

# IRBA NEWS

ISSUE 67 JULY - SEPTEMBER 2024

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With the rapid pace of technological  
advances and access to more data sources  
**GREATER ASSURANCE & IMPROVED  
EFFICIENCIES ARE ATTAINABLE**

*Photo by HD Wallpapers on StockSnap*

**iRBA**

INTEGRITY | PUBLIC INTEREST | AUDIT QUALITY

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**Imre Nagy**  
Chief Executive Officer

# CEO'S PERSPECTIVE

## TECHNOLOGICAL ADVANCES ARE TRANSFORMING THE AUDITING PROFESSION

Rapid advancements in technology, such as artificial intelligence (AI), automation and data analytics, are transforming the auditing profession. In fact, technology could potentially change the audit process, with a shift from historical to real-time audits and from reactive risk identification to forward-looking and proactive risk identification through AI and predictive analytics tools.

These developments are making it that more critical for the auditing profession to keep up with the impact of technological advancements and the related cybersecurity risks, among others, when it comes to audits. Already, we have seen audit firms that have invested significantly in developing their own innovative audit technologies and started to build the necessary skills and competencies to audit clients that use disruptive technology.

Advancements in technology are creating access to additional sources of information outside of the financial ecosystem (e.g. environment data, social media monitoring, etc). As a regulator, this means we also have to embrace digital transformation for us to keep up with the changes in technology. We believe that with the right technology, auditors will be able to enhance the way they service their clients. Essentially, there is potential for greater assurance and efficiency, with some tools such as advanced data analytics and automation making it likely for auditors to test a greater sample of the population and allowing them the space to focus on other audit areas that might need more of their time and attention.

The impact on auditor skillsets is another reality that we have to face where auditors will need to learn new competencies and skills outside of the traditional finance space, to remain relevant as professionals. In line with these technological developments, the Independent Regulatory Board for Auditors (IRBA) is also revising its Competency Framework to look at the skills that future auditors will require to effectively and competently carry out their responsibilities.

### **Setting a Solid Foundation for a Future-fit Regulator**

As part of our ongoing evolution as a regulator, we conducted an extensive strategic consultation process with our stakeholders to develop the IRBA's Strategic Plan for 2026-2030. The discussions surrounding its formulation are now concluding, and upon approval, we will provide further details on the implementation of the planned initiatives. We extend our sincere thanks to all our stakeholders who took time to share their insights and provide valuable input throughout this process.

## Welcome to Our New Operations Head

We are pleased to announce the appointment of Marius Fourie as the new Director Operations. Marius has been a valued member of our organisation for more than 16 years, and we are confident in his ability to lead the Operations team with distinction and drive our strategic initiatives forward. (See more on page 34.)

## In Remembrance of Bilal Saloojee

On a more sombre note, I would like to take the time to honour the memory of Bilal Saloojee, one of our inspectors who recently passed on. When he joined the IRBA back in 2017 as part of the Inspections team, it was during my tenure as the Director Inspections. The palpable passion he showed for his work and the profession was admirable. My heartfelt condolences to his family, colleagues and friends, and I wish them comfort during this difficult time. May his soul rest in peace. (See page 34 for the tribute.)

### **Imre Nagy**

*Chief Executive Officer*





**Imran Vanker**  
Director Standards

# STANDARDS

## A SNAPSHOT OF THE TOPICS COVERED

- Standards:
  - Date to Diarise for an Upcoming IRBA Webinar.
  - Recording and Presentation Slides Now Available: Fraud, Financial Reporting and the Role of the Auditor – The IRBA Indaba.
  - Artificial Intelligence Audit Risks Mitigation Update.
  - Staff Audit Practice Alert 10: Key Considerations – Acceptance and Continuation of Client Relationships of Audit Engagements.
  - IAASB Projects in Progress.
  - IAASB Publications.
- Ethics:
  - IESBA Projects in Progress.
  - IESBA Publications.

## DATE TO DIARISE FOR AN UPCOMING IRBA WEBINAR

On 21 November 2024, the IRBA will be hosting a webinar on Sustainability – The Big Picture. The event promises to be enlightening and engaging, with a range of subjects that will be tackled by various experts. This event has been designed to foster collaboration and make a significant contribution to the evolution of standard setting and the delivery of high-quality audits.

### Who Should Attend?

The stakeholders that will benefit from this webinar include auditors in public practice. Additionally, kindly extend this invitation to colleagues within firms, such as associate directors, audit managers, supervisors, registered candidate auditors and audit trainees.

Other stakeholders, especially those that engage with auditors, are also encouraged to attend because the insights they will gain will add value to their interactions with these professionals.

### How to RSVP?

The webinar will be free of charge. Further details and a formal invitation will be shared in due course. It should be noted, though, that our programme and date are subject to change, without notice. We look forward to your attendance and participation.

## RECORDING AND PRESENTATION SLIDES NOW AVAILABLE: FRAUD, FINANCIAL REPORTING AND THE ROLE OF THE AUDITOR – THE IRBA INDABA

Recently, we hosted the Fraud, Financial Reporting and the Role of the Auditor IRBA Indaba. The purpose of the event was to facilitate real discussions about fraud, as well as to engage and learn from those with real fraud-related experience. Furthermore, the event emphasised the importance of addressing fraud in financial reporting and highlighted the role of auditors in this context. It also served as a platform for sharing useful resources and insights on this topic.

The recording<sup>1</sup> of the webinar and presentation slides are available on the [IRBA website](#).

## ARTIFICIAL INTELLIGENCE AUDIT RISKS MITIGATION UPDATE

*The information below was generated by an AI tool. It has been edited and reviewed by specialists and authorised for issue by the Director Standards.*

As already highlighted with regard to advancements in technology, registered auditors and firms need to be aware of some developments in AI and the potential implications for the auditing profession. For instance, new and improved AI tools have the capability to generate not only natural-sounding language, but also images, videos and audio, based on input prompts. These tools have the potential to create more realistic and convincing false evidence or fabricated working papers, which can undermine the integrity and reliability of the audit process and the financial statements.

Some registered auditors and firms may be aware that we issued a [communiqué](#) on 12 January 2023, titled *Artificial Intelligence Audit Risks Mitigation*, in which we recommended some safeguards to mitigate the risks posed by generative AI tools in the auditing profession. These safeguards included developing a clear policy on the use of AI tools within the firm and on audits, establishing procedures to verify the authenticity of evidence and working papers; developing a protocol to monitor the use of AI tools within the firm and on audits; and including language in engagement letters that covers the use of AI tools in audits.

Below is a summary of the risks mentioned in that [communiqué](#) and an update on how those may have changed.

Risk	Description in 2023	Change in 2024
False evidence generated by the auditee and fabricated working papers created by the auditor	The use of GPT-3 and other AI tools to generate natural-sounding language, including written text, which can be used to create false evidence and fabricated working papers, leading to inaccurate conclusions and misstatements in financial statements.	The risk is likely increasing, due to the development of more advanced AI tools that can generate not only text but also images, videos and audio, making it harder to detect falsified evidence and working papers.
Ethical violations	The use of AI tools to commit fraud and misrepresentation, leading to disciplinary action or legal penalties.	The risk is likely increasing, because of the proliferation of and access to AI tools and the lack of adequate regulation and oversight; thus, making it easier for preparers, those charged with governance, auditors and firms to engage in questionable conduct.

