Post-Implementation Review of the Long Association International Independence Standard

The IESBA has released a questionnaire that seeks stakeholder feedback on key matters relating to the Long Association Post-Implementation Review (LAPIR).

Responses to the questionnaire will help inform the IESBA's review of the implementation of the five-year cooling-off requirement for engagement partners on audits of public interest entities. This review is being undertaken before the "jurisdictional provision" in the standard expires for audits of financial statements for periods beginning on or after 15 December 2023. The jurisdictional provision permits respective jurisdictions to apply a cooling-off period of less than five years, subject to specified conditions.

Click [here](#) to download an update of the LAPIR released in March 2021.

The IRBA Code of Professional Conduct and the South African Companies Act

Registered auditors have previously been advised to consider Section 92 of the South African Companies Act, 2008 (Act 71 of 2008), when reading the jurisdictional provision paragraph (R540.19) of the IRBA Code, which relates to a Position where a Shorter Cooling-off Period is Established by Law or Regulation.

IESBA Global Ethics Webinars on the Non-Assurance Services and Fee-Related Revisions to the IESBA Code of Ethics

The IESBA recently presented two global webinars that focused on the recently released revisions to the Non-Assurance Services (NAS) and Fee-related Provisions of the International Code of Ethics for Professional Accountants (including International Independence Standards).

Click on the links below to watch the recordings of these 60-minute webinars.

- [Fees Webinar](#) – featuring Ian McPhee, IESBA member and Fees Task Force Chair; and Caroline Lee, IESBA Deputy Chair and Fees Task Force member.
- [NAS Webinar](#) – featuring Richard Fleck, NAS Task Force Chair; and Kim Gibson, IESBA member and NAS Task Force member.

During each webinar, the IESBA representatives explained key provisions of the revised NAS and fee-related independence standards that will come into effect in December 2022.

IESBA Projects in Progress

- Definition of PIE and Listed Entity;
- Engagement Teams/Group Audits;
- Technology;
- Tax Planning and related services;
- Benchmarking Initiative; and
- Long Association Post-Implementation Review – Phase 1.

More information on these projects is available on the [IESBA website](#). Should you have any further queries, please email standards@irba.co.za.



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DISCIPLINARY COMMITTEE

Matters Referred for Disciplinary Hearings

Currently, there are 19 open cases that have been referred to the Legal Department for disciplinary hearings. The various matters are at different stages of the process.

Matters Heard by the Committee

During the period under review, two matters were heard and finalised by the Disciplinary Committee. A brief outline of the matters is set out hereunder.

IRBA vs Given Tumelo Ratau

Mr Given Tumelo Ratau (the respondent) was charged with nine charges of improper conduct, following an investigation by the IRBA.

At all relevant times, the respondent was a registered auditor (RA) and the sole proprietor of Lide Consultants and CAs.

The charges against the respondent emanated from a complaint received from the Law Society of the Northern Province, in relation to audit work performed in respect of attorney trust accounts.

Charges 1-6 thus concerned a number of audit failures emanating from the respondent's audit of attorney trust accounts during 2015 and 2016. Specifically, the charges related to the respondent's failure to perform or document audit procedures in relation to a confirmation of a trust position; trust shortages and trust account debits; an interest calculation; the timeous payment of interest to the law society; payments from a trust account to a business account; services offered by the attorney; journal reallocations; and compliance with the Rules of the Law Society relating to the maintenance of accounting records and trust accounts.

Charges 7-9 related to post facto modifications on working papers; failure to ensure that his engagement team had adequate competency, capabilities, capacity and supervision to perform audit work; and the failure to fully declare the assurance work performed.

The IRBA contended that the respondent's conduct, as outline in the charges, contravened Rules 2.1; 2.4; 2.5; 2.6; 2.7 and 2.17 of the Rules Regarding Improper Conduct.

The respondent pleaded guilty to charges 1-6 and denied guilt in respect of charges 7-9.

On 12 and 13 October 2020, a disciplinary hearing was convened before the Disciplinary Committee for the determination of charges 7-9, in respect of which the respondent had denied guilt. At the hearing, the parties led evidence in support of their respective cases through witnesses and documents.

The essence of the respondent's defence on charges 7-9 was as follows:

- a) The working papers were not modified post facto. The modification date was changed by the transfer of the papers from a laptop to a USB. In any event, International Standard on Auditing (ISA) 230 allowed for modifications.
- b) Notwithstanding the number of audit engagements he took up in the relevant years, his full-time employment as CFO and the fact that he was the only RA in his firm at the time, he had a competent team and exercised adequate supervision on weekends as after hours; and
- c) The failure to declare was an error occasioned by the failure in his systems at the time of declaration.

Having considered the evidence presented, the committee found the respondent guilty on the three charges in respect of which evidence was heard.

In relation to charge 7, the committee found that the evidence led by the IRBA was not meaningfully challenged by the respondent. While the committee noted the respondent's defence to the effect that ISA 230 allowed for modification, it found that such a defence was not plausible because the respondent had failed to comply with paragraph 16 of ISA 230 in as far as he did not record the modifications, reasons thereof and details relating to when and by whom the modifications were effected.

With regard to charge 8, the committee found that the respondent was overstretched and understaffed; and that he did not adequately supervise his staff, due to his immense workload and that of his staff. Further, it was impossible, under the circumstances, for him to be able to properly provide guidance, leadership and quality control over the audit process of the attorney trust accounts, as per the requirements of ISA 220.

In relation to charge 9, the committee found that the evidence showed that the respondent submitted documents that were incomplete; he under-declared his audit engagements by 49 engagements; he failed to conduct additional procedures to test for completeness; and he failed to present any objective evidence that his computer system had crashed or why he could not provide the correct numbers from the original documents in his possession. The committee further held that this charge was aggravated by the lack of immediate and corrective action taken by the respondent from the moment he became aware of the omission.

In light of the guilty finding by the committee, a sanction hearing was convened on 29 March 2021, wherein the parties were given an opportunity to submit evidence in mitigation and aggravation of the sanction. The respondent elected not to participate in the hearing and thus no evidence in mitigation of the charges was presented to the committee. Notwithstanding this, the IRBA led the evidence of three witnesses, to testify in aggravation of the charges, and provided closing arguments in respect of aggravating submissions.

In determining the appropriate sanction for the charges, the committee considered and accepted the following uncontested evidence of the IRBA, which sought to depict the seriousness of charges 1-6:

- a) Both the Legal Practitioners Fidelity Fund (LPFF) and the Legal Practice Council (LPC) have a statutory duty to warn the public against legal practitioners whom the public should not approach for legal services due to a lack of integrity. To this end, both the LPFF and the LPC rely largely on the strength of the audit reports by RAs.
- b) Inappropriate/incorrect audit reports are a threat to the sustainability of the LPFF, as inappropriate audit reports inherently heighten the risk in claims arising from theft and/or misappropriated funds.
- c) The main purpose of an engagement on a legal practitioner's trust account is for the auditor to evaluate the compliance of a legal practitioner's trust accounts with the Act and the Rules, which the respondent failed to do.
- d) The respondent's conduct increased the risk to the public and that of audit failures, which conduct is unacceptable for an RA.
- e) The six charges are tantamount to interference with the statutory obligations of the three statutory bodies, the LPFF, the LPC and the IRBA, and constituted a bar to the regulators' ability to discharge their functions in an efficient and effective manner, as envisaged in the applicable legislation.

In relation to charges 7 and 8, the committee accepted the IRBA's evidence that the respondent was unwilling to show remorse and his post facto modification of working papers compromised the integrity of the audit process and reports and was amounted to misleading the IRBA.

