

3 April 2023

The Director Standards
Independent Regulatory Board for Auditors (IRBA)
PO Box 8237
Greenstone, 1616
South Africa

By e-mail: standards@irba.co.za

Dear Imran,

Deloitte comments on the revision to the definitions of Listed Entity and Public Interest Entity in the Independent Regulatory Board for Auditors Professional Code of Conduct

We thank you for your invitation to provide comments on the proposed Independent Regulatory Board of Auditors (IRBA) *Revisions to the Definitions of Listed Entity and Public Interest Entity in the IRBA Code*.

We include our comments to the specific detailed questions in Annexure A of this letter.

Please do not hesitate to contact us should you wish to discuss any of our comments. You are welcome to contact Carla Budricks at cbudricks@deloitte.co.za.

Sincerely,

Carla Budricks

Deloitte Africa Regulatory Lead



National Executive: *R Redfearn Chief Executive Officer *GM Berry Chief Operating Officer JW Eshun Managing Director Businesses LN Mahluza Chief People Officer *N Sing Chief Risk Officer AP Theophanides Chief Sustainability Officer *NA le Riche Chief Growth Officer *ML Tshabalala Audit & Assurance AM Babu Consulting TA Odukooya Financial Advisory G Rammego Risk Advisory DI Kubeka Tax & Legal DP Ndlovu Chair of the Board

A full list of partners and directors is available on request * Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Annexure A: Comments on the Revision to Definition of Listed Entity and Public Interest Entity in the IRBA Code

Question 1

Do respondents believe that the proposed amendments provide useful guidance to help the Registered Auditor in determining whether an entity is a public interest entity? Yes / No.

If “No”, please indicate additional guidance is needed.

1. Deloitte believes that the proposed amendments provide useful guidance to help Registered Auditor in determining whether an entity is a public interest entity.

Question 2

Do respondents agree that public entities listed in schedule 2 of the Public Finance Management Act No. 1 of 1999 should be identified as public interest entities?

If “No”, please explain your view and provide a suggested way forward.

2. Deloitte agrees that public entities listed in schedule 2 of the Public Finance Management Act No. 1 of 1999 should be identified as public interest entities.

Question 3

Do respondents agree that public entities or institutions authorised in terms of legislation to receive money for a public purpose with annual expenditure in excess of R5 billion or who are responsible for the administration of funds for the benefit of the public in excess of R10 billion as at financial year end should be identified as public interest entities?

If “No”, please explain your view and provide as suggested way forward.

3. Deloitte agrees with the proposed amendments relating to public entities or institutions.

Question 4

Do respondents agree that all universities as defined in the Higher Education Act No. 101 of 1997 should be identified as public interest entities?

If “No”, please explain your view and provide as suggested way forward.

4. Deloitte agrees with the inclusion of all universities as defined in the Higher Education Act No. 101 of 1998 as public interest entities. Clarification is however sought on whether the intention is to include both private and public universities.

Question 5

Do respondents agree with the proposed harmonisation of the thresholds to R10 billion as follows:

- (i) Collective Investment Schemes, including hedge funds, in terms of the Collective Investment Schemes Control Act No. 45 of 2002, that hold assets in excess of R10 billion.
- (ii) Funds as defined in the Pension Funds Act No. 24 of 1956, that hold or are otherwise responsible for safeguarding client assets in excess of R10 billion.
- (iii) Pension Fund Administrators in terms of Section 13B of the Pension Funds Act No. 24 of 1956 with total assets under administration in excess of R10 billion.
- (iv) Financial Services Providers as defined in the Financial Advisory and Intermediary Services Act No. 37 of 2002, holding financial products or funds on behalf of clients in excess of R10 billion.
- (v) Authorised users of an exchange as defined in the Financial Markets Act No. 19 of 2012, who hold or are otherwise responsible for safeguarding client assets in excess of R10 billion.

If “No”, please explain your view and provide a suggested way forward.

5. Deloitte agrees with the harmonisation of the threshold of R10 billion.

Question 6

Considering the proposed thresholds outlined in question 5 above, are respondents aware of entities that could fluctuate from being a public interest entity to not being a public interest entity, year on year, as a result of the proposed thresholds?

If “Yes”, may you please indicate how many.

6. No information came to our attention where entities fluctuate from being a public interest entity to not being a public interest entity, year on year, because of the proposed thresholds.

Question 7

Do respondents agree with the proposed threshold of 89 000 beneficiaries for medical schemes?
If “No”, please explain your view and provide a suggested way forward.

7. Deloitte agrees with the proposed threshold of 89 000 beneficiaries for medical schemes.

Question 8

Do respondents believe that the thresholds set in paragraph R400.18 SA will allow consistent application of the code and are appropriate?
If “No”, please explain your view.

8. Deloitte agrees that the thresholds set in paragraph R400.18SA will allow for a more consistent application of the Code and is appropriate. Concerns were however expressed re paragraphs 400.9 and 400.19 A1 representing other paragraphs in the Code that may lead to inconsistency in the determination of public interest entities by registered auditors. Whilst the paragraphs relate to the IESBA Code we include this in our comments to highlight the potential of such inconsistent application.

Question 9

Do respondents believe that there are other types of entities that should be included in paragraph R400.18 SA?
If “Yes”, please provide details and an explanation to support the response.

9. Although Deloitte believes that the types of entities included in paragraph 400.18 SA is adequate, consideration can perhaps be afforded to the inclusion of credit bureaus as contemplated in the National Credit Act.

Question 10

Do respondents agree with the proposed definition of publicly traded entity?
If “No”, please explain your view.

10. Deloitte agrees with the proposed definition of publicly traded entity.

Question 11

Do respondents agree with the effective date proposed?

If "No", please indicate the reason for the disagreement as well as an effective date and transitional provisions that will be more appropriate.

11. Deloitte agrees with the proposed effective date of 15 December 2024.