



irba

INDEPENDENT REGULATORY BOARD FOR AUDITORS

NEWS

ISSUE 50 | APRIL - JUNE 2020



COMMITMENT AND COLLABORATION

These will always be vital in our pursuit for public protection

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BUILDING A COLLABORATIVE CULTURE TO RESTORE CONFIDENCE IN THE PROFESSION

“After climbing a great hill, one only finds that there are many more hills to climb.” – Nelson Mandela

I arrived at the IRBA on the 1st of June 2020, an interesting month that was filled with many revelations. It was a month that allowed me to analyse human behaviour. This landscape of behaviours ranged from those with characteristics that cause destruction to those that lack the ability to share and those with human maturity and the capacity to engage and learn. Through it all, I was still able to see the true essence of humankind shine through some cracks within the organisation. Above all, the time allowed me to delve deeper into key areas of the business, albeit with limited access, and to discern imperatives for the IRBA.

I have been engaging with internal and external stakeholders on working together to rebuild this profession and respond to the expectations of the public that we serve and protect. This collective dialogue will be the enabler to reconstruct the IRBA's strategy and, more importantly, recreate projects that will truly enable the elevation of the confidence needed in the audit industry.

The two months into the discovery phase have been illuminating and initial assessments have revealed the following key areas that are receiving attention:

- Strategic Plan Review

- o To review the five-year Strategy and the Annual Performance Plan against the backdrop of the pandemic, the current uncertainties and new realities. This will include an analysis of whether the IRBA is “fit for purpose”, taking into consideration our financial capability, human capital capacity as well as the enhancement of the risk and opportunity management process.
- o To reimagine the Restoring Confidence Projects. We need to reflect upon and refresh these projects, particularly in the face of the current dynamics and the opportunity to leverage similar projects that are underway, e.g. those under the South African Auditing Profession Trust Initiative.

- Operational Enhancements

- o Have initiated a review of “as-is” processes to chart the way forward for digital transformation. Manual interventions are debilitating and will be automated to improve the IRBA's agility and response on key matters.
- o Exploit the power of intelligent data in the following areas to act as a catalyst to decision-making:
 - Reportable irregularities;
 - Extraction of inspection themes, for example, which standards are mostly impacted and what themes emerge on quality;

- Registry demographics, resignations and new joiners;
- Conversion rate of chartered accountants (CAs) into registered auditors (RAs); and
- Mandatory Audit Firm Rotation statistics.
- o Undertake a critical assessment on the criticism around inspections, investigations and disciplinary actions pertaining to backlogs, transparency, lengthy turnaround times, capacity constraints (both financial and human capital), huge legal costs, paltry fines and other aspects. Root causes of these will be addressed with expediency.
- o Conduct a benchmark analyses against other regulatory bodies, both locally and globally, to design new operational efficiencies across all departments.
- o Review the adeptness at selecting policies/regulatory tools/pragmatic standards that encourage accountability by harnessing industry input.

- Effective and efficient resource management

- o Focus on strategic human resource imperatives to analyse our talent, performance, remuneration and reward philosophy so as to drive productivity measures. Major initiatives will include leveraging stakeholder resources and embracing innovation and transformation through technology in our strategic intent. This will be used to remediate process deficiencies and ensure that we remain efficient and sustainable in how we do business.

- Agile response and turnaround time of processes

- o A number of our stakeholders have raised concerns about the duration of some of our processes, especially with regard to inspections and investigations. While a case can take up to 10 years to be resolved, in the meantime many lives are impacted and we lose out on the lessons that come with the merits of the case. Therefore, one of my key projects will be to look at various models the regulator can apply in working with the profession to speedily and effectively do our investigations, without compromising the IRBA's integrity, and still be able to impose reasonable fines on those found to have erred. We need to do things differently and become a more proactive regulator.

- Transformation of the profession

- o The number of RAs has been declining steadily over the past few years and this is a cause for concern. We lose more auditors than we are registering at any given time. Certainly, more effort is needed to make the profession appealing and attractive. More

importantly, focus is required to attract inclusivity to our register. The work starts with all of us working together to attract people as early as in high school and motivating them to engage with what we offer as the profession. We need to partner with the universities and the firms to influence the CA curriculum and make it more appealing to young people. As the IRBA, we are embarking on a number of initiatives to relaunch the RA brand and the Audit Development Programme (ADP Reloaded) will be our flagship project for driving transformation in the profession. Testing the veracity of the accreditation model will also be on the cards as we begin the journey to consider other professional accounting bodies.

- **Ensuring that standards are pragmatic**

- o Two of the biggest expectations from the public relate to the role of auditors in identifying fraud and the issue of ethics in the profession. The lack of clarity in this domain has prevailed for far too long. As standard setters, we should engage on whether the standards respond adequately to the challenges and address the expectation gaps.

- **Resetting the relationships**

- o We will collaborate with our stakeholders, without compromising the independence of the regulator. It is, therefore, important to work on lessons learnt through the audit failures of the past few years and address the implications of issues in the public discourse on the role and value of auditors. To emerge stronger as a profession, we need to collaborate in our efforts to restore confidence, understand the root causes and address the damage done.

- **Auditing Profession Amendment Bill**

- o We plan to engage in constructive dialogue with National Treasury on impending legislative changes and shape internal transitional arrangements to accommodate these changes.

The IRBA is indeed an organisation in transition, but the team is committed to making a difference. As I continue in my engagements with stakeholders, I remain confident that cohesive, collaborative actions will uplift the profession and restore the much-needed confidence in the ecosystem, thereby protecting the financial interests of the investing public.

We must remain cognisant that the new normal is indeed challenging; however, reimagining resilience will grant us the capacity to turn these challenges into opportunities. It is vital that we engage with clarity, conviction and commitment so as to take the profession forward by inculcating a culture that binds likeminded people to achieve the common objective of protecting the public. I look forward to working with you all. In the meantime, be safe and remain focused on the end goal.