<sup>1</sup> Due to high attendance, bandwidth issues affected the presenters' cameras in Part 1 of the event and caused slide delays during session 2. We recommend downloading the slides to follow along with the audio. We apologise for the inconvenience, but trust that you will still benefit from and enjoy the information shared.

Risk	Description in 2023	Change in 2024
Quality management	The lack of clear policies and procedures on the use of AI tools within the firm and on audits, and the lack of training and monitoring for staff on the risks and proper use of these tools.	The risk remains. However, it may be responded to where firms have successfully implemented the International Standard on Quality Management (ISQM) 1, <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</i> , prescribed by the IRBA, as ISQM 1 provides guidance and requirements for firms to establish and maintain a system of quality management, including the <i>Use of Technological and Intellectual Resources</i> (refer to ISQM 1.32(f)-(g) and A104).

While confidentiality concerns were not explicitly mentioned in the previous communique, that has been recognised as an ongoing concern. The use of generative AI tools may lead to an unintended disclosure of sensitive information, heightening the need for robust data protection measures. Other risks may have also emerged since our first communique, and the recommendations below hopefully address those.

We reiterate the importance of implementing controls and safeguards, and urge registered auditors and firms to review and update their policies and procedures to reflect the latest developments in AI and the associated risks. ISQM 1 requires that as firms identify additional or modified risks, they should design and implement additional responses to those risks. In addition, at this stage we recommend the following:

- The reliability of information technology (IT) general controls at clients and firms should remain a priority, to support the integrity of the data used by AI.
- Apply professional scepticism and judgement when evaluating the evidence and working papers generated by AI tools and seek corroborating evidence from independent and reliable sources.
- Address the risk of over-reliance on the AI tool, including the need to understand the AI model, explain its algorithm and how it addresses bias. Also, ensure that AI models are transparent by maintaining an audit trail to make them explainable.
- Firms may consider developing a certification process for new technological resources prior to their adoption on audits, ensuring that only certified tools are utilised and that necessary resources and skills are integrated into the certification process.
- Consider, when relevant, the use of appropriate tools and techniques to detect and prevent the use of falsified evidence and working papers, such as digital forensics, encryption and other technology tools.
- The resourcing of engagement teams and service centres, to appropriately apply the AI tools and interpret the results as evidence for the engagement, is crucial.
- Communicate with the audit committee and the management of the audited entity to identify the latter's use of AI tools throughout its control environment; and, in turn, about the use of AI tools in the audit process and the risks involved.
- Report any instances of fraud or misrepresentation involving the use of AI tools in accordance with laws and regulations, the auditing standards and the IRBA Code of Professional Conduct for Registered Auditors (Revised April 2023) (IRBA Code).
- It is advisable for audit firms or engagement teams to carefully evaluate whether the prompts and information entered into or shared with AI tools will be kept confidential.

By taking these steps, registered auditors and firms can help to maintain the quality and credibility of the audit process and protect themselves, their firms and their clients from some risks posed by AI tools.

In conclusion, we want to remind registered auditors and firms that they play a critical role in ensuring the accuracy and integrity of financial information that is relied upon by investors, stakeholders and the public. The use of AI tools in the financial reporting and governance processes, specifically in the audit process, may provide certain benefits, but it also poses significant risks that must be managed effectively.

## COMMITTEE FOR AUDITING STANDARDS (CFAS)

### Staff Audit Practice Alert 10: Key Considerations - Acceptance and Continuation of Client Relationships of Audit Engagements

The environment in which clients operate has become more complex. There are increased regulatory requirements as well as new and revised legislation in many industries that are impacting the relevant acceptance and continuance assessments that audit firms make.

In response to these developments, the IRBA has issued the *Staff Audit Practice Alert 10: Key Considerations - Acceptance and Continuation of Client Relationships of Audit Engagements* (IRBA Staff Audit Practice Alert), to assist auditors. This has been prepared with the assistance of the CFAS.

A distinguishing mark of the auditing profession is its acceptance of the responsibility to act in the public interest. While client acceptance and continuance is a critical step in an audit, it may not always get the appropriate level of attention. The negative actions of clients can sometimes rebound on audit firms, damaging their reputations. Addressing this risk means carefully vetting clients and their activities at every stage of the audit engagement.

Therefore, this IRBA Staff Audit Practice Alert provides auditors with key considerations regarding the acceptance and continuation of client relationships of audit engagements, and it covers:

- a) Procedures or factors that an audit firm may consider when evaluating whether or not to accept/continue with an audit engagement;
- b) Discussions on proposals for new clients;
- c) Terminating a client relationship;
- d) Resignations, due to reputational matters;
- e) Relevant ethical considerations from the IRBA Code; and
- f) An illustrative example letter for communicating with the existing or predecessor auditor.

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

This IRBA Staff Audit Practice Alert is available for downloading in a PDF format from the [IRBA website](#).



## INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)

### IAASB Projects in Progress

- Sustainability Assurance;
- Fraud;
- Going Concern;
- Listed Entity and Public Interest Entity (PIE) (Track 2);
- Audit Evidence;
- Integrated Project – Risk Response Workstream; and
- Technology.

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

### IAASB Publications

During the period under review, the IAASB issued the following:

- [IAASB Releases 2022-2023 Public Report: Balancing Effectiveness and Timeliness in Audit and Assurance Standard Setting](#).

# ETHICS

## COMMITTEE FOR AUDITOR ETHICS

We would like to remind registered auditors that the following amendments to the IRBA Code of Professional Conduct for Registered Auditors will come into effect shortly:

- [Final Pronouncement - Revisions to the Definitions of Listed Entity and Public Interest Entity](#)
  - o Effective for audits of financial statements for periods beginning on or after 15 December 2024. Early adoption is permitted.
- [Final Pronouncement - Technology-related Revisions](#)
  - o Revisions to Parts 1 to 3 are effective as of 15 December 2024.
  - o Revisions to Part 4A are effective for audits and reviews of financial statements for periods beginning on or after 15 December 2024.
  - o The conforming and consequential amendments to Part 4B are effective for periods beginning on or after 15 December 2024; otherwise, these amendments are effective as of 15 December 2024.

Early adoption is permitted.

These amendments are essential for ensuring adherence to the highest ethical standards within our profession. Comprehensive details about the amendments, along with valuable implementation materials, are available on the [IRBA website](#). Practitioners are encouraged to review these resources, to ensure a smooth transition and a thorough understanding of the new requirements.

## INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS

### IESBA Projects in Progress

- Sustainability;
- Use of Experts;
- Collective Investment Vehicles, Pension Funds and Investment Company Complexes; and
- Firm culture and governance.

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

### IESBA Publications

The following was issued during the period under review:

- [IESBA Q&A Update: Clarifying PIE Definition for Global Compliance](#)

Should you have any further queries, please email [standards@irba.co.za](mailto:standards@irba.co.za).