The committee held that charges 1-8 were interrelated, as they all relate to the same set of facts, and thus elected to view these charges cumulatively for the purpose of sanctioning. The committee was satisfied that the evidence presented showed the seriousness of the charges and that the respondent lacked an appreciation of such severity and thus poses a risk to the profession. The committee accepted that the respondent's conduct was not a once-off mistake but rather repetitive in nature, noting that the same defects were noted in the audit of six clients.

In relation to charge 9, the committee held that dishonesty in the auditing profession is something that is frowned upon, especially because it entails a deliberate misrepresentation of facts as if they are true. Further, this particular case falls on all fours and, having found the respondent to have been dishonest, it follows that his name should be removed from the register.

The committee further held that the country cannot afford unethical auditors, as that damages the profession and the country as an investment destination. There is therefore a need for the restoration of a tradition of excellence in the South African auditing profession and for practitioners in their audit work to provide assurance that the users of audited financial statements can rely on them with confidence.

In view of the above, the committee imposed the following sanction:

- a) Cancellation of the respondent's registration with the IRBA and removal of his name from the register of auditors with immediate effect;
- b) Payment of R856 653,32 towards the costs incurred by the IRBA, which represents 80% of the costs; and
- c) Publication in IRBA News and the media of the respondent's full names, the name of his firm, the charges levelled against him, as well as the decision of the committee and the sanction imposed.

The IRBA received communication from attorneys to the effect that they hold instructions from the respondent to review the decision of the committee in respect of this matter. As at the date of publication, though, the application had not yet been filed and/or served on the IRBA.

IRBA vs Pierre Le Grange

The IRBA, following an investigation, preferred four charges of improper conduct against Mr Pierre Le Grange (the respondent) who was, at all relevant times, a sole proprietor of Pierre Le Grange and Co.

The charges against the respondent emanated from a complaint received from the Law Society of the Northern Province, in relation to audit work performed in respect of an attorney trust account. The nature of the charges against the respondent can be summarised as follows:

- Charge 1 related to the respondent's failure to retain and/or produce audit files.
- Charges 2 and 3 dealt with the respondent's failure to modify the audit opinions issued in respect of attorneys trust accounts for the 2014 and 2015 financial years, notwithstanding trust account shortages, payment transfers from a trust account to a business account not supported by valid trust expenditure and the issuing of uncrossed trust cheques against the Law Society Rules. These charges also incorporated the respondent's failure to report reportable irregularities to the IRBA at the sight of the client's non-compliance with the Attorneys Act and the Law Society Rules.
- Charge 4 related to the respondent's failure to declare assurance work done on an attorneys trust account for the years 2014 and 2015.

The IRBA contended that the respondent's conduct, as outlined above, contravened Rules 2.1, 2.4, 2.5, 2.6, 2.7 and 2.17 of the Rules Regarding Improper Conduct, while the respondent denied guilt in respect of all charges.

The matter proceeded to a merits hearing, wherein the Disciplinary Committee was called to determine the respondent's guilt in respect of the charges preferred.

The merits hearing was convened on 16 November 2020. At the hearing, the respondent changed his plea and pleaded guilty to all four charges. The effect was that the respondent, by operation of law, was then regarded as guilty of all charges, for all intents and purposes.

In light of the respondent's admission of guilt, a sanction hearing was convened on 20 May 2021, for the parties to present evidence in mitigation and aggravation of the sanction in relation to the charges. At the sanction hearing, the respondent tendered his resignation as an RA and then abandoned the proceedings, electing not to lead evidence in mitigation of the sanction. Notwithstanding this, the IRBA proceeded to lead the evidence of four witnesses in aggravation of the sentence and also submitted closing arguments in support.

Having considered the evidence presented, the committee issued a ruling on sanction, wherein it found that the respondent's breach of the Auditing Standards in conducting the audits amounted to gross negligence and dishonesty on his part. In determining the appropriate sanction, the committee took the following into account:

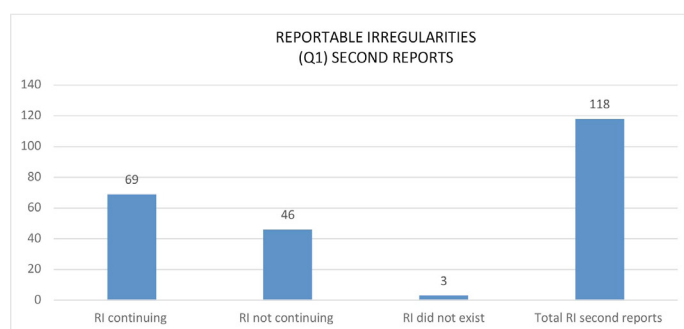
- a) The respondent failed to exercise professional competence and scepticism when conducting his audit on the attorneys trust accounts, thus placing the public in harm's way.
- b) The public holds auditors in high regard and thus great trust is placed on the opinions they express. Specifically, the Legal Practice Council and the Fidelity Fund rely on the reports to identify attorneys who fail to comply with the Legal Practice Act, and then accordingly remove such attorneys from handling public funds.
- c) The respondent was aware that the relevant attorney was defrauding the public and the legal profession, but he submitted audit reports that concealed the fraud committed by the attorney, which aggravated the misconduct committed by the respondent.

In view of the above, the committee imposed the following sanction:

- a) Permanent removal of the respondent's name from the register. *While the committee noted the respondent's resignation, it held that such removal should be permanent and that the respondent cannot at a later stage apply to be reinstated;*
- b) A total fine of R800 000, being the maximum R200 000 fine in respect of each charge;
- c) Payment of R400 000 towards the costs incurred by the IRBA; and
- d) Publication in IRBA News and the media of the respondent's full names, the name of his firm, the charges levelled against him, as well as the decision of the committee and the sanction imposed.

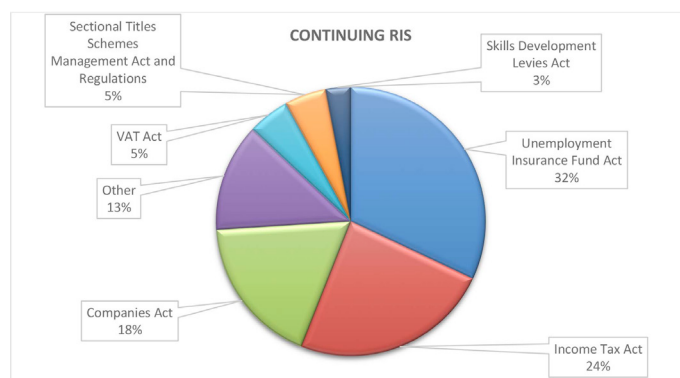
REPORTABLE IRREGULARITIES

The IRBA received 196 first reports on Reportable Irregularities (RIs) during the period from 1 April 2021 to 18 June 2021 (1st quarter reporting period). On the other hand, 118 second reports were received and processed, and their nature is highlighted below.



Note: The difference of 78 reports between the first reports and second reports received is due to timing differences in reporting these reports.

The chart below reflects the 69 continuing RIs received, categorised by nature.



Note: As depicted above, the top three types of reported contraventions related to the Unemployment Insurance Fund Act, the Income Tax Act and the Companies Act. There were also several RIs highlighting contraventions of, among others, the Sectional Titles Schemes Management Act and Regulations, the Skills Development Levies Act as well as the Prevention and Combatting of Corrupt Activities Act.

All second reports indicating continuing reportable irregularities were sent to the relevant regulators and/or authorities, in line with the provisions of the Auditing Profession Act 26 of 2005 (APA) for action.

Amendment of the 2015 Revised Guide for Registered Auditors on Reportable Irregularities in terms of the Auditing Profession Act (the RI Guide)

We wish to draw attention to the notice issued to RAs on 17 May 2021 wherein the IRBA communicated that it has embarked

on a project to amend the RI Guide. This is to give effect to the amendments made to the APA by the Auditing Profession Amendment Act 5 of 2021 (the Amendment Act), which came into effect on 26 April 2021.