Jenitha John
Chief Executive Officer

LIST OF TOPICS COVERED IN THIS ISSUE

- Standards:
 - COVID-19 and Auditing Standards.
 - Guide for Registered Auditors: Engagements on Legal Practitioners' Trust Accounts (Revised March 2020).
 - IRBA Staff Audit Practice Alert 4: A South African Perspective on the Auditor's Considerations Relating to Fraud.
 - IRBA Staff Audit Practice Alert 5: The Auditor's Considerations with respect to Transactions that are not at Arm's Length.
 - Retirement Fund Auditor Reports.
 - The IRBA Issues the Updated South African Assurance Engagements Practice Statement (SAAEPS) 1, *Sustainability Assurance Engagements: Rational Purpose, Appropriateness of Underlying Subject Matter and Suitability of Criteria*.
 - IAASB Publications Relating to COVID-19.
 - IAASB's New Strategy and Work Plan Focus on an Increased Agility, Enhanced Coordination and a Priority on Responding to Emerging Challenges.
 - IAASB Exposure Draft: Proposed International Standard on Auditing 600 (Revised): *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*.
 - IAASB Projects in Progress.
- Ethics:
 - IESBA Staff Questions & Answers – COVID-19: Ethics and Independence Considerations.
 - IESBA Projects in Progress.

COVID-19 AND AUDITING STANDARDS

Auditors are referred to the IRBA dedicated [COVID-19 webpage](#) where a repository of local and international guidance on the implications of COVID-19 in relation to audits of financial statements has been created. During this quarter, the IRBA released several publications, including the following:

- [The Impact of COVID-19 on the Auditor's Report: Going Concern](#);
- [COVID-19: High-Quality Audits and Its Implications for Reporting Deadlines](#);
- [COVID-19 and Its Impact on File Assembly \(Archiving\)](#); and
- [IRBA draws attention to the Key Audit Matters in auditor's reports as it relates to COVID-19](#).

COMMITTEE FOR AUDITING STANDARDS (CFAS)

Guide for Registered Auditors: Engagements on Legal Practitioners' Trust Accounts (Revised March 2020)

The CFAS, at its meeting held on 4 March 2020, approved the issue

of the [Guide for Registered Auditors: Engagements on Legal Practitioners' Trust Accounts \(Revised March 2020\)](#) (this Revised Guide) for use by auditors. This Revised Guide replaces the previous IRBA *Revised Guide for Registered Auditors: Engagements on Attorneys' Trust Accounts*, which has been withdrawn.

This Revised Guide provides guidance to auditors in the special circumstances applicable to engagements on legal practitioners' trust accounts, as required by the Legal Practice Act, No. 28 of 2014 (the Act) and the South African Legal Practice Council Rules made under the authority of Sections 95(1), 95(3) and 109(2) of the Act (the Rules), including an auditor's responsibility to report a reportable irregularity. This Revised Guide is also relevant for legal practitioners in understanding the nature of the engagement and describing the respective responsibilities of the parties.

Effective Date

This Revised Guide is effective for financial periods commencing on or after **1 March 2019**.

IRBA Staff Audit Practice Alert 4: A South African Perspective on the Auditor's Considerations Relating to Fraud

The IRBA has issued the [IRBA Staff Audit Practice Alert 4: A South African Perspective on the Auditor's Considerations Relating to Fraud \(IRBA Staff Audit Practice Alert\)](#) for use by registered auditors.

The perpetration of fraud, causing material misstatements in the financial statements and/or non-compliance with laws and regulations, has become more prevalent at entities in South Africa over the past few years. Registered auditors are required to be alert to the possibility of fraud, thereby enabling them to respond appropriately. Due to this prevalence, auditors have called for additional guidance relating to fraud.

This IRBA Staff Audit Practice Alert serves to provide auditors with implementation guidance in responding to the risks of material misstatements due to fraud and/or non-compliance with laws and regulations. It includes the following key themes:

- The primary responsibility for the prevention and detection of fraud rests with those charged with governance of the entity and management;
- The importance of applying professional scepticism and exercising professional judgment;
- The auditor's responsibilities to identify, assess and respond to the risks of material misstatement due to fraud;
- The auditor's considerations to respond to identified risks of material misstatement due to fraud, when there is a fraud investigation in progress;
- The use of forensic experts during fraud discussions, fraud inquiries and the execution of the audit, when specific factors are identified; and
- Guidance and examples to assist auditors in the application of the auditing standards and related guidance.

A dedicated [IRBA Fraud web page](#) contains a list of links to relevant audit-related guidance on fraud developed internationally and locally. The list references information that was known to the Fraud Task Group at the time of issuing this IRBA Staff Audit Practice Alert and it is not meant to be exhaustive.

This IRBA Staff Audit Practice Alert **does not constitute an authoritative pronouncement** from the IRBA; nor does it amend or override the International Standards on Auditing, South African Auditing Practice Statements or South African Guides (collectively called pronouncements). **Also, this IRBA Staff Audit Practice Alert is not meant to be exhaustive.** Reading this IRBA Staff Audit Practice Alert is not a substitute for reading the abovementioned pronouncements, as they are the authoritative texts.

IRBA Staff Audit Practice Alert 5: The Auditor's Considerations with respect to Transactions that are not at Arm's Length

The IRBA has issued the [IRBA Staff Audit Practice Alert 5: The Auditor's Considerations with respect to Transactions that are not at Arm's Length](#) (IRBA Staff Audit Practice Alert) for use by registered auditors.

Transactions that are not at arm's length may pose risks in an audit of the financial statements. The reason is, if such transactions are not identified by management and/or the auditor, that could give rise to risks that are not addressed in the audit, ultimately leading to misstatements in the financial statements. Therefore, auditors have called for guidance regarding the auditor's considerations with respect to transactions that are not at arm's length. Consequently, the IRBA has responded to the call.

As such, this IRBA Staff Audit Practice Alert serves to provide auditors with guidance and considerations to be made with respect to transactions that are not at arm's length, and the possible auditor's responses to the resulting audit risks.