#### Imran Vanker

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**Rebecca Motsepe**  
Director Legal

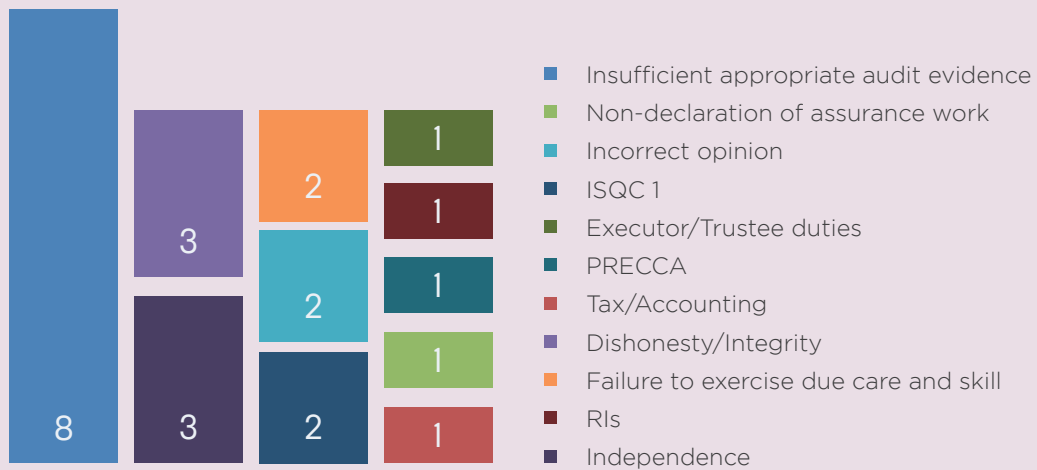
# LEGAL

## DISCIPLINARY COMMITTEE

### Overview of Matters Referred for Disciplinary Hearings

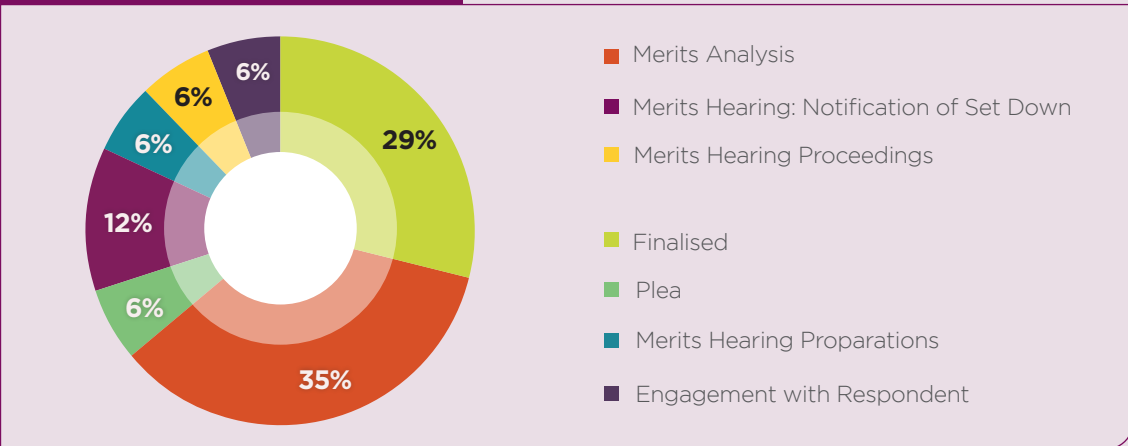
Following the finalisation of five matters and the referral of four new matters in the current reporting period, there are 12 open matters that have been referred to the Legal Department for disciplinary hearings. This represents a 7.69% decrease in the number of open matters from the previous quarter. These matters are at different stages of the disciplinary process. The graphics below outline the nature and status of all open disciplinary matters.

#### ANALYSIS OF CHARGES



**Note:** Current open matters involve 11 categories of improper conduct. The most common charge continues to be insufficient appropriate audit evidence. Other frequent charges include dishonesty and integrity issues; independence-related infractions; incorrect audit opinions; failure to exercise due care and skill; and the International Standard on Quality Control (ISQC) 1 failures. These charges are followed by cases involving tax/accounting breaches; non-declaration of assurance work; failure to report Reportable Irregularities (RIs); breach of executor or trustee duties; and infractions that are related to the Prevention and Combating of Corrupt Activities Act (PRECCA).

**STATUS OF DISCIPLINARY MATTERS**



**Note:** As reflected, 29% of the matters were finalised in the second quarter. Among those that are pending, 35% are undergoing merits analysis, while notifications of set down have been issued in respect of 12% of the matters. Additionally, 6% of the matters are at the pleading stage; another 6% are undergoing hearing preparations; merits hearing proceedings are underway in respect of the other 6%; while engagements are ongoing between the parties in respect of the final 6% of the matters.

**Finalised Matters**

During the period under review, as indicated above, five matters previously referred for disciplinary hearings were finalised, following disciplinary processes and/or an admission of guilt from the respondent(s). To this end, there was a 150% increase in the number of matters finalised in quarter two, compared to the previous one. Below is a summary of the finalised matters.

**IRBA vs Nicolaas Hendrik Botma**

The respondent, Mr Nicolaas Hendrik Botma, who was at all material times an auditor registered with the IRBA, was charged with improper conduct, as a result of his failure to comply with the provisions of the Income Tax Act 58 of 1962. Specifically, the respondent was charged with breaching the IRBA Code and the IRBA Rules Regarding Improper Conduct, for having failed to file his personal income tax returns to the South African Revenue Service for various years.

The matter was heard by the Disciplinary Hearing Panel on 1 November 2023, 11 April 2024 and 19 July 2024. At the time that the disciplinary process commenced, the respondent was no longer registered with the IRBA. He failed to appear before the panel on all three occasions and the matter proceeded in his absence.

Having heard and considered evidence led by the IRBA, the panel found the respondent guilty for his failure to comply with laws and regulations (Income Tax Act), as contemplated in the IRBA Code. Specifically, the panel emphasised that it is a fundamental principle of professional behaviour that auditors must comply with laws and regulations. Further, the non-compliance with laws by a professional, particularly in a highly regulated field such as auditing, was regarded as serious improper conduct.

The panel noted that the charges against the respondent did not involve the provision of assurance work and that no reliance was placed on any assurance he provided by any investor or member of the public. However, it held that his failure to submit his income tax returns nonetheless involved a public interest element from the perspective of his position as a member of the auditing profession, even more so as a registered tax practitioner that is knowledgeable in tax obligations and related processes.

In determining the appropriate sanction to be imposed, the panel took into account, among

others, the serious light with which non-compliance with laws and regulations by auditors ought to be viewed; the extent of non-compliance with personal tax obligations by auditors; that the respondent was also a registered tax practitioner, well versed in tax matters; the fact that he had been a member of the profession for more than 30 years, and ought to have been well acquainted with the requirements of the IRBA Code and the professional conduct expected of him; that he had already expressed his intention not to practice as an auditor; as well as his dilatory and obstructive behaviour during the disciplinary process, which included failure to engage meaningfully.

Accordingly, the panel imposed the following sanction on the respondent:

- a) A total fine of R200 000;
- b) Permanent disqualification from registering as an auditor with the IRBA; and
- c) Payment of an amount of R336 844.28 towards the IRBA's costs.

### *IRBA vs Tumelo Given Ratau*

The respondent, Mr Tumelo Given Ratau, while no longer a registered auditor at the time of the proceedings, was at all material times (relevant to the charges) an auditor registered with the IRBA as such. The respondent was charged with two charges of improper conduct stemming from two separate audits and charge sheets. However, due to the fact that the charges were similar in nature, and related to the same respondent, they were consolidated for the purpose of the hearing.