In addition, a warning has been added on the IRBA website, alerting readers to the fact that the RI Guide has not been updated for alignment to the Amendment Act, specifically relating to Section 45(7) and Section (8) thereof. A copy of the [RI Guide](#) can be found on the IRBA website.

HIGHLIGHTS OF THE AUDITING PROFESSION AMENDMENT ACT 5 OF 2021

On 26 April 2021, the Auditing Profession Amendment Act was gazetted. Its amendments are aimed at strengthening the governance of the IRBA; enhancing its investigating powers; ensuring the efficiency and effectiveness of the disciplinary processes; increasing monetary sanctions that can be imposed for improper conduct; and ensuring the protection and sharing of information under the control of the IRBA.

THE AMENDMENTS AT A GLANCE

IRBA Board and Committees

The Board, the Investigating Committee and the Disciplinary Committee must be independent from the profession, this means:

- No RAs in these structures; and
- Members may not share in the profits of RAs or any persons related to RAs, or receive payments from RAs, excluding pension benefits.

Membership of the above structures must include persons who were previously RAs and have at least 10 years' experience in signing audit opinions, and legal practitioners with at least 10 years' experience practising law.

Reportable Irregularities

An RA who has sent a first report to the IRBA, reporting any irregularity, may not be removed from the engagement by either his/her firm or the client, until a second report is transmitted to the IRBA. In the event that such an auditor resigns from the firm, he/she must first do the necessary handover to the incoming auditor.

Sanctions

Non-monetary sanctions may be imposed for charges of improper conduct. These may include an order to undertake certain training or an order to implement certain controls in the audit practice, among others.

In addition to the above, the Minister of Finance is now empowered to determine and gazette the maximum fine that can be imposed by the IRBA. This will see the introduction of higher monetary sanctions for improper conduct.

Registration Requirements

All RAs, or those desiring to be registered as such, **must** belong to a professional body that is accredited by the IRBA. Currently, SAICA is the only IRBA-accredited professional body.

Persons convicted for offences related to theft, fraud, forgery, uttering a forged document, perjury, an offence under the Prevention and Combating of Corrupt Activities Act, or any offence involving dishonesty, will not be eligible for registration as auditors or candidate auditors, irrespective of the sentence imposed for such an offence.

Admission of Guilt Process

The amendments introduce an admission of guilt process, which allows the IRBA, in respect of low-risk matters and subject to the respondent's admission of guilt, to settle such matters without a referral for a disciplinary hearing.

Investigation Processes

The IRBA has the power to:

- Subpoena an RA under investigation, or any person with knowledge of the matter, to produce information that relates to the investigation.
- With consent, enter and search premises for information that is relevant to the investigation and seize any such information.
- In the absence of consent, approach the court for a warrant to conduct a search and seizure process, to obtain information that relates to the investigation.

THE AMENDMENTS AT A GLANCE

Disciplinary Committee

The IRBA can now appoint as many members of the Disciplinary Committee as it deems appropriate. The committee must be chaired by an independent retired judge or senior counsel. Three members of the committee will constitute a panel for a hearing, and this must be chaired by a legal practitioner with at least 10 years' experience and include a former RA with at least 10 years' experience in signing audit opinions.

The disciplinary panel and chairperson will be appointed by the chairperson of the committee.

Protection of Information

The IRBA is required to take appropriate measures to ensure the protection of personal information under its control. However, it is precluded from disclosing information obtained in the performance of its functions, except for the purpose of enforcing compliance with the Act or any decision made in terms of the Act; when it is required to do so by a court; at the written request of, and to, any appropriate regulator, including an appropriate international regulator of audits and auditors that requires the information for the institution of an investigation, with a view to the institution of any disciplinary process or criminal prosecution; or for purposes of referring a non-audit complaint to an accredited professional body.

Enforcement Committee

The Act has established the Enforcement Committee (previously the Disciplinary Advisory Committee) as a subcommittee of the Board. The committee has the following power:

- To consider recommendations from the Investigating Committee;
- Where grounds exist for a charge of improper conduct against an RA, to decide on whether to follow an admission of guilt process or refer the matter to the Disciplinary Committee for a hearing; and
- To refer non-audit complaints to an IRBA-accredited professional body for an investigation.

Transitional Arrangements

The sanctions applicable at the time of the improper conduct will be imposed on RAs guilty of improper conduct. Thus, new sanctions will only be imposed for improper conduct committed by RAs after 26 April 2021.

REGISTRATIONS, RE-REGISTRATIONS AND TERMINATIONS

Registry Movements (at the end of June)	
New Registrations	38
Re-registrations	13
Terminations	73
Lapses	68
Cancellations	44
Total Active RAs	3661

Note: At the time of reporting, 38 new registrations were approved and entered into the register. Also, 13 registered auditors (RAs) were re-registered, bringing the total of registrations to 51.

A total of 73 RAs were removed from the register, with the most prevalent reason for removals being resignation.

The names of the RAs removed from the register, lapsed and cancelled are provided in the tables below.

INDIVIDUALS NEWLY ADMITTED TO THE REGISTER OF THE IRBA FROM 2 DECEMBER 2020-31 MAY 2021		
Banda, Nomndeni Xolile	Howard, Anthony Keith	Peters, Andrea Claudia
Bensch, Sharon	Janse Van Vuuren, Gerrit Johannes	Phesa, Masibulele
Bosman, Jan Rudo	Jooste, Kim Nancy	Pieterse, Esther
Botes, Jan-Pierre	Jordaan, Clara Isabel	Rabinarain, Deshen
Botma, Yolandie	Landsberg, Crystal Evelyn	Rossouw, Johannes Gerhardus
Buys, Jean-Pierre	Liebenberg, Tamlyn Loraine	Seedat, Imtiaz Ahmed
Carrim, Safiyya Aziz	Louw, Michael John	Segal, Levi Yitzchok
Erasmus, Lisa	Mahomed, Shamira	Sithubi, Ropfiwa
Escott, Amy	Mayat, Nafeesahmed	Strydom, Andre
Essa, Muhammed	Moodley, Nevendran	Swartz, Ashson Lorenzo
Green, Christopher Terence	Nevondo, Ndivhuwo Juliet	Vermaak, Emmerentia
Groenewald, Andri	Nkosi, Sanele Bright Sihle	Vilakazi, Siyakhula
Hellmuth, Johannes Urbanus	Penning, Lindi	

INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE IRBA FROM 2 DECEMBER 2020-31 MAY 2021		
Brand, Michael John	Murray, Elizabeth Magdalene	Swana, Lubabalo Onke Wela
Du Toit, Jakobus Stefanus	Nyembe, Phawu Siphosethu	Van Der Merwe, Belinda
Jacobs, Melissa	Prins, Johannes Jurie	Wessels, Hendrik
Manyenge, Siphumelele	Smit, Alida Maria	
Maytham, Adrian Gerard	Soni, Thrisha	