This IRBA Staff Audit Practice Alert **does not constitute an authoritative pronouncement** from the IRBA, nor does it amend or override the International Standards on Auditing, South African Auditing Practice Statements or South African Guides (collectively called pronouncements). **Further, this IRBA Staff Audit Practice Alert is not meant to be exhaustive.** Reading it is not a substitute for reading the abovementioned pronouncements, as they are the authoritative texts.

REGULATED INDUSTRIES AND REPORTS STANDING COMMITTEE (RIRSC)

Retirement Fund Auditor Reports

The CFAS, subject to the Financial Sector Conduct Authority (Authority) issuing the appropriate exemption notice, approved the following retirement fund reports to be used by registered auditors:

- March 2018: Auditors' report template: Audit of the financial statements of a Large Retirement Fund (Schedule D); and

- March 2019: Assurance Report on Compliance with Regulation 28 of the Pension Funds Act.

At its meeting in November 2019, the committee noted the Schedule D and Regulation 28 retirement funds reports, which are aligned to the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018). In the reports, the committee also noted the references to the Financial Sector Conduct Authority (FSCA) as the "Authority".

The retirement fund auditor reports are available on the [IRBA website](#) in Word format.

On 5 March 2020, the Authority published the appropriate exemption notice as follows:

- FSCA RF Notice 5 of 2020 – Exemption of large funds from certain prescribed formats for preparing financial statements under Section 15 of the Pension Funds Act, 1956; and
- FSCA Communication 6 of 2020 (RF) – Exemption from using certain prescribed formats for preparing financial statements under Section 15 of the Pension Funds Act, 1956.

The documents are available on the Authority's website (www.fsc.co.za) under Home > Regulatory Frameworks > Notices > Retirement Fund > 2020 or by clicking on the following link: [List of all Notices](#).

The FSCA Communication is also available under Home > Regulatory Frameworks > Industry Communication > Retirement Fund > FSCA Communication or by clicking on the following link: [Industry Communication](#).

For further information regarding the abovementioned notice and communication, please contact the FSCA directly by emailing Ms Wilma Mokupo at Wilma.Mokupo@fsc.co.za. Refer to its website (www.fsc.co.za) for the complete set of prescribed financial statements, legislation and other information related to retirement funds.

Effective Date of the Retirement Fund Auditor Reports

Registered auditors are referred to the FSCA RF Notice 5 of 2020 and the FSCA Communication 6 of 2020 for the Authority's exemption notice allowing for the use and early adoption of the IRBA-approved retirement fund Schedule D and Regulation 28 Reports.

SUSTAINABILITY STANDING COMMITTEE (SSC)

The IRBA Issues the Updated South African Assurance Engagements Practice Statement 1, *Sustainability Assurance Engagements: Rational Purpose, Appropriateness of Underlying Subject Matter and Suitability of Criteria*

The CFAS has approved for issue the updated [South African Assurance Engagements Practice Statement \(SAAEPS\) 1, Sustainability Assurance Engagements: Rational Purpose,](#)

[Appropriateness of Underlying Subject Matter and Suitability of Criteria](#), for use by practitioners.

SAAEPS 1 was issued for use by practitioners on [5 September 2019](#), effective for the Acceptance and Continuance - Preconditions for the Assurance Engagement phase of the sustainability assurance engagement for reporting periods beginning on or after 15 December 2020. Early adoption is permitted. The effective date for the updated SAAEPS 1 remains the same as that of SAAEPS 1.

The updated SAAEPS 1 is aimed at providing practical assistance to practitioners on certain preconditions that need to be present when requested to accept a sustainability assurance engagement in accordance with the requirements of International Standards on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

An extended period of two years was provided before the effective date of SAAEPS 1 to give practitioners time to prepare for its implementation, receive training, implement it and then [provide feedback to the IRBA](#) on any implementation lessons. Also, the extended effective date allowed time for preparers of sustainability reports to receive training on the content of SAAEPS 1, as it relates to them.

Subsequent to the original issue of SAAEPS 1 in September 2018, SAAEPS 1 has been updated based on feedback from practitioners and other interested parties as follows:

- Tabulated questions contained in SAAEPS 1:
 - The questions have been converted into considerations that may assist the practitioner in making professional judgments in determining whether the sustainability assurance engagement exhibits the characteristics set out in the objective paragraph of SAAEPS 1, thereby easing the responsibility on practitioners to answer the questions, with corresponding changes made throughout.
- Extent of work to be performed during this pre-engagement stage of the assurance engagement:
 - Paragraph 12 of SAAEPS 1 has been updated to acknowledge that, for example, when the sustainability assurance engagement is an initial engagement, it is likely that the work effort to determine whether the preconditions are present may be greater than in the case of a continuing engagement. This is especially so when the entity's process to prepare the sustainability report is in the early stages and still evolving, or when the sustainability assurance engagement is complex.

The effective date of SAAEPS 1 remains unchanged and early adoption is allowed.

INTERNATIONAL AUDIT AND ASSURANCE STANDARDS BOARD (IAASB)

IAASB Publications Relating to COVID-19

The IAASB staff released several publications to highlight key areas of focus in the current environment and these may be found on the [IAASB COVID-19 webpage](#). These publications include the following:

- [Staff Audit Practice Alert: Auditor Reporting in the Current Evolving Environment Due to COVID-19](#);
- [Staff Audit Practice Alert: Subsequent Events in the Current Evolving Environment – Audit Considerations for the Impact of COVID-19](#);
- [Staff Audit Practice Alert: Going Concern in the Current Evolving Environment – Audit Considerations for the Impact of COVID-19](#); and
- [Staff Audit Practice Alert: Highlighting Areas of Focus in an Evolving Audit Environment Due to the Impact of COVID-19](#).