The first charge related to the respondent's failure to perform appropriate audit procedures and/or to obtain sufficient appropriate audit evidence to test his attorney client's compliance with various Attorneys' Rules relating to deposits, payments and withdrawals; trust balances; transfers from a trust account and reporting requirements to the Legal Practice Council. The charge also incorporated the respondent's failure to exercise professional scepticism throughout the audit, failure to consider fraud risk areas and failure to comply with a request from the IRBA, as it related to the remediation of previous inspections findings.

The second charge related to the respondent's failure, during his audit of another attorney client, to identify that the accounting records of the firm reflected creditors with debit balances amounting to R1 408 313 and a trust deficit of R1 304 199; and the consequent failure to identify and report on the attorney's non-compliance with the Attorneys' Rules prohibiting trust debits and shortages.

The panel heard the matter on 23 May 2024 and 24 July 2024. The respondent failed to appear before the panel on all occasions and the matter proceeded in the respondent's absence.

Having considered the evidence led by the IRBA and the absence of any evidence or version from the respondent, the panel found the respondent guilty of all charges.

It was the panel's view that the respondent's repeated contraventions demonstrated a blatant disregard for professional standards and regulatory requirements that are in place for auditors. Further, the impact of his conduct could not be limited to his attorney clients only, as members of the public have a vested interest in how auditors and attorneys conduct themselves.

Accordingly, the panel described the respondent's conduct as being below par, shambolic and hopelessly unsatisfactory within the purview of applicable regulatory conduct for auditors.

In determining the appropriate sanction to be imposed, the panel took into account the respondent's previous convictions. It stated that his woeful neglect and total disregard of his professional and ethical duties was clearly evident in similar previous patterns regarding his failure to properly audit the attorneys' trust accounts concerned which, according to the panel, undermines the public trust in both the attorneys and auditing professions.

The panel also considered the gravity of the convictions against the respondent, which it found to directly violate the auditing standards and regulations, with the potential of eroding public trust as stakeholders rely on audits for accurate financial information, noting that the public



interest element looms large in this regard. The respondent's non co-operative and dismissive conduct throughout the investigation and the disciplinary process was also considered as a factor in the aggravation of the sanction.

Accordingly, the panel imposed the following sanction on the respondent:

- a) Permanent disqualification from registering as an auditor with the IRBA;
- b) Payment of an amount of R858 558.39 towards the IRBA's costs; and
- c) Referral of the findings to the South African Institute of Chartered Accountants' Professional Conduct Committee, for its consideration of the respondent's fitness to continue practising as a chartered accountant.

### *IRBA vs Nellis Esterhuysen*

The respondent, Mr Nellis Esterhuysen, who was at all material times an auditor registered with the IRBA, was charged with three charges of improper conduct emanating from his audit and independent review of a homeowners' association in 2014, 2015 and 2016, respectively.

With regard to charge one, he was charged with non-compliance with audit pronouncements; failure to perform his work with competence, due care, diligence and skill; and non-compliance with the provisions of the Auditing Profession Act, as amended (APA), requiring auditors not to sign reports, unless the audit has been conducted in accordance with prescribed standards, consequent to his alleged failure to perform adequate procedures regarding independence, materiality, the planning of the audit and risk assessment. This was in addition to the alleged failure to obtain and/or document sufficient appropriate audit evidence, in accordance with the ISAs, relating to debtors, revenue, creditors and expenses; and to perform going concern assessment or subsequent event procedures. Moreover, the respondent had referenced an outdated financial reporting framework in the audit opinion.

Charged two was then premised on his alleged non-compliance with audit pronouncements and non-compliance with the provisions of the APA requiring auditors not to sign reports, unless the audit has been conducted in accordance with the prescribed standards, as a result of having failed to perform the independent review engagement in accordance with the International Standard on Review Engagements 2400, resulting in insufficient evidence obtained by the respondent to form a conclusion on the financial statements. In addition, he was charged with having failed to consider the engagement team's compliance with independence requirements when conducting a review on the financials it prepared.

Then, in respect of charge three, the respondent was charged with non-compliance with the IRBA Code provisions relating to integrity and failure to perform work with competence, due care, diligence and skill, as a result of having failed to declare the audit performed on the homeowners' association for the 2014 financial year-end on his assurance work declaration submitted to the IRBA.

Charges one and two were largely based on the fact that the documents he provided in response to the complaint did not include the relevant working papers, despite the IRBA's specific request for audit files. On the other hand, the respondent's defence in relation to these charges was that the documents provided to the IRBA were not his engagement file, but documents collated through emails and his accounting system to respond to the complaint. Further, he was no longer in possession of the relevant files, as the retention period had already lapsed. The respondent admitted to a non-declaration of the homeowners' association in his assurance work declaration, but submitted that this was not intentional but an oversight.

Having considered the evidence led, and while the panel took exception to the respondent's belated explanation in relation to the working papers, it was inclined to accept the defence in as far as the lapse of the relevant retention periods when the complaint arose. Thus, the panel found that without the relevant engagement files, there was no sufficient evidence to support the allegations that the respondent had not performed or documented the relevant procedures in respect of the audits and/or independent reviews in 2015 and 2016.

Accordingly, in respect of charge one, the respondent was only guilty of failure to perform professional services with competence, due care and skill, as well as the failure to comply with the auditing pronouncement because of having referenced an outdated financial reporting framework in the audit opinion. He was then not found guilty of the other components of charges one and two, i.e. failure to perform and document adequate procedures and considerations.

Regarding charge three, the panel accepted that the respondent's failure to disclose the relevant assurance work was not intentional. Therefore, it absolved him of a breach of the relevant provisions of the IRBA Code relating to integrity, while finding him guilty of failure to perform professional services with competence, due care and skill when completing and submitting the assurance work declaration.

Following the ruling, the parties engaged on a settlement in respect of the sanction to be imposed on the respondent with regard to the charge he was found guilty of, i.e. reference to an outdated accounting framework and failure to declare assurance work performed in respect of the homeowners' association. The parties agreed that the following sanction be imposed on the respondent, which sanction was endorsed by the panel in terms of Rule 15 of the IRBA Disciplinary Rules:

- a) A total fine of R100 000;
- b) The respondent to furnish the IRBA with a written request that his name be removed from the register of registered auditors by the 28<sup>th</sup> of February 2025, at the latest, in terms of Section 39(6) of the APA; and
- c) Payment of an amount of R42 471.92 towards the IRBA's costs.

### *IRBA vs EJD*

The respondent, who was at all material times an auditor registered as such with the IRBA, was charged with three charges of improper conduct, as a result of:

- a) Failure to document and/or obtain sufficient appropriate audit evidence on specific components of the audits conducted;
- b) Issuing audit reports that were not in the required format and were signed prior to the recognised authority having asserted that they have taken responsibility for the financial statements; and
- c) Failure to ensure that the engagement team had the appropriate competence and capabilities to perform the audits.

The above-referenced infractions occurred over three financial periods.