INDIVIDUALS REMOVED FROM THE REGISTER OF THE IRBA FROM 16 MARCH 2021-14 JUNE 2021

Jada, Mohammed Younus	Emigrated	Sam, Julian	Resigned	Erasmus, Pieter Johannes Potgieter	Emigrated
Dollie, Zuhayr	Resigned	Reyneke, Dirk Johannes	Resigned	Stavast, Lammert Hendrik Arie	Resigned
Hari, Arvind	Emigrated	Lotter, Christiaan Willem	Resigned	Maritz, Yolande	Resigned
Lucouw, Pierre	Resigned	Keyter, Christina	Resigned	Bardien, Gabeba	Resigned
Roesch, Cornelius Rudolf	Resigned	Springett, Derek Peter	Resigned	Gani, Abdool Majid	Resigned
Bardopoulos, Basil George	Resigned	Bester, Marike	Resigned	Graham, Brendan Conrad	Emigrated
Coffee Henning, Sharon	Resigned	Cronje, Abraham Marthinus	Resigned	Le Grange, Pierre	Resigned
Datadin, Jawaharlal	Resigned	Balshaw, Antony Stanley	Resigned	Swanepoel, Martin Frederick	Resigned
Hechter, Lynette	Resigned	Roets, Petrus	Resigned	Orman, Wilfred Marco	Resigned
Hoosain, Zakariya	Resigned	Botha, Xavier	Resigned	Moon, Olaf Benjamin	Resigned
Oosthuizen, Andries Johannes	Resigned	Coetsier, Philippus Jeremias	Resigned	Bosch, Michiel Coenraad	Resigned
Taljaard, Jacobus Johannes	Resigned	Casper, Herschel	Resigned	Loubser, Frederik Hendrik	Passed away
Whitfield, Shawn Keith	Resigned	Benjamin-Swales, Ruth Eleanor	Resigned	Wheeler, Lionel John	Resigned
Campbell, Roy Charlton	Resigned	Fouche, Maria Johanna	Resigned	De Klerck, Aart Jacques	Resigned
Duarte, Natalia Lima	Emigrated	Sooklal, Surendra	Resigned	Fay, Paul Antony	Resigned
Joseph, Richard Anthony	Resigned	Volker, Eckhard Victor	Resigned	Kadwa, Ahmed Yousuf	Resigned
Mare, Annalene	Emigrated	Mostert, Hermanus Lambertus	Resigned	Panchbhai, Azhar Yussuf	Resigned
Terblanche, Albertus Paul	Resigned	Uys, David Herculaas	Resigned	Pretorius, Willem Lodewyk	Resigned
Duvenage, Bianca	Resigned	Koch, Francois Johannes	Resigned	Salejee, Goolam Nabie	Resigned
Huiskamp, Rudi Marius	Resigned	Sooku, Bavhana	Resigned	Sithole, Stefaan	Resigned
Meerkotter, Anton	Resigned	Lakhani, Chirag Praful	Resigned	Swart, Willem Jacobus	Resigned
Makobe, Palesa Beatrice	Resigned	Hewett, Catherine Sylvia	Resigned	Saunders, Chantal Amy	Emigrated
Saggers, Graeme Donald	Resigned	Voges, Linda	Resigned	Mzizi, Mbuyiswa Norman	Resigned
Dunn, Gary Alan	Resigned	Louwrens, Barend Jacobus	Resigned		
Fourie, Desmond Robert Peter	Resigned	Allan, Ivan Lawrence	Passed away		

INDIVIDUALS WHOSE REGISTRATIONS LAPSED DURING 2020 DUE TO THE NON-PAYMENT OF ANNUAL RENEWAL FEES AND WHO REMAINED LAPSED AS AT 31 MARCH 2021

Bah, Amadou	Jarrard, Claude Lionel	Ntsalaze, Zuziwe
Bauser, Eric William Albert	Kader, Nazrien Banu	Nyanga, Ayanda
Bhika, Bhavesh Suresh Doolabh	Kirstein, Christiaan Jacobus	Ongansie, Christopher Michael
Blok, Tom	Kissoonlal, Asmita	Ostrofsky, Howard
Botha, Nestene	Klaver, Jenny	Philippou, Philippos Christaki
Breytenbach, Eugene	Mahomed, Mohammed Yusuf	Ramokhele, Bonolo Molemo
Brueton, Terence Graeme	Makamure, Simbarashe	Ross, James Noble
Chilenge, Malson	Makhetha, Olivia Maria	Saaiman, Paul Marius

INDIVIDUALS WHOSE REGISTRATIONS LAPSED DURING 2020 DUE TO THE NON-PAYMENT OF ANNUAL RENEWAL FEES AND WHO REMAINED LAPSED AS AT 31 MARCH 2021

Coetzee, Wayne	Mamoojee, Ismail Adam	Schiffman, Michael Lawrence
Combrinck, Sarle	Manohar, Shabashni	Scholtz, Wilna Maria
Dansie, Samanta	Mapheshoane, Posholi Emmanuel	Segal, Malcolm
De Carvalho, Jose Manuel Casimiro	Matshoba, Dingane Duncan	Shamu, Jesca
Dlamini, Althea Theodoretta	Meintjes, Rene	Smith, Etienne Johannes
Dongwana, Siviwe Xolisile Arthur	Meiring, Cornelia Elizabeth	Sommerville, David Alan Sage
Du Toit, Johannes Jacobus	Mills, Kelli	Tini, Viwe
Erasmus, Jacques	Mkhokotho, Dumisani Dominic	Tlhapane, Itumeleng
Fischer, Andrew	Mojapelo, Masiba Olich	Tsotetsi, Tumelo
Goba, Malerato	Monegi, Brian Neo	Van Der Merwe, Nicolaas Johannes Stephanus
Grove, Marli	Moyo, Kudakwashe Gladys	Van Niekerk, Willem Hermanus
Grove, Pieter Jacobus	Naiker, Omera Hylda	Wessels, Barend Johannes
Henning, Kobus	Ngubane, Bhekabantu Wilfred	Wiese, Jacobus
Heydenrych, Johan	Njikelana, Randy	Wolmarans, Cornelis Johannes Andries
Hlongwa, Musawenkosi Sibusiso	Nkgodi, Rachel	

INDIVIDUALS WHOSE REGISTRATIONS WERE CANCELLED DURING 2021 FOR THE NON-SUBMISSION OF INDIVIDUAL ANNUAL RETURNS AND WHO REMAINED CANCELLED AS AT 31 MARCH 2021

Bothma, Ansu	Le Roux, Danielle	Paterson, Allan Stuart
Bruwer, Nadia Marissa	Lessing, Jacobus Paulus	Radcliffe, Gordon William
Cerny, Jaroslav	Lindemann, Ruwald Rudolph	Ratau, Tumelo Given
Davis, Craig John	Lira, Sindy	Rattan, Isayvani
Dickson, Mariska Helena	Magare, Thabang Elvis	Raw, Michael Bruce Vause
Dlamini, Althea Theodoretta	Maimela, Phasudi Erasmus	Slabbert, Christian
Esterhuizen, Pieter Willem	Masasa, Thuto Margret	Smith, Martin
Farrand, Patrick	Matshoba, Dingane Duncan	Uys, Dirk Cornelius
Fourie, Louis Pierre	Mc Clintock, Hester Isabella	Van Der Walt, Marna
Gerber, Maria Cornelia Margrietha	Metelerkamp, John Rex Neil	Van Staden, Jean-Pierre
Grobler, Hendrik Stephanus Joseves	Mongatane, Thabo Godfrey	Venter, Petrus Jakobus
Hall, Norman David	Muller, Beyers	Viljoen, Leon
Hansraj, Ajay	Mvulane, Precious Makhosazane Khanyisile	Viljoen, Liezl Maryke
Kirstein, Christiaan Jacobus	Ntumba, Melusi Christian	Wilton, Winston Keith
Le Grange, Carmen Lee-Ann	Nyanga, Ayanda	

ANNUAL RENEWALS

As at the end of the previous financial year, 68 RAs were lapsed for the non-payment of annual renewal fees, while the registration of 44 RAs was cancelled for the non-submission of Individual Annual Returns.

The 2021/2022 annual renewal process is underway, having commenced on 1 April 2021. The due date for the payment of annual fees and the submission of Individual Annual Returns was 31 May 2021. In line with Section 39(5) of the APA, the IRBA will now commence with the process of lapsing RAs for the non-payment of annual fees. Therefore, we urge all RAs who have not yet paid their annual renewal fees to do so, in a bid to avoid the lapsing of their registration.