IAASB's New Strategy and Work Plan Focus on an Increased Agility, Enhanced Coordination and a Priority on Responding to Emerging Challenges

The IAASB has published its strategy for 2020-2023 (the Strategy) and Work Plan for 2020-2021 (the Work Plan). The Strategy sets the following three strategic objectives to focus IAASB priorities and resources during 2020-2023:

- Increase the emphasis on emerging issues to ensure that the IAASB International Standards provide a foundation for high-quality audits, assurance and related services engagements;
- Innovate the IAASB's ways of working to strengthen and broaden its agility, capabilities and capacity to do the right work at the right time; and
- Maintain and deepen relationships with stakeholders to achieve globally relevant, progressive and operable standards.

The Work Plan describes, as at the time of the December 2019 approval, how the IAASB intends to increase its focus on emerging issues, while completing the existing work already committed to and underway. In the Work Plan, the IAASB anticipates standard-setting projects on going concern, fraud and audit evidence, as well as work to address the needs of auditors of less complex entities, among other topics. To support an evidence-based and structured consideration of new topics, the IAASB Work Plan highlights a new Framework for Activities that comprises several key components to help the board develop informed and targeted responses to address emerging issues and topics of global relevance.

As International Standards on Auditing (ISAs) are prescribed for registered auditors in South Africa, and as the CFAS closely follows the work of the IAASB, consideration will be given to including the IAASB's Strategy and Work Plan into the CFAS Strategy and Work Plan.

The Strategy and the Work Plan are available in PDF formats and may be downloaded from the [IAASB website](#).

IAASB Exposure Draft: Proposed International Standard on Auditing 600 (Revised): Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)

The IAASB has issued the [proposed International Standard on Auditing \(ISA\) 600 \(Revised\): Special Considerations – Audits of Group Financial Statements \(Including the Work of Component Auditors\) \(ED-ISA 600 \(Revised\)\)](#) for public comment.

ED-ISA 600 (Revised) introduces an enhanced risk-based approach to planning and performing a group audit. This approach appropriately focuses the group engagement team's attention and work effort on identifying and assessing the risks of material misstatement of the group financial statements, and on designing and performing further audit procedures to respond to those assessed risks.

In addition, ED-ISA 600 (Revised) recognises that component auditors can be, and often are, involved in all phases of a group audit. In such circumstances, the proposed standard highlights the importance of the group engagement team's involvement in the component auditor's work.

ED-ISA 600 (Revised):

- Clarifies the scope and applicability of the standard;
- Emphasises the importance of exercising professional scepticism throughout the group audit;
- Clarifies and reinforces that all ISAs need to be applied in a group audit through establishing stronger linkages to the other ISAs, in particular to proposed ISA 220 (Revised), ISA 315 (Revised 2019) and ISA 330;
- Reinforces the need for robust communication and interactions between the group engagement team, group engagement partner and component auditors;
- Includes new guidance on testing common controls and controls related to centralised activities;
- Includes enhanced guidance on how to address restrictions on access to people and information; and
- Enhances special considerations in other areas of a group audit, including materiality and documentation.

Request for Comments

The CFAS welcomes comments on all matters addressed in ED-ISA 600 (Revised), including responses to the specific questions set out in the Explanatory Memorandum. Comments should be submitted via email to standards@irba.co.za by **4 September 2020**. All comments will be considered as a public record.

Alternatively, we invite registered auditors and other interested parties to submit comments directly to the IAASB via the [IAASB website](#) by **2 October 2020**. Due to the impact of COVID-19, the IAASB has departed from its normal 120-day comment period for public consultations.

IAASB Projects in Progress

- Audit evidence.
- Technology.
- Quality management at firm level (ISQM 1).
- Engagement quality review (ISQM 2).
- Quality management at engagement level (ISA 220).
- Group audits (ISA 600).
- Extended external reporting (EER) assurance.
- Audits of less complex entities (LCE).
- Professional scepticism.

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

INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (IESBA)

IESBA Staff Questions & Answers – COVID-19: Ethics and Independence Considerations

The IESBA staff released a Question and Answer (Q&A) publication, COVID-19: Ethics and Independence Considerations, to highlight aspects of the International Code of Ethics for Professional Accountants (including International Independence Standards) that can be relevant in navigating ethics and independence challenges and risks as a result of the COVID-19 pandemic.

The Q&A may be downloaded from the [IESBA website](#).

IESBA Projects in Progress

- Role and Mindset.
- Definition of PIE and Listed Entity.
- Engagement Teams/Group Audits.
- Technology.
- Tax Planning and related services.
- IAASB-IESBA Coordination.