The respondent admitted guilt in respect of the charges prior to the disciplinary hearing, resulting in the following sanction being imposed on them:

- a) A total fine of R300 000;
- b) Payment of an amount of R98 642.19 towards the IRBA's costs; and
- c) Publication by the IRBA in general terms.

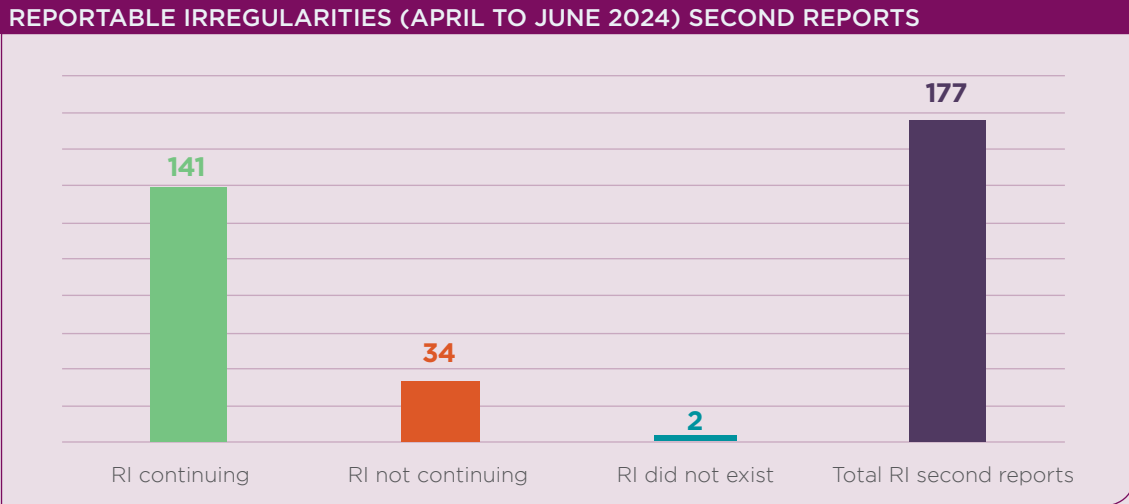
### **Upcoming Hearings**

The Disciplinary Hearing Panel is scheduled to convene between 15 and 18 October 2024, to determine the charges of improper conduct preferred against a respondent, in respect of their failure to document audit procedures, a breach of independence requirements and failure to declare assurance work performed to the IRBA.

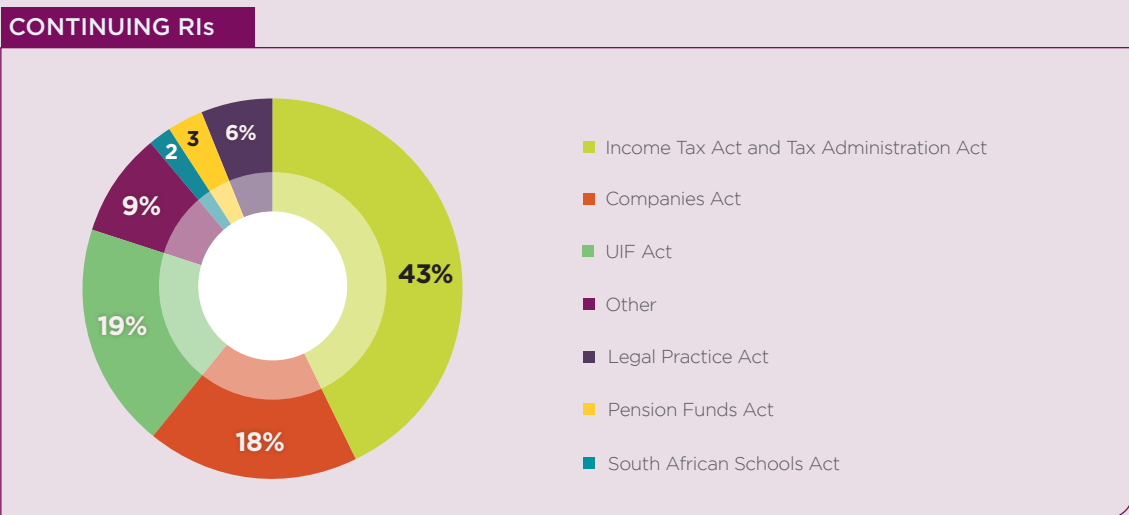
## REPORTABLE IRREGULARITIES

The IRBA received and processed 177 first reportable irregularity reports and the corresponding 177 second RI reports during the previous quarter (April-June 2024). It should be noted that RIs are reported on quarterly in arrears.

The nature of the 177 second reports received is highlighted below.



The chart below reflects the 141 continuing RIs received, categorised by nature.



**Note:** As depicted above, the top three types of reported contraventions related to the Income Tax Act and Tax Administration Act, the Unemployment Insurance Fund Act, as well as the Companies Act and its Regulations. There were also several RIs highlighting contraventions of, among others, the Legal Practice Act, the Pension Funds Act and the South African Schools Act.

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

# REGISTRY

## REGISTRATIONS, RE-REGISTRATIONS AND TERMINATIONS

### An Overview of Registry Movements

As at the end of the second quarter, there were 3 526 registered auditors (RAs), after 22 were registered and 11 were terminated. The chart below provides an overview of registry movements during this reporting period.

#### REGISTRY MOVEMENTS STATISTICS (Q1)



### New Registrations and Re-registrations

Below are the names of the RAs who were entered into the register.

#### INDIVIDUALS NEWLY ADMITTED TO THE REGISTER OF THE IRBA

Allison, Christo Jerome	Meyer, Gert Hendrik
Benetello-Smith, Stephanie	Mojela, Thabo William
Bido, Sakhe	Naidoo, Arantxa
Du Toit, Jacobus Andries Petrus	Olwagen, Marie Nicole
Dube, Abberlisa Tinashe	Pettenuzzo, Alessandro Gastone
Gerber, Nicola Ann	Richards, Klaiton
Khawula, Samukelisiwe Innocentia	Singh, Shovir
Lombard, Dominique Michelle	Strydom, Christopher Llewellyn
Majola, Duduzile	Van Der Velde, Sheree Stephanie
Mbanjwa, Yolanda Ntandokazi	Van Eck, Juriska

### INDIVIDUALS RE-ADMITTED TO THE REGISTER OF THE IRBA

Moraka, Tebogo Ronald
Mthembu, Siyabonga Maxwell

### RA Terminations

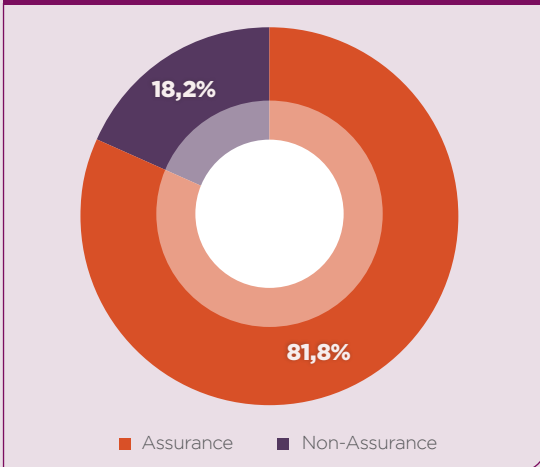
As indicated above, 11 RAs were removed from the register during the current reporting period. Below is a list of those who were taken off the register and the reasons.