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STRONG FIRM GOVERNANCE AND LEADERSHIP INVOLVEMENT KEY ANCHORS AS THE 8TH INSPECTIONS CYCLES KICKS OFF

The Inspections Department commenced with the first year of the 8th Inspections Cycle on the 1st of April 2021. In this cycle we continue with a risk-based focus, placing even more emphasis on the importance of strong firm governance and leadership involvement in ensuring consistent high audit quality is achieved. The 8th Inspections Cycle kicks off with, and is supported by, our value proposition statement: *Restoring stakeholder confidence through measured audit quality.*

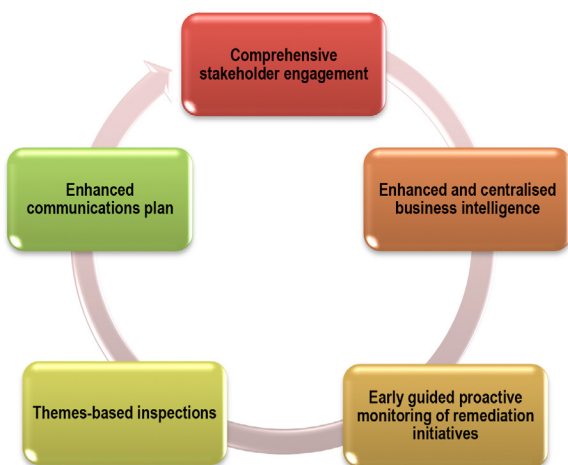
As part of the IRBA's refocused strategy, the IRBA will respond to the area of strategic focus on audit quality by, inter alia, employing and developing the relevant skills to increase the coverage of inspections. It will also be developing IT solutions that will enable it to work proactively and more efficiently in the dynamic audit environment.

The 7th Inspections Cycle is in the process of being wrapped up by the department. This will result in the communication of a detailed summary and a holistic analysis of the key deficiency themes reported over the three-year period of the 7th Inspections Cycle.

8th Inspections Cycle Strategy and Process

The strategy and process for this cycle are aligned to the IRBA's refocused five-year strategy that was adopted by the Board in February 2021 and approved by National Treasury and Parliament in March 2021. For this cycle, as with the previous ones, we are still committed to enhancing audit quality and promoting compliance with professional standards and rules.

There are notable changes, initiatives and enhancements that have been introduced in the 8th Inspections Cycle, as highlighted in the graphic below.



a. Comprehensive Stakeholder Engagement

As part of the refocused IRBA strategy, the Inspections Department will focus on increasing its stakeholder relations. This will include engaging with audit firms on a proactive basis, while maintaining independence. The department continues to engage with wider stakeholders, such as audit committee chairs of listed entities, other relevant regulators and institutions, and still assesses the need to expand the discussions to other groups, to create awareness and the possibility of collaborations as we journey towards improving audit quality.

Further, the department will follow a broader stakeholder approach to audit quality improvement that requires enhanced transparency and accountability in the public interest. As such, the IRBA will maintain its engagements with the firms to coordinate the preparation of the transparency reports and reporting on audit quality indicators to promote transparency, thus, rebuilding trust in the profession. In these engagements, the audit firms are also encouraged to continue to promptly share their latest inspection decision letters, formal reports (unredacted) and remedial action plans with audit committees of listed companies and other public interest entities (PIE) to facilitate robust dialogues on matters affecting audit quality.

In addition to the above engagements, the department has started discussions with the audit firms on the implementation of the ISQM quality standards, which will impact firm-wide inspections during the 8th Inspections Cycle. Through these engagements, the Inspections Department will closely monitor the progress by the firms in ensuring firm readiness on the implementation of the quality management standards prior to their effective date. In the first year of the 8th Inspections Cycle we are prioritising our engagements with audit firms that audit listed PIEs. In the latter part of the year we will assess these firms' state of readiness and consider communicating the outcomes with all stakeholders.

The Inspections Department will also continue to have effective engagements with the firms on other areas and topics, where necessary, to promote accountability and with an ultimate goal of improving quality. Other changes in the standards that the auditing firms need to be aware of and which we will see implemented during the 8th Inspections Cycle include ISA 220 (Revised), ISA 315 (Revised), ISA 330, ISA 600 and related audit regulations such as Mandatory Audit Firm Rotation.

b. Guided Proactive Monitoring of Remediation Initiatives

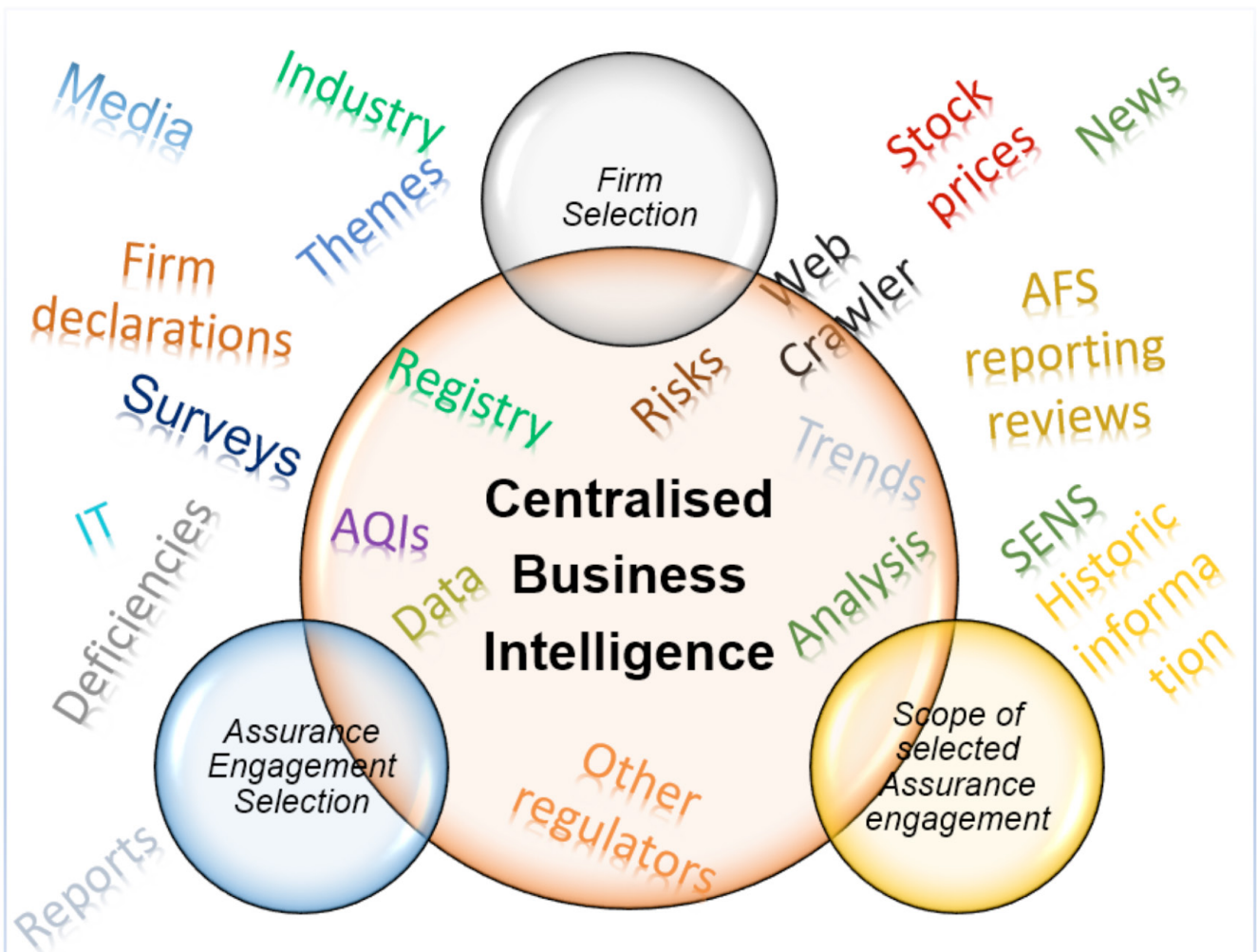
Due to the concerning trend, over several inspections cycles, of recurring deficiency themes being reported to audit firms and auditors, the Inspections Department will be introducing a guided proactive monitoring process with audit firms, as part of the 8th Inspections Cycle remediation initiatives. This proactive monitoring process will provide audit firms and auditors with

an opportunity to commence with an early remediation of the IRBA-reported deficiencies, to allow for immediate remediation or correction on the subsequent files signed off by the firms.