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



Imran Vanker

Director Standards

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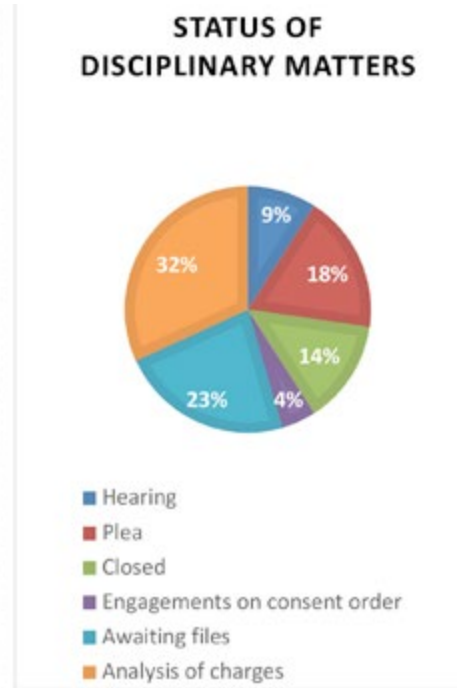
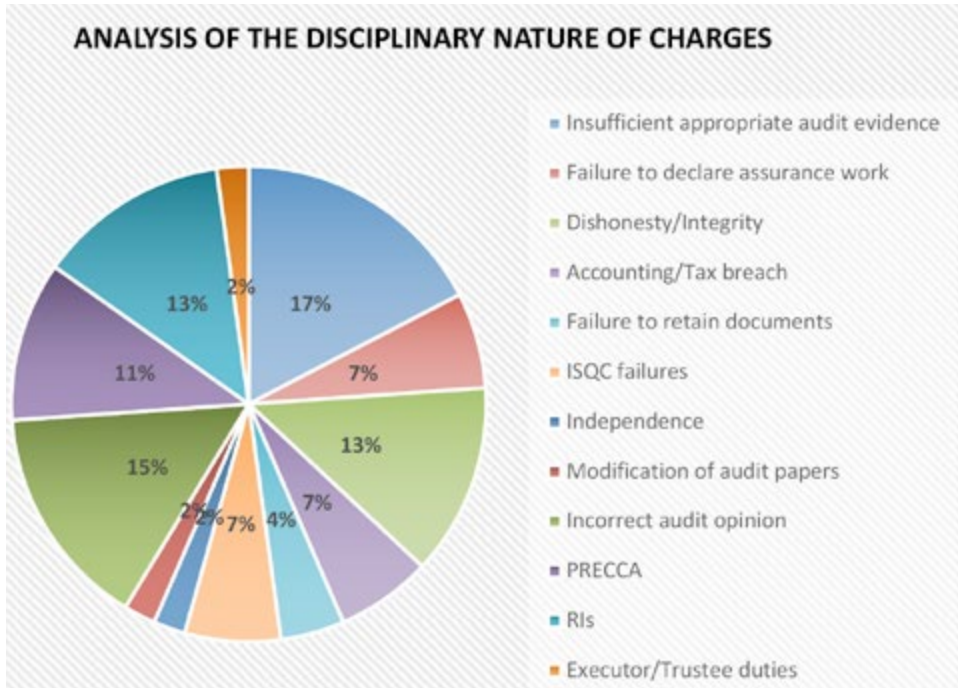
Fax: (086) 575-6535

E-mail: standards@irba.co.za

DISCIPLINARY COMMITTEE

Overview of Matters Referred for Disciplinary Hearings

Following the finalisation of three matters, 19 open cases have been referred to the Legal Department for disciplinary hearings. The graphics below outline the nature and status of all matters referred for hearings.



Closed Matters

During the period under review, three matters that were previously referred for disciplinary hearings, as a result of failed consent orders, were closed. This came about following the respondents' subsequent acceptance of consent orders and the Disciplinary Advisory Committee's agreement to rescind its prior decisions to refer such matters for disciplinary hearings.

Matter 1

The respondent failed to inform the client and the client's successor accountant of notifications received from the South African Revenue Service (SARS) regarding the submission of supporting documentation. In addition, the respondent failed to respond to the notification received from SARS.

The respondent was sentenced to a fine of R40 000, of which R20 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 2

The respondent failed to identify material errors in the going concern notes in the financial statements during the performance of the audit for two years.

The respondent was sentenced to a fine of R60 000, of which R30 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 3

The respondent, being the audit firm, entered into an arrangement with a third party in terms of which the audit firm was appointed as the auditor of shelf companies registered by the third party. The audit firm had no control over its subsequent resignation as auditor for these companies. In addition, the audit firm had no procedures in place to identify all the companies to which it was appointed as auditor.

The respondent was sentenced to a fine of R40 000, of which R20 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.

Matters Heard by the Committee

African Bank

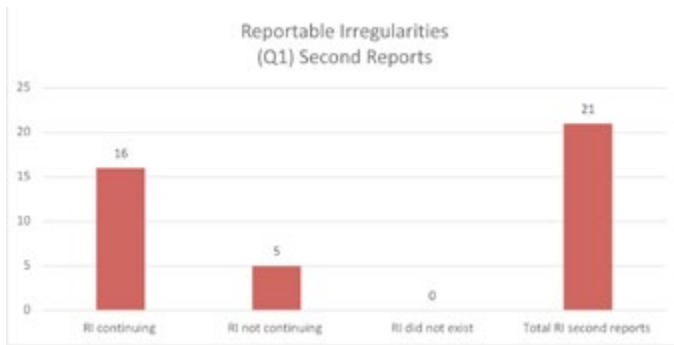
Following the adjournment in December 2019 of the merits hearing relating to the conduct of the previous auditors of African Bank, the committee reconvened on the 8th and 9th of June 2020 to hear

closing arguments from the parties, thus bringing the merits hearing to a conclusion.

The parties now await a ruling from the committee.

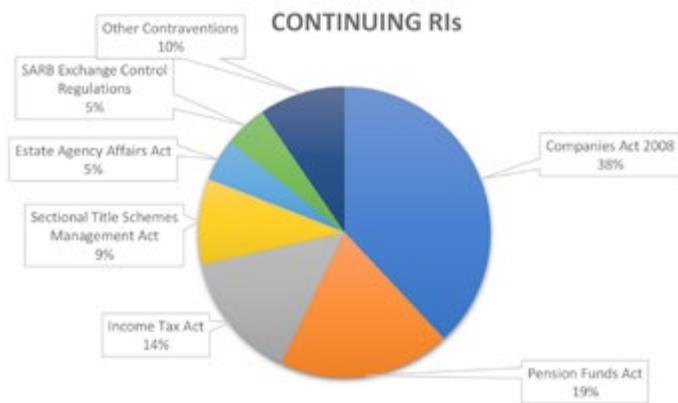
REPORTABLE IRREGULARITIES (RIs)

The IRBA processed 131 first reports on RIs during the first quarter ending June 2020. During this reporting period, 21 second reports (whose nature is highlighted below) were received and processed.



Note: The difference of 110 reports between the first and second reports received is due to timing differences in reporting between these reports, as well as the previous suspension of the computation of the 30-day period due to the COVID-19 lockdown.

Of the 16 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 Pension Funds Act and the Income Tax Act. There were also several RIs highlighting contraventions of the Sectional Title Schemes Management Act, the Estate Agency Affairs Act and the South African Reserve Bank's exchange control regulations.