### INDIVIDUALS REMOVED FROM THE REGISTER OF THE IRBA

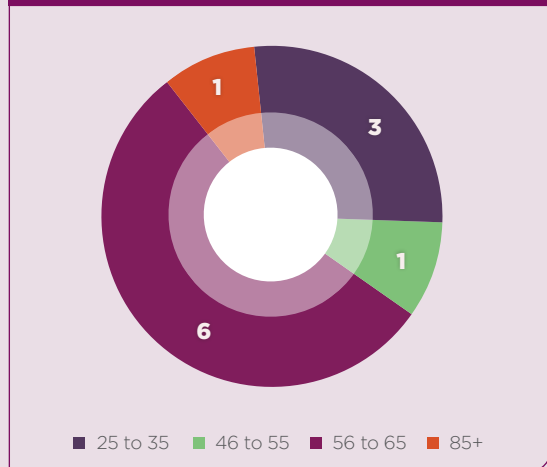
Dooley, Nicola	Resigned
Knoesen, Darryl Ian	Emigrated
Kotze, Sune	Resigned
McCrystal, Peter Graeme	Resigned
Odendaal, Hendrik Petrus	Resigned
Odendaal, Samuel Daniel Hermanus	Resigned
Ramathe, Mosoeunyane Shadrack	Resigned
Stanier, Garry Graham	Resigned
Vos, Johannes	Resigned
West, Craig Richard	Resigned
Wrensch, Laurence Vincent Edward	Emigrated

As indicated in the list, the most prevalent reason for removal from the register appears to be the fact that RAs have left audit firms. The accompanying graphs provide the age and assurance status split in respect of those RAs who were removed from the register, the majority of whom were between 56 and 65 years of age and performing assurance work.

#### ASSURANCE STATUS



#### AGE GROUP





## 2024/2025 ANNUAL RENEWAL PROCESS

Registered auditors are reminded that the deadline for the submission of Individual Annual Returns and the payment of annual fees for the 2024/2025 annual renewal cycle has passed. Accordingly, RAs who have not yet paid their annual renewal fees, as prescribed by the IRBA, or submitted their Individual Annual Returns are requested to do so urgently, so as to avoid the lapsing or termination of their registration, as per the provisions of the APA.

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**Jillian Bailey**  
Director Investigations

# INVESTIGATIONS

The matters reported in this issue took place in the period July to September 2024.

## INVESTIGATING COMMITTEE

During this period, the committee met once and referred 25 matters to the Enforcement Committee.

## ENFORCEMENT COMMITTEE

The committee met once during this period and concluded on 19 matters.

### Decision Not to Charge

There were four matters finalised where the respondents were not charged with improper conduct. In one of these instances, the respondent was not found guilty of improper conduct; and in the other three matters, there were no reasonable prospects of succeeding with a charge of improper conduct against the respondents.

### Decision to Charge and Matters Finalised through an Admission of Guilt Process

There were 11 matters finalised by fines issued through an admission of guilt process.

#### Matter 1

The respondent, Ms Bavhana Sooku, failed to obtain sufficient appropriate audit evidence, as required by the International Standards on Auditing (ISAs), on various aspects of the audits, including intangible assets, intercompany loans, property, plant and equipment, and a material acquisition journal. She failed to appropriately report a material uncertainty about the company's ability to continue as a going concern on the audit report, as required by ISA 570. In addition, she failed to appropriately consider the risks arising from adverse media reports about the shareholders and management of the companies when performing the engagement continuance risk assessment, and failed to ensure that the measures documented in the engagement continuance risk assessment to mitigate the high engagement risk score were implemented. Furthermore, the respondent breached the independence requirements, as per

the IRBA Code, by accepting hospitality from a client.

The respondent was sentenced on the nine charges to a total fine of R1 220 000; no order as to costs; and publication by the IRBA of her name, the findings of the investigation and the sanction imposed. In addition, she was referred to the South African Institute of Chartered Accountants Professional Conduct Committee for it to determine whether she meets the professional body's fit and proper requirements.

## Matter 2

The respondent, KPMG Inc., failed to comply with the ethical requirements of the International Standard on Quality Control 1 by being associated with unauthorised disclosure of confidential information, a number of years ago.

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

## Matter 3

The respondent, Mr Bester Ebersohn Greyling, failed to identify that the consolidated financial statements of the group were materially misstated due to the non-consolidation of trusts into the financial statements of the group, as required by ISA 600, for two consecutive years. Furthermore, the respondent failed to identify and evaluate the material differences between the financial statements and the working papers.

The respondent was sentenced on three charges to a total fine of R550 000, of which R275 000 has been suspended for three years, on condition that he is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA of his name, the findings of the investigation and the sanction imposed.

## Matter 4

The respondent, Mr Alexandros Philippou, was the group auditor and he failed to obtain and document sufficient appropriate audit evidence, as required by the ISAs, regarding the financial information of certain subsidiaries, including property, plant and equipment as well as trade and other receivables and the consolidation process. Furthermore, several subsidiaries' engagement files he signed off were not locked down, as required by the ISAs.

The respondent was sentenced on two charges to a total fine of R400 000, of which R200 000 has been suspended for five years, on condition that he is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA of his name, the findings of the investigation and the sanction imposed. Furthermore, the respondent must arrange and ensure that he and his staff attend external training on the practical application of Auditing Standards within 60 days of the imposition of the sentence, and must provide evidence of compliance to the IRBA.

## Matter 5

The respondent, Mr Guillaume Johannes Oberholster, signed an affidavit which contained misleading statements. In addition, he failed to fully comply with the requirements of the International Standard on Related Services 4410 relevant to compilation engagements he performed.

The respondent was sentenced on the two charges to a total fine of R350 000, of which

R175 000 has been suspended for five years, on condition that he is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA of his name, the findings of the investigation and the sanction imposed.

### Matter 6

The matter was a referral from the Inspections Committee (INSCOM). The respondent failed to issue an audit opinion on the separate financial statements of the company, as required by the auditing pronouncements. Furthermore, the respondent issued an inappropriate audit report on the special purpose financial statements of the company incorrectly indicating that they complied with the requirements of International Financial Reporting Standards, when they had in fact been prepared using a special purpose framework.

The respondent was sentenced on the two charges to a total fine of R200 000, of which R100 000 has been suspended for three years, on condition that the respondent is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA in general terms.

### Matter 7

The matter was a referral from the INSCOM. The respondent, Mr Abdullah Bhamjee, failed to identify that the company meets the definition of a public interest entity, as defined in the IRBA Code, which resulted in him failing to include the audit tenure and key audit matters in the audit report; to identify that earnings per share were not disclosed in the financial statements of the company; and that an engagement quality control reviewer was required on the audit.

The respondent was sentenced to a fine of R200 000, of which R100 000 has been suspended for three years, on condition that he is not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA of his name, the findings of the investigation and the sanction imposed. Furthermore, the respondent must arrange and ensure that he and his staff members attend external training on the IRBA Code within 60 days of the imposition of the sentence, and must provide evidence of compliance to the IRBA.

### Matter 8

The matter was a referral from the INSCOM. The respondent, Mr Nhlanhla Mfundo Sigasa, failed to obtain sufficient appropriate audit evidence, as required by the ISAs, on the audit of predetermined objectives, insurance contract liabilities, premium income, gross insurance premiums and financial assets.

The respondent was sentenced to a fine of R200 000; no order as to costs; and publication by the IRBA of his name, the findings of the investigation and the sanction imposed. Furthermore, the respondent must arrange and ensure that he and his staff attend external training on the practical application of Auditing Standards within 60 days of the imposition of the sentence, and must provide evidence of compliance to the IRBA.

### Matter 9

The respondent's individual annual returns submitted to the IRBA incorrectly indicated that they did not perform assurance work, while they performed independent reviews. The independent reviews were included on the audit firm's Assurance Work Declarations submitted to the IRBA.

The respondent was sentenced to a fine of R100 000, wholly suspended; no order as to costs; and publication by the IRBA in general terms.

#### Matter 10

The respondent's individual annual returns submitted to the IRBA incorrectly indicated that they did not perform assurance work, while they performed independent reviews. The independent reviews were included on the audit firm's Assurance Work Declarations submitted to the IRBA.

The respondent was sentenced to a fine of R100 000, wholly suspended for three years, on condition that they are not found guilty of any improper conduct committed during the period of suspension; no order as to costs; and publication by the IRBA in general terms.

#### Matter 11

The matter was a referral from the INSCOM. The respondent, Mr Hilton Craig Kilian, failed to obtain sufficient appropriate audit evidence, as required by the ISAs, on various aspects of the audit of the company and group, including going concern, goodwill, revenue and investment property. In addition, the respondent failed to document his evaluation of threats to independence created by the provision of non-assurance tax services to the company and the safeguards applied to eliminate or reduce the threat to an acceptable level.

The respondent was sentenced to a fine of R200 000; no order as to costs; and publication by the IRBA of his name, the findings of the investigation and the sanction imposed. Furthermore, the respondent must arrange and ensure that he and his staff members attend external training on the practical application of the Auditing Standards within 60 days of the imposition of the sentence, and must provide evidence of compliance to the IRBA.

### Decision to Charge and Matters Referred for Disciplinary Hearing

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

#### **Jillian Bailey**

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**Nadine Kater**  
Director Education and Transformation

# EDUCATION AND TRANSFORMATION

## EQUIPPED TO MAKE A DIFFERENCE - A FOCUS ON WOMEN IN AUDITING

The transformation of the auditing profession is one of the IRBA's key strategic objectives. In part, this entails initiatives that aim to grow a diverse pipeline, specifically with regard to women and those from previously marginalised backgrounds.

In this quarter, and to pay tribute to the women who are making a difference in the profession, the South African Institute of Chartered Accountants (SAICA) ran a campaign themed "When Passion Meets Purpose: She Makes a Difference". Nadine Kater, Director Education and Transformation, was asked to share some insights at the event, based on her extensive contribution to the profession over the years.

"My passion for accounting education began when I was an accounting schoolteacher, long before I moved into the corporate world. Throughout my career, the theme of making a difference for learners, students and trainees was intentional. It is what I have strived for at all the organisations I have worked for. Creating innovative education and training programmes that facilitate access and mobility in the accounting and auditing profession has allowed for more diversity and inclusivity, especially for those that were previously excluded," she noted in her presentation.

"The most rewarding aspect is witnessing the real impact of these efforts as their lives are transformed with new education pathways, positions and career opportunities. The success of a difference-maker is when the programme continues to grow and gain momentum long after you were there. It is really about leaving a legacy.

"Influence is about passion and commitment, not always about structure, position or a title. You do not have to wait for a title to change or do something differently. If you think you have something to offer, go out and do it. Make a difference!"

She also delivered a keynote address at the South African Institute of Professional Accountants (SAIPA) women's month event, sharing her experience under the theme Personal Growth and Leadership: Journey to Becoming Your Best Self. With 60 women in attendance, the programme included topics related to mental health and personal branding, and also gave the attendees an opportunity to network and share their experiences.

Additionally, she was a panellist at the 11th Association of Chartered Certified Accountants (ACCA) Africa Partners' Conference, which focused on "learning and development for a changed world".

## Cheers to Success: Women Graduates Ready to Rock the Audit World

On the [learning website](#), the IRBA regularly profiles the registered candidate auditors (RCAs) that have completed the Audit Development Programme (ADP). In celebration of Women's Month and in recognition of women in the auditing profession, we have profiled the ladies who have recently completed the programme. Below are brief insights from some of those candidates, with more details on them and others available on the learning site.



### Sinqobile Vuma

#### Oversight registered auditor (ORA): Navasha Moodley

Firm: Moore Infinity Inc. (at the date of completion)

"I am passionate about delivering high-quality financial reporting and accounting services and ensuring compliance with standards and regulations, and, I believe the auditing profession will help me achieve that."



### Louise Botha

#### ORA: Barend Kotze

Firm: BDK Auditors (at the date of completion)

"My training at the Auditor-General South Africa opened my eyes to the significant impact auditing can have on the lives of South African citizens by promoting accountability and responsible service delivery."



### Monique Barnard

#### ORA: Christian Jenkinson

Firm: TGA Chartered Accountants (at the date of completion)

"After 14 and a half years, I reached my dreams and I had as a kid. Nothing in life is too long to get to where you want to be. Use every opportunity and it will make your life worthwhile."



### **Sherrol Molepo**

#### **ORA: Thomas Geza**

Firm: Motlanalo Chartered Accountants and Auditors (at the date of completion)

“My motivation to pursue a career in auditing and remain in the profession after I completed my training contract was encouragement from my firm [leaders] to register on the Audit Development Programme, as they saw my passion in leading audit engagements.”



### **Nadia Botes**

#### **ORA: Barend Kotze**

Firm: BDK Auditors (at the date of completion)

“Despite initial challenges, including struggles and a lack of enjoyment in the audit environment during my studies, it was while doing my articles that I developed a deep appreciation for auditing.”



### **Sandra De Kramer**

#### **ORA: Matthew Paul Black**

Firm: Colenbrander Inc (at the date of completion)

“My favourite part of the job is training new clerks. I love seeing their growth, assisting them and guiding them throughout their contracts, with the result of seeing confident chartered accountants leaving our firm and entering the business world.”

## **A POSITIVE CHANGE IN ADP TRAINING CONTRACT FEES**

To further alleviate ADP registration costs and address the artificial barriers to entry that trainees and RCAs usually face, the IRBA Board has decided that the audit training contract fees will not be increased this financial year. While the attractiveness of the profession is a topical issue globally, the cost of the qualification process and the burden that falls on the candidates continue to be challenges. This decision, therefore, will help lessen some of this burden, in the ongoing efforts to grow the pipeline.

### **Registrations and Completions**

For the year to date, there have been 14 new ADP registrations, no deregistrations and 16 completions. Overall, there have been 55 new registrations and 46 completions, as at end-September 2024. It is important to remember that the programme is the joint responsibility of the IRBA and the RA firms. It builds on the competence of a professional accountant and focuses

on the what is required for the specialist role of a registered auditor. The competencies obtained on the ADP are structured in such a way that they can bolster efforts to strengthen audit quality on audit engagements; hence, firms need to enrol their managers on the programme.

LATEST ADP STATS (1 APRIL 2024 - 30 SEP 2024)	
Opening	562
Registrations	55
Completed	-42
De-registrations	-1
<b>Total RCAs currently on the ADP</b>	<b>574</b>

## Firm Monitoring Inspections

The ADP firm monitoring visits are an integral part of the programme offering and are performed to assess the quality of the RCAs' training environment. In essence, RCAs need to obtain the right experience in a sound environment, with a high focus on and commitment to audit quality, to achieve the relevant competencies that will enable them to qualify as registered auditors. After a full year since the new quality standards (ISQM 1, ISQM 2 and ISA 220R) became effective, we conducted 11 ADP monitoring inspection visits.

<b>Firm 1</b>	KCE Consulting	<b>Firm 7</b>	Compendium Auditors
<b>Firm 2</b>	Nexia SAB&T	<b>Firm 8</b>	Coetzee Smit
<b>Firm 3</b>	Baker Tilly (Netherlands office)	<b>Firm 9</b>	Hills & Associates (Empangeni)
<b>Firm 4</b>	Nwanda Incorporated	<b>Firm 10</b>	HDI Group
<b>Firm 5</b>	Xabacha SA Incorporated	<b>Firm 11</b>	CM & Associates
<b>Firm 6</b>	Reyneke Erasmus		

## MONITORING OF PROFESSIONAL BODIES

### Updates on the Monitoring Policy

Following the Board's approval of a five-year accreditation validity period, the Monitoring Committee (MCOM) has formed a task team to develop a comprehensive Monitoring Policy. This policy will clarify the requirements for all accredited professional bodies over the five-year cycle and is set to be fully implemented in the second year (2025/2026) for the currently accredited bodies.

### South African Institute of Chartered Accountants

The SAICA monitoring cycle for this financial year has been concluded. Notable progress has been made in addressing key monitoring focus areas. Matters that remain outstanding will be carried over into the second year of the monitoring cycle for further evaluation.

### Association of Chartered Certified Accountants South Africa (ACCA SA)

ACCA SA has received its first monitoring letter, outlining the requirements for the first year (2024/2025) of the monitoring cycle. It is expected to submit its response by the end of November 2024. Once received, the MCOM will review the submission and then provide recommendations to the Education and Transformation Committee.

## Other Professional Bodies

The Secretariat is actively engaging with the South African Institute of Government Auditors (SAIGA) and SAIPA regarding their intention to submit accreditation applications to the IRBA. Further updates will be shared as these engagements progress.

## ACCOLADES FOR THE TOP PERFORMING AUDITING STUDENTS

The Rhodes University Postgraduate Diploma in Accountancy (PGDA) students were assigned a service-learning project as part of their studies, and this ran for the entire academic year. The initiative aims to provide students with practical experience for their subjects and also help develop the future chartered accountants' acumen in various areas as well as ethical values and social responsibility.

The students had to develop a business plan and implement initiatives to raise funds for a public benefit organisation. The group of students that won hosted an auction date night evening to raise funds, in addition to a raffle, selling home-made items and asking for donations from the public.

The assignment required students to explore relationships that can be built with members of the community to aid in their initiatives, while ensuring that all legal requirements are met. They also had to consider advertising to attract as many supporters as possible, prepare accounting records for their activities and safeguard the cash earned. Overall, the initiative proved to be a nifty and engaging way to bring the subjects of accounting and auditing to life. The IRBA congratulates the winning group.

RHODES UNIVERSITY AUDIT ASSIGNMENT WINNING GROUP		
Anesipho Pama	Lomso Hanxa	Nelisiwe Mdau
Asanda Gusha	Lorraine Mudzami	Sanele Khuboni
Asanda Meleni	Luke Erasmus	Sinemivuyo Njongi
Asekhona Ntshona	Mamello Mashanye	Tshiamo Gadinabokao
Imibongo Mjali	Mbulelo Mama	Yola Hlobo
Kamogelo Boshielo	Mbuso Ndlovu	
Kamogelo Mafukate	Nasiphi Zekelo	

Further congratulations go to all the students noted below that excelled in their audit-related studies and were recognised at the various ceremonies that the IRBA held in September 2024.

NORTH-WEST UNIVERSITY	
Banele Lionel Ngwenya	Top Student PGDA – Governance, Ethic, Assurance & Risk
Lerato Given Moloji	Top Student Bachelor of Commerce – Financial Accounting

VARSITY COLLEGE DURBAN NORTH	
Jenna James	Top Auditing 2
Jonathan Horlock	Top Auditing 3
Isabella Pieroni	Top Auditing 4
Aadilah Paruk	Top Auditing 4

STELLENBOSCH UNIVERSITY	
Michaela Basson	Top Auditing 2
Hans Roux Hay	Top Auditing 3

## Conversations with University Students

To encourage students to pursue a career in auditing, the IRBA regularly engages with students at universities. These interactions also serve to provide insights into developments in the auditing profession and also share a practical understanding of auditing as a subject and a topic that is often seen as being more theoretical. During the quarter, the IRBA visited the universities listed below in this regard.

DATE	UNIVERSITY	TOPIC	ATTENDANCE
26 July 2024	Nelson Mandela University	Meet With Me – Pursuing a career as an RA and the ADP	113 students (1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> year, and CTA)
31 July 2024	University of Limpopo	Standard setting with a focus	78 CTA and auditing
5 August 2024	University of Venda	Pursuing a career as an RA and the ADP	50 auditing students
12 August 2024	Stellenbosch University: <ul style="list-style-type: none"> <li>• Academics</li> <li>• Student leaders</li> <li>• Thuthuka students</li> </ul>	The role of the IRBA, the importance of auditors in South Africa and developments in the auditing profession	100 accounting and auditing students, and 20 academics
13 August 2024	University of the Western Cape	The role of the IRBA, the importance of auditors in South Africa and developments in the auditing profession	180 auditing students
13 August 2024	University of Cape Town	The role of the IRBA, the importance of auditors in South Africa and developments in the auditing profession	280 auditing students
15 August 2024	Wits University	The role of the IRBA, the importance of auditors in South Africa and developments in the auditing profession	220 auditing students
9 September 2024	Rhodes University	Standard setting with a focus on sustainability	45 auditing students

The IRBA would like to encourage auditing firms to work with their closest universities and learning providers, to generate more interest among students in pursuing a career in auditing. Through those engagements, firms can also share insights into what auditors do and the value they bring in protecting the public interest. Students have indicated that vacation work has helped to give them practical insights into auditing.

## Dialogues with University Academics

The IRBA also maintains close relationships with the universities that are accredited by SAICA and ACCA SA, especially where there are students that are aspiring to ultimately qualify as registered auditors. During the quarter, we visited two institutions.

DATE	UNIVERSITY	TOPIC
8 July 2024	Wits Margo Steele School of Accountancy	IRBA Technical Update
12 July 2024	Stellenbosch University School of Accounting	Developments in the Auditing Profession

## STAKEHOLDER ENGAGEMENTS

The IRBA maintains close relationships with the bodies that support the auditing profession, and one of these is the Association for the Advancement of Black Accountants of Southern Africa (ABASA). This quarter, the IRBA sponsored gifts for the ABASA Wits Student Chapter Debate Team that engaged in lively debates on key topics that are relevant to the profession.