It is anticipated that through this process the IRBA will be able to provide further insights to relevant stakeholders on the remediation steps taken by the audit firm, and whether those steps are appropriate, in light of the deficiencies initially reported, thereby addressing the risk of repeat deficiencies. This initiative will be introduced on a voluntary basis in the latter part of the first year of this inspections cycle, with full implementation anticipated as the cycle progresses.

c. Enhanced Business Intelligence Function

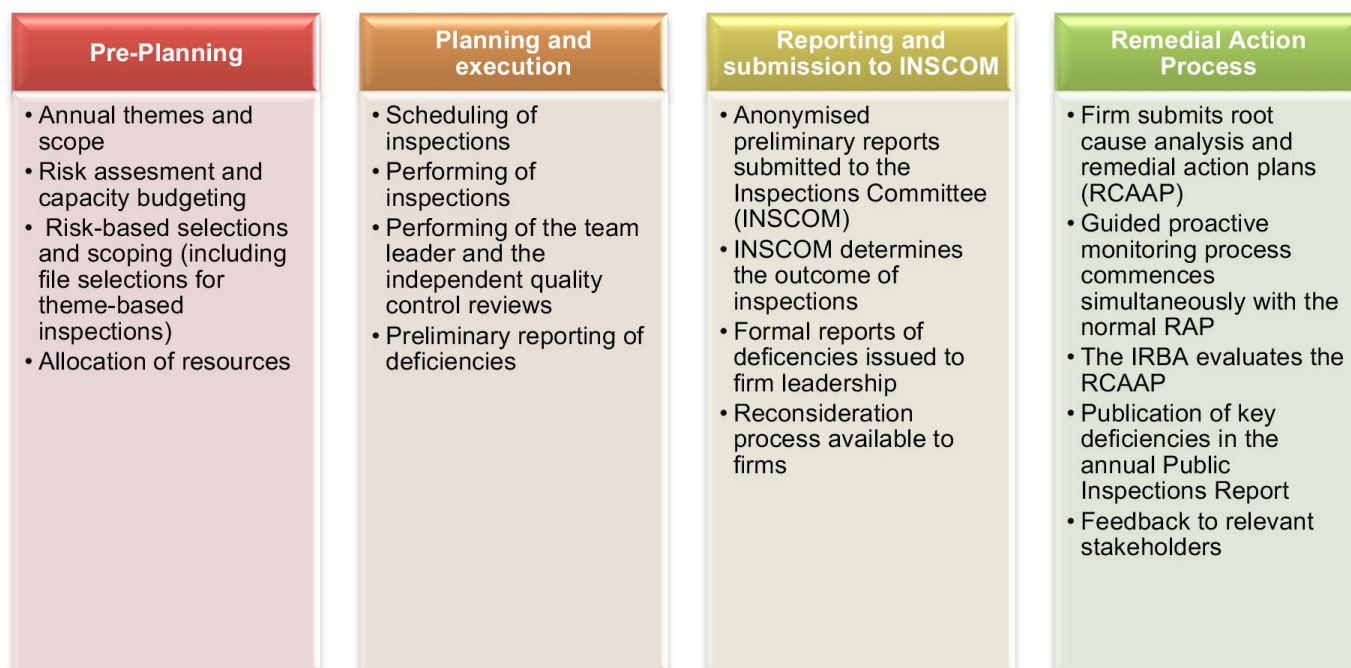
The Business Intelligence function has been enhanced by the appointment of additional capacity and centralisation within the IRBA's Executive office to enhance intelligence gathering and risk-scanning capabilities. Additionally, the IRBA's digital transformation journey is expected to automate some of the manual environmental scanning and make information gathering more efficient. Furthermore, the IRBA's strategy to increase collaboration with other regulators is expected to further refine the risk process.



d. Theme-based Inspections

There are two types of inspections that are performed: firm-wide inspections and individual assurance engagement inspections. Inspections are performed over three-year cycles. The inspections process is regularly updated in response to

changes in the environment, which includes but is not limited to, new international standards of accounting and auditing, changes in relevant legislation as well as trends identified in the political and economic landscape. In the figure below we present key aspects and tasks of the inspections process.



The department in the 8th Inspections Cycle has introduced theme-based inspections. The objective is to prompt and measure the extent to which audit firms and auditors implement appropriate remediation to address reported deficiencies (themes). The theme-based inspections will be performed on selected engagement files, in addition to the risk-based planned inspections the department selects. The scope and focus may differ from firm to firm and will be communicated to the firm leadership at the start of the inspection.

The results of these theme-based inspections will be tabled as part of the firm report to INSCOM for the decision, and the decision letter (together with the firm's executive summary report) will be communicated to the audit firm leadership. Also, the theme-based inspections, together with the scheduled or planned firm or engagement file inspections, will be performed concurrently for a specific audit firm. The themes scoped in for the firm could be specific to an audit firm, based on previous inspection deficiencies reported by the IRBA to the firm, in the Public Inspections Report and/or themes that feature in the International Forum of Independent Audit Regulators reports.

e. Enhanced Communications Plan

As part of the 8th Inspections Cycle strategy, we aim to achieve enhanced reporting by effecting changes to stakeholder reports, including the Firm Executive Summary report and the formal inspections report (engagement file inspections report). This will be achieved through improving our reporting to stakeholders by, for example, including reporting analysis and trends in the firm reports. Additionally, further information will be provided to facilitate the analysis of reports issued in the 8th Inspections Cycle, as well as end-of-cycle reporting to provide feedback on the observations noted during the cycle. We believe that these

initiatives will facilitate comparison and proactive engagement with the firms and our stakeholders to enable insightful dialogue within the profession.

Looking Ahead and Key Considerations

The 8th Inspections Cycle Manual of Information ([Inspections Strategy and Process – 8th Inspections Cycle](#)) is now available on our website. We look forward to engaging more with the firms as we work towards improving the audit quality and protecting the public interest.

As firms implement the ISQM standards, the following key questions might be worth considering:

- If the firm is early adopting the standards, will it be ready and able to implement the full suite of quality standards as required?
- Has the firm trained leadership and those responsible for the firm's system of audit quality on the requirements and the ethos of the new quality management standards to provide oversight?
- Has the firm implemented project and change/transition management processes to manage the transition to the new quality standards?
- Was there an assessment of the current ISQC 1 controls already in place versus the controls required in the new quality management standards and how this impacts the objectives of the firm? Furthermore, how does this impact the identification of the quality risks?
- Do the adopted firm policies and procedures appropriately address firm governance and the responsibilities of firm leadership?
- How has the firm responded to the scalability considerations in the new quality standards?

The IRBA's mission is to endeavour to protect the financial interests of the investing community by creating and enhancing regulatory tools and principles, to empower registered auditors to carry out their duties competently, independently and in good faith. Part of this mission entails performing inspections, in terms of Section 47 of the Auditing Profession Act, as amended. Therefore, inspections are a crucial regulatory function that gives effect to the IRBA's mandate and strategy to protect the public interest by monitoring compliance and influencing auditors and relevant stakeholders to pursue consistent sustainable high audit quality that adheres to the highest standards, while maintaining good professional relationships.