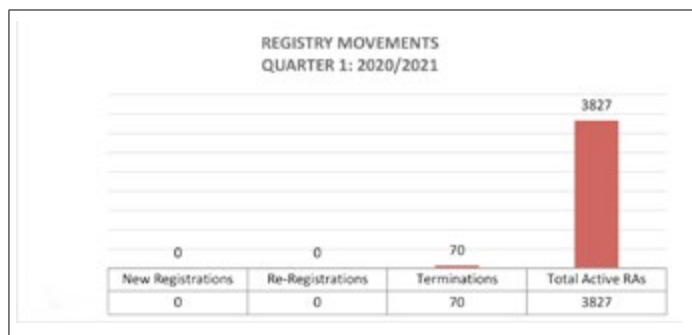
All second reports indicating continuing RIs were sent to the relevant regulators and/or authorities, in line with the provisions of the Auditing Profession Act (APA), for action.

Submission of Second RI Reports

We wish to remind all registered auditors (RAs) of the communique issued on 20 May 2020 regarding the lifting of the suspension of the 30-day period within which an auditor's second report must be submitted to the IRBA in accordance with Section 45 (3)(c) of the APA. This suspension, which commenced on 27 March 2020 due to the COVID-19 lockdown, was lifted on 21 May 2020. This means, as from 21 May 2020, the computation of the 30-day period resumed as normal.

Consequently, we urge all RAs who submitted first RI reports to the IRBA on or before 20 May 2020 and those who have not yet sent us their second reports to do so without any further delay. The IRBA acknowledges that due to ongoing restrictions on business operations, some RAs may continue to experience challenges in complying with the legislative timelines. Should this be the case, RAs are advised to submit their requests for an extension, with supporting reasons, to RIs@irba.co.za for the attention of the Director Legal.

REGISTRATIONS, RE-REGISTRATIONS AND TERMINATIONS



Note: At the time of reporting, the total number of registered auditors (RAs) was 3 827. While a number of registration applications have been received and are under consideration, there were no new registrations or re-registrations approved and entered into the register during this period.

A total of 70 RAs were removed from the register, with the most prevalent reason for the removal being resignations, followed by emigration. The names of RAs removed from the register are provided in the table below.

Overview of Lapsed and Terminated Registrations

Section 39(5) of the Auditing Profession Act, No. 26 of 2005, provides for the lapsing of an RA's registration for failure to pay individual annual renewal fees. Meanwhile, Section 39(3), read together with 40(1) of the Act and Board Notice 31 of 2019, provides for the cancellation of an RA's registration for the non-submission of an Individual Annual Return.

During the 2019/2020 financial year, 49 RAs had their registrations lapsed for the non-payment of annual fees, while 33 had their cancelled for the non-submission of Individual Annual Returns.

The names of RAs removed from the register in terms of Sections 39(5) and 40(1) of the Act are provided below.

INDIVIDUALS REMOVED FROM THE REGISTER OF THE IRBA FROM 1 APRIL 2020-30 JUNE 2020

Ball, Mark Robert	Resigned	Maritz, Ernst August	Resigned
Barath, Shamona	Resigned	Masemola, Mangakane Mamahlape Andronicca	Resigned
Berchowitz, Gary	Emigrated	Mlalazi, Thembelani Loreta	Resigned
Beukman, Christoffel Rossouw	Resigned	Munro, Louis	Resigned
Bezuidenhout, Jason Grant	Emigrated	Nawrattel, Mari-Louise	Emigrated
Billson, Michael David	Resigned	Olivier, Willem Jacobus	Resigned
Bosch, Michiel Coenraad	Resigned	Oosthuizen, Hendrina Maria	Resigned
Botes, Paul Jacobus	Resigned	Otto, Pieter	Resigned
Botha, Eduard Hendrik Karel	Passed away	Oudhof, Robert Alexander	Resigned
Botma, Nicolaas Hendrik	Resigned	Panicco, Robert Lelio	Resigned
Bristow, Yvette Jacqueline	Resigned	Petzer, Shelmadene Gwen	Resigned
Burger, Ashley Edgar	Resigned	Philippou, Christos	Emigrated
Burn, Charles Nicholas	Resigned	Powell, Robin Glyndwr	Passed away
Caldwell, Colin Sidney	Resigned	Pretorius, Jean Pierre	Resigned
Cooper, Nicola Anne	Resigned	Prins, Clive	Resigned
Cruickshank, Diane Laura	Resigned	Prinsloo, Shane Francois	Resigned
Cupido, Nadia	Resigned	Razak, Mahomed Hassan Yousuf	Resigned
Du Plessis, Totius	Resigned	Rees-Bevan, Andrew Emlyn Dow	Resigned
Edwards, Linda Gail	Resigned	Regenass, Heinrich Wilhelm	Resigned
Fick, Neil	Resigned	Rossouw, Christine	Resigned
Getz, Manfred	Passed away	Salmon, Hedley James	Resigned
Govender, Reveshen	Resigned	Stedall, Paul	Resigned
Hanner Weldon, Lana Joy	Emigrated	Swanepoel, Lehandi	Resigned
Hassen, Mahmood	Resigned	Terheyden, Annelie Elizma	Resigned
Heyns, Bruce Jack	Resigned	Thlako, Mmaudu Herman	Resigned
Ismail, Fazel	Resigned	Thorpe, Julie Claire	Resigned
Jansen Van Rensburg, Petrus Jacobus Johannes	Resigned	Van Den Ende, Pierre	Resigned