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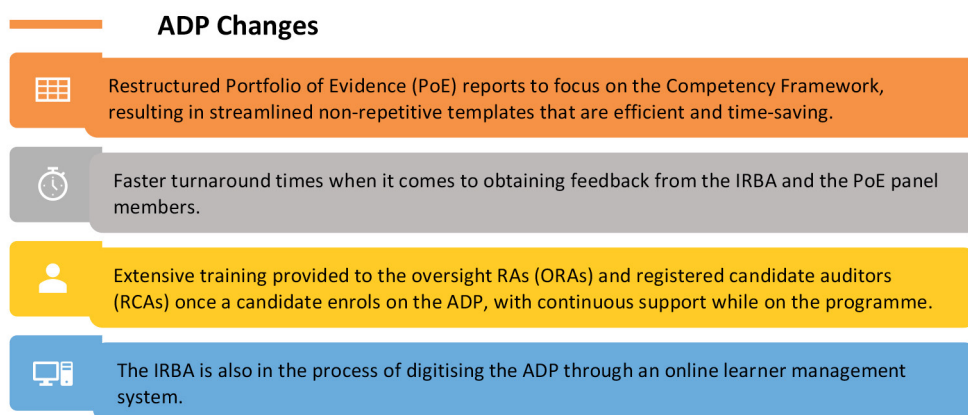
LAUNCH OF THE NEW AND IMPROVED ADP RELOADED

At the IRBA, we do not just embrace change, we reload change. Among the changes introduced in 2021 are improvements to the Audit Development Programme (ADP) processes, and that has resulted in the ADP Reloaded. The objective of the ADP Reloaded project is to holistically explore and implement solutions to improve the programme's processes and experience. In addition, the aim is to ensure that the assessment processes produce, in an efficient and effective way, suitably qualified and competent RAs.

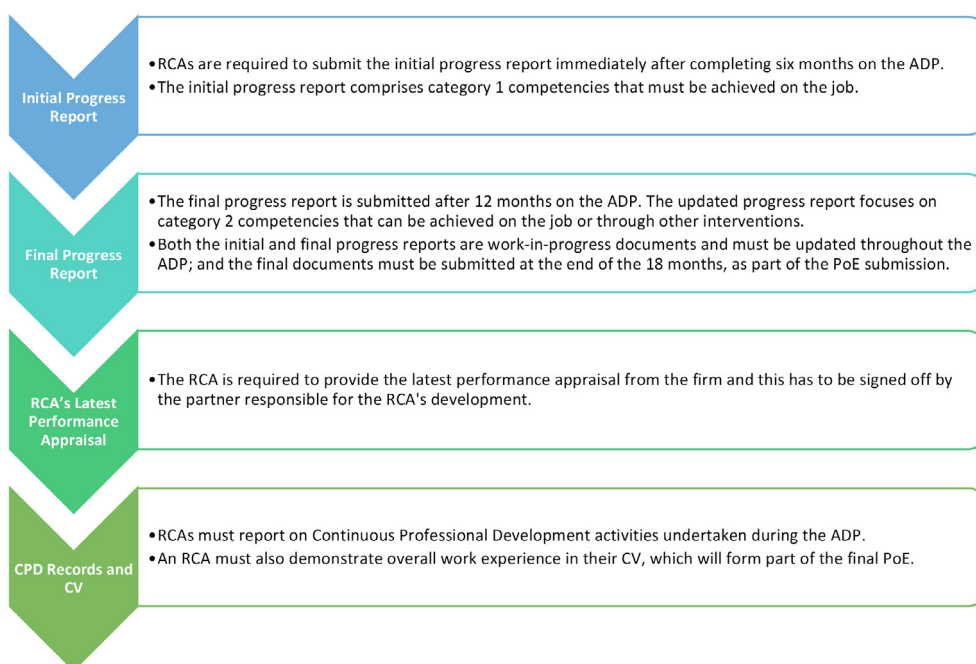
The changes started with a research project to review the ADP and identify its successes and areas of improvement. All that work ultimately culminated in recommendations to improve the ADP; and a phased-in approach has since been taken to implement the ADP Reloaded.

What are the Key Changes Forming Part of the ADP Reloaded?

The graphic below gives a brief overview of some of the key improvements that have been incorporated into the ADP Reloaded.



Phase 1 of the ADP Reloaded comprises a new PoE structure that will replace the old PoE format, and this entails the changes highlighted in the graphic below.



The ADP Reloaded re-establishes and makes clear the roles and responsibilities of all the stakeholders involved in the process – from the ORA, the RCA to the IRBA and the reviewing panel members.

The new templates also encourage the ORA to be more involved in the RCA's progress on the programme and then ensure that all the reports due to the IRBA are reviewed prior to their final submission. Furthermore, the new templates will result in the six-monthly reports plus the roles and responsibilities worksheets (old format) being replaced by the progress reports mentioned in the graphic above.

When Will the Changes Be Effective and Who is Affected?

The ADP Reloaded new templates became effective as of 1 June 2021. All RCAs who registered on the ADP less than six months prior to the effective date must now use the new PoE templates. Those who have been on the ADP for longer than six months can, at their own discretion, use either the old or new templates. However, the old templates may only be used up until 31 March 2022. Also worth noting is that those candidates using the old PoE format and who did not meet the submission deadlines will be required to use the new PoE format from the 1st of April 2022.

Training on the new PoE format is underway and will continue until all the affected stakeholders have been reached. RCAs, ORAs and PoE panel members are being provided with sufficient training and guidance to support them through the changes introduced as part of phase 1 of the ADP Reloaded.

Below are other points and new developments you can look forward to:

- RCAs who are on international secondment in their capacity as audit managers may have the international experience, limited to 12 months, recognised as part of the PoE.
- ADP Reloaded will still make provision for the recognition of prior learning, with such experience being limited to 12 months, for candidates who wish to complete the ADP in less than 18 months.
- Digitised technical content to provide extensive support for the RCAs, ORAs and PoE panel members. All the ADP content will be digitised and accessible on the ADP website, and communication on this will follow once it is finalised.
- A digital Learner Management System to administer the ADP Reloaded process online, leading to more efficiently run and streamlined registrations, and a better monitoring of deliverables and reviews. This will form part of phase 2, which is currently in the planning stage.

For more information on the new PoE structure and the new templates, please visit our [website](#).

A Developmental Advantage of the ADP: The Monitoring Visit

The ADP firm monitoring visit is an integral process within the ADP and will continue under the ADP Reloaded. These visits are performed from a developmental aspect, to assess and manage the quality of the RCAs' training process. They were designed to assess the quality of the environment in which RCAs are practising and achieving the relevant competences on the programme. It is important to note that the ADP monitoring visits are separate from the firm inspections performed by the Inspections Department.

All firms with RCAs on the ADP will be subject to an ADP monitoring visit, prior to the term of the ADP ending. A visit will focus on:

- 1) Assessing firm compliance with ISQC 1 (and other quality standards);
- 2) Verifying the validity of the progress reports or the PoE documents submitted by the RCA to the engagement files; and
- 3) Evaluating whether the firm's environment is conducive to developing an RCA to become a competent RA.

The ADP team will highlight key findings from the firm inspections and provide recommendations as to how to improve the quality control environment in the firm, as required by the quality standards.

The most common findings from ADP monitoring inspections during the past financial year were as follows:

- Lack of firm policies and procedures around the engagement file close-out and lock-down within 60 days of the audit report sign-off date, including the safe custody of signed-off manual files.
- Lack of a formal, documented performance management process for staff, outside of training articles.
- Digital signatures used to sign independence declarations did not have write-restrictions or access controls to ascertain that the individuals signed in their own capacity.
- Lack of documentation on the engagement files regarding the assessment for the need of an EQCR on the engagement, against firm policies and procedures and ISQC 1.
- Insufficient documentation regarding the risks of fraud and error on an engagement within the planning minutes. This is as required by ISA 240 and has to be discussed by the engagement partner with all team members, prior to the start of an audit engagement.
- Firm quality control manuals not revised regularly to keep abreast of quality standards changes and updates.

The ADP monitoring visit process will continue to strengthen the quality of the RAs who qualify through the ADP and add value to the firms through the robust recommendations provided to firms, where findings are identified. The common findings listed above are in congruence with the firm-side key inspection themes, as noted in the recent IRBA public visits report for the 2020/2021 financial year.

Due to the ADP being a specialist audit programme, with the added benefit of developmental monitoring, registering your audit managers on the programme will enhance the overall confidence of your staff and the audit quality in the firm. Registrations are open.

Please contact the ADP team at adpadmin@irba.co.za for any queries; or to request the team to provide a detailed presentation to your firm about the ADP Reloaded or the monitoring process.



Nadine Kater

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Transformation**

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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 below. These communiques may be downloaded from the [IRBA website](#) under the News section.

28 June 2021	Invitation to South Africa's Launch Event of the IAASB's Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Extended External Reporting (EER) Assurance Engagements
18 June 2021	CEO Update on the New IRBA Board
9 June 2021	IAASB Quality Management Webinar Series
9 June 2021	Investigating Committee of the IRBA Call for Nominations
4 June 2021	IESBA Global Ethics Webinars on the Non-Assurance Services and Fee-Related Revisions to the IESBA Code of Ethics
4 June 2021	Proposed Conforming and Consequential Amendments to IRBA Pronouncements arising from the International Auditing and Assurance Standards Board's (IAASB) Quality Management Standards
1 June 2021	Audit Development Programme (ADP) Reloaded - Phase 1
24 May 2021	Proposed Guide for Registered Auditors: Guidance on Performing Audits on behalf of the AGSA (Revised May 2021)
21 May 2021	Overview of the Amendments to the Auditing Profession Act (Updated)
18 May 2021	2021 Annual Renewal Reminder to All RAs
17 May 2021	Notice to Registered Auditors on Reportable Irregularities and to Give Effect to the Amendments to the Auditing Profession Act 26 of 2005
2 May 2021	Amended Act Strengthens the IRBA's Investigation and Disciplinary Powers
29 April 2021	IRBA Re-elected to the IFIAR Board for Another Four-Year Term
29 April 2021	Fasset Mandatory Grant Applications
28 April 2021	IESBA Launches the Post-Implementation Review of the Long Association International Independence Standard
16 April 2021	IAASB Publishes Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Extended External Reporting (EER) Assurance Engagements
13 April 2021	IRBA News Issue #53
7 April 2021	Accreditation Committee of the IRBA: Subject Matter Experts Call for Applications
1 April 2021	2021 Annual Renewal

IRBA COMMUNICATIONS

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

IRBA GETS A NEW BOARD

The Minister of Finance, Tito Mboweni, has appointed a new IRBA Board for a three-year term, following an intense nomination process overseen by the Caretaker Board comprised of Nonkululeko Gobodo and Major-General Roy Andersen. The new Board is led by Fulvio Tonelli, as Chairman; and Naidene Ford-Hoon, as Deputy Chair. As outlined by the Minister, the Board's immediate task will be to initiate a process to recruit and appoint a new CEO.

Fulvio Tonelli, CA (SA)

A former RA with more than 10 years' auditing experience, he has spent his whole career in the auditing profession and was an audit partner at the large firms from 1992. His experience includes being the audit partner on the audits of many listed entities, such as the South African Breweries, the Standard Bank Group and the FirstRand Group. He recently retired from PwC and is currently serving as a nonexecutive director of the Absa Group.

Naidene Ford-Hoon, CA (SA)

She is currently an independent consultant and was also part of the Department of Justice's Commission of Inquiry into the Public Investment Corporation. Her previous roles include having been the Head of Advisory Services at FirstRand Ltd and Chief Financial Officer at Alexander Forbes Group Holdings Ltd and the South African Reserve Bank (SARB). She is currently serving on the boards of SA Corporate Real Estate (JSE-listed REIT) and the Knysna Initiative for Learning and Teaching, a non-governmental organisation.

Ruth Benjamin-Swales, CA (SA)

A former RA with more than 10 years' auditing experience, she is the CEO of the Association for Savings and Investments South Africa Foundation. She was previously an audit partner at EY, KMMT Brey Inc. and Gobodo Inc., where she audited various large clients. She has extensive board experience and currently serves on the boards of Equites Limited, the Cape Peninsula University of Technology Investment Committee and the George Whitefield Theological Training College.

Thabiso Kutumela, Admitted Attorney of the High Court

As a member of the Legal Practice Council (LPC), she has qualifications that include a Bachelor of Law, a Bachelor of Commerce and a Master of Law. She is currently employed as a director at Shekinah Consulting Ltd and has more than 10 years of legal experience. She also previously held senior legal positions at AECI Ltd, Norton Rose Fulbright South Africa and Hogan Lovells (formerly Routledge Modise). She is part of the Appeals Board of the South African Institute for Drug-Free Sport, the Gauteng Gambling Board and also chairs the NHBRC Disciplinary Committee.

Nalini Maharaj, Admitted Attorney of the High Court

A member of the LPC and a lecturer at the University of Witwatersrand, her qualifications include a BProc and an LLB. She is the CEO of her own company, known as N Maharaj

Attorneys/Ishana Incorporated; and has served in many legal and company secretary roles for public sector institutions. She serves on the boards of the South Rand Hospital and Goldfields TVET College, in addition to being an examiner and moderator for the LPC. She also has been part of the Appeals Council for the South African Nursing Council.

Protas Phili, CA (SA)

The co-founder and Managing Director at Khwezela Investment Group (Pty) Ltd, he has a wealth of public sector experience that includes having served in senior positions at Sentech Ltd, the South African Revenue Service and the Department of Public Enterprises, among others. He is currently serving on the boards of Resilient REIT Ltd, Rand Water, the Financial Intelligence Centre and the National Nuclear Regulator.

Zine Mshengu, CA (SA)

Currently employed at the SARB as the Divisional Head: Industry Technical Support, she has auditing and banking experience. She was previously the Head of Advisory Services at FirstRand. She is a member of the IRBA's Committee for Auditing Standards, with intricate knowledge of the profession, and has served on international commissions in her role at the SARB.

Eugene Zungu, CA (SA)

With qualifications that include an Advanced Diploma in Banking Law, he is the owner and Executive Chairman of the Kimi Makwetu School of Governance. His auditing experience includes having been a partner at Deloitte and holding various positions at the Auditor-General of South Africa, including that of National Leader: Audit Services. He is an independent non-executive director of Zungu Investments Company.

Chuma Mjali, CA (SA), Chartered Global Management Accountant

She is the Deputy Head of Department and lecturer at the University of Fort Hare, while she previously lectured at the universities of the Western Cape and Cape Town. Her local and international experience includes having served as an executive committee member of the South African Chamber of Commerce UK and the South African Institute of Chartered Accountants' (SAICA) Initial Professional Development Committee, where she was also involved as an exam setter and marker for CAs (SA).

Richard Hawkins, CA (SA)

A seasoned business executive with many years of listed company experience, he is currently an independent consultant to EcoHotels. He previously was a director at Minor Hotels South Africa, Sun International Ltd and Dorbyl Ltd. He is part of the SAICA mentorship programme being rolled out for young newly qualified CAs, and has held various directorships as an executive member for Sun International subsidiaries.

We look forward to reporting to and working with the new Board, as we embark on a journey to restore confidence and trust in the IRBA and the auditing profession through our refocused strategy.