INDIVIDUALS REMOVED FROM THE REGISTER OF THE IRBA FROM 1 APRIL 2020-30 JUNE 2020

Joubert, Heinrich Jacobus	Resigned	Van Der Merwe, Felisa Eucla	Resigned
Kalan, Trushar	Resigned	Van Rooy, Simon Ludolph	Resigned
Kalogeropoulos, Stathy John	Resigned	Van Straten, Daniel Elardus	Resigned
Khan, Abdul Rahim	Resigned	Van Tonder, Marius Francois	Resigned
King, John William	Resigned	Venter, Hercules Johannes	Passed away
Laubscher, Christiaan Rust	Resigned	Venter, Marna	Emigrated
Le Roux, Francois Wilhelmus	Resigned	Vermeulen, Alwyn Johannes	Resigned
Libert, Michelle	Resigned	Weldon, Sean Guy	Resigned
Macdonald, James Donaldson	Resigned		
Marinelli, Massimo	Resigned		
Maris, Gregory David	Resigned		

INDIVIDUALS WHOSE REGISTRATIONS LAPSED DURING 2019 DUE TO NON-PAYMENT OF ANNUAL RENEWAL FEES AND WHO REMAIN LAPSED AS AT 31 MARCH 2020

Asare Bediako, Michael	Lempe, Teboho Desmond	Ramusi, Sibongile Lesetja
Bambisa, Makhosazana Sharon	Madumo, Lebogang	Salickram, Ajith
Belling, Dudley Terry	Mahasha, Presly Thabo	Schoeman, Marlice
Brandt, James Henry	Makaula, Lwandile	Sentoo, Umanand Rampursad
Chabangu, Abraham	Medupe, Nondumiso	Shezi, Malusi William
Clarke, Rudi	Mnguni, Sandile Brian	Sikwila, Chiwila Njabulo
Cronje, Willem Jacobus	Moffs, Michael	Steenkamp, Daniel
Fernandes, Rui Augusto Rodrigues	Moledi, Thabang	Terheyden, Michael Bernardus
Hood, Pamela Erica	Motshwane, Keitumetse Nomfundo Gcebile	Theron, Wilhelmina Lodewika
Jacobs, Melissa	Mpika, Mbuso Evans	Thompson, Gary
Janse Van Vuuren, Aletta Cecilia	Mtema, Bongani Tinashe Sonani	Tonge, Colm Maxfield
Jappie, Celeste Ricarda	Muhumbe, Joyce Takudzwa	Van Tonder, Jared Hugo
Jina, Ahmed Ismail	Mzamane, Ntsikelelo	Viola, Roberto Ettore Antonio
Komape, Kgabo Antonett	Nagdee, Zafeer	Weideman, Ben-Johan
Kritzinger, Jacobus Elisa	Narismulu, Prakash Krishna	Willemse, Louise Ilene
Kubayi, Hlayisani Liffness	Nzalo, Gordon Siphon	
Kwinana, Yakhe	Pandor, Ahmed Mohammed	

INDIVIDUALS WHOSE REGISTRATIONS WERE CANCELLED DURING 2019 FOR NON-SUBMISSION OF INDIVIDUAL ANNUAL RETURNS AND WHO REMAIN CANCELLED AS AT 31 MARCH 2020

Aldum, Alfred Walter	Kinnear, Natasha Lucille	Ntumba, Thulasizwe Excellent
Bosch, Francina	Koen, Warren George	Nyembe, Phawu Siphosethu
De Villiers, Karien	Madikizela, Sipehelele Welcome	Pather, Kauslin
Dhlamini, Lindani Lorna	Manilal, Manojkumar Mahendra	Pienaar, Anze
Dongwana, Neo Phakama	Marais, Abraham Christoffel	Prins, Johannes Jurie
Grobler, Daniel Benjamin	Mehlomakulu, Tendai Marshall	Prinsloo, Hermanus Gerhardus
Gumbo, Tawanda Lloyd	Meyer, Anthon Tobias	

INDIVIDUALS WHOSE REGISTRATIONS WERE CANCELLED DURING 2019 FOR NON-SUBMISSION OF INDIVIDUAL ANNUAL RETURNS AND WHO REMAIN CANCELLED AS AT 31 MARCH 2020

Hajichristoforou, Socratis	Mitchell, William	Shabangu, Nontobeko Rebecca
Hillermann, Hans-Dieter	Moroamohwebedu, Mante Happy	Terblanche, Johannes Gerhardus
Jacobson, Cyril John	Munyai, Mashudu Edward Eddie	Trytsman, John William
Jansen Van Vuuren, Chanine	Ntisana, Pumeza	Waligora, Roy Arthur

2020/2021 Annual Renewals

The annual renewal process is underway, having commenced on 1 April 2020. The due date for the payment of annual fees and the submission of Individual Annual Returns was 31 May 2020. The IRBA will now commence with the process of lapsing RAs for the non-payment of annual fees. To avoid the lapsing of one's registration, all RAs who have not yet paid their annual renewal fees are urged to do so as soon as possible.



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ADP RELOADED – THE LATEST ON THE PROGRAMME REVIEW

The primary objective of the Audit Development Programme (ADP), when it was launched in 2015, was to provide a platform that would enable registered candidate auditors (RCAs) to develop their professional competence at a registered auditor (RA) firm. The programme has successfully achieved this objective.

The ADP is a period of specialisation undertaken by professional accountants who want to become RAs. It provides a context wherein the consolidated capabilities developed in the training programme can be refined in a more complex learning environment while performing roles that are more senior to those undertaken during the training programme.

RCAs are given the opportunity to specialise as RAs by gaining exposure to a broad range of competencies required for RAs in practice to develop and enhance their:

- Professional competence and judgment;
- Ethical values; and
- Lifelong learning skills and attitudes.

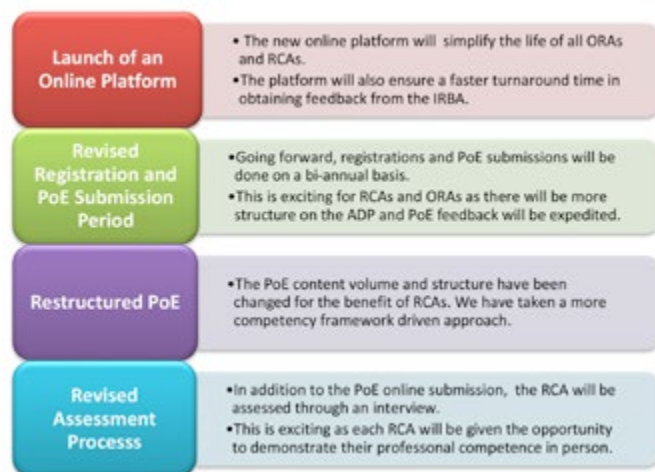
By the end of the ADP, RCAs are expected to have acquired and demonstrated competence to a level that is expected of an RA. While it has been an exciting and challenging journey to facilitate the ADP, witnessing all the RCAs who have successfully completed the programme has also been satisfying.

The strength of the ADP is that it requires collaborative efforts between firms and the IRBA. This collaboration can be witnessed through the ADP monitoring process, which is aimed at assessing whether the environment in which the RCAs are being trained is suitable to produce competent RAs. The IRBA seeks to work with firms and ensure that RCAs are provided with sufficient opportunities, within a quality environment, to develop their audit competence to a point where they can provide professional services to their clients, employees and the public at large.

In 2019, the Education and Transformation team commenced with an ADP review project to identify areas for improvement and then ultimately recommend solutions. After the initial self-assessment, the team conducted extensive consultations with ADP stakeholders to obtain feedback on all the components of the programme in its current form. The stakeholders – including RCAs, oversight RAs (ORAs) and the Portfolio of Evidence (PoE) panel members – were asked to submit surveys and attend focus groups and workshops throughout the initiation phase.

We successfully completed the research and noted both the strengths and improvement areas within the ADP. We then decided to create an action plan to ensure that the improvement areas are adequately

addressed, and to also respond positively to our stakeholders. All this resulted in what we have termed the ADP Reloaded. It should be noted, though, that this is not a new programme, but rather the same ADP that has now been strengthened even further through various exciting initiatives, as depicted in the graphic below.



A project plan is in place to effectively implement these initiatives. We are very pleased with the ADP Reloaded because it will ensure that RCAs and ORAs have an improved experience, and that will strengthen the programme even more. Look out for more communications regarding ADP Reloaded as we embark on this fulfilling journey of responding to the needs of our stakeholders. Contact us on adpadmin@irba.co.za for further information.



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Director Education and 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 issue is set out below. These communiques may be downloaded from the [IRBA website](#) under the News section.

30 June 2020	Auditors' Duty to Report RIs on Non-compliance with the EAAB Regulatory Deadline of 30 June 2020
30 June 2020	Inspections Committee of the IRBA Call for Nominations
30 June 2020	IRBA Staff Audit Practice Alert 5: The Auditor's Considerations with Respect to Transactions that are not at Arm's Length
22 June 2020	The IRBA Issues the Updated South African Assurance Engagements Practice Statement 1, Sustainability Assurance Engagements: Rational Purpose, Appropriateness of Underlying Subject Matter and Suitability of Criteria
18 June 2020	IRBA Staff Audit Practice Alert 4: A South African Perspective on the Auditor's Considerations Relating to Fraud
15 June 2020	IRBA's Banking Details Remain Unchanged
29 May 2020	Assurance Fees Payable to the IRBA with Effect from 1 April 2020
29 May 2020	Call for New Projects for the CFAS Work Programme
25 May 2020	Different Interpretations of Permitted Services Under Alert Level 4 Lockdown Regulations
22 May 2020	Impact on Audits Due to COVID-19: Related Publications
22 May 2020	Disciplinary Committee of the IRBA Call for Nominations
20 May 2020	IRBA Lifts the Suspension on the Submission of Second Reportable Irregularities Reports
18 May 2020	IRBA Draws Attention to the Key Audit Matters in Auditor's Reports As It Relates to COVID-19
15 May 2020	Extension for the Submission of the Legal Practitioners' Trust Accounts Assurance Report
15 May 2020	Investigations Committee of the IRBA Call for Nominations
11 May 2020	Disciplinary Committee of the IRBA Call for Nominations
4 May 2020	Exposure Draft: Proposed International Standard on Auditing 600 (Revised) Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)
28 April 2020	Guide for Registered Auditors: Engagements on Legal Practitioners' Trust Accounts (Revised March 2020)
28 April 2020	IRBA Board Appoints Jenitha John as New CEO
23 April 2020	COVID-19 and Its Impact on File Assembly (Archiving)
22 April 2020	IAASB's New Strategy and Work Plan Focuses on Increased Agility, Enhanced Coordination and a Priority on Responding to Emerging Challenges
21 April 2020	COVID-19: High-Quality Audits and Its Implications for Reporting Deadlines
16 April 2020	The Impact of COVID-19 on the Auditor's Report: Going Concern
07 April 2020	IRBA News Issue #49
03 April 2020	General Extension on Financial Reporting Periods
02 April 2020	Investigations Committee of the IRBA Call for Nominations
1 April 2020	Response to Accountants and Auditors Wanting their Services to be Designated as Essential
1 April 2020	2020 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 email Lebogang Manganye at lmanganye@irba.co.za.

COVID-19 SUPPORT FOR SMALL AND MEDIUM PRACTICES

The IRBA embarked on a project to seek information and provide guidance to small and medium practices (SMPs) regarding access to the available funding options for COVID-19 financial relief. We managed to liaise with the following funders:

- The Department of Labour (UIF);
- The Department of Small Business Development; and
- The Property Industry Group.

We informed them of our willingness to assist registered auditors with accessing the various funding options that are available. The funders, however, emphasised that it is essentially up to the audit firms themselves to ensure that they apply correctly for the available benefits.

Nevertheless, a channel of communication with these funders has now been established. To that end, the IRBA will endeavour to communicate to them any systemic issues that registered auditors bring to our attention regarding difficulties with accessing the benefits.

In addition to liaising with the funders, we also tried to contact the SA Future Trust and the Sukuma Relief Program. Feedback, though, was limited to standardised emails received from two commercial banks detailing the process to follow to apply for funding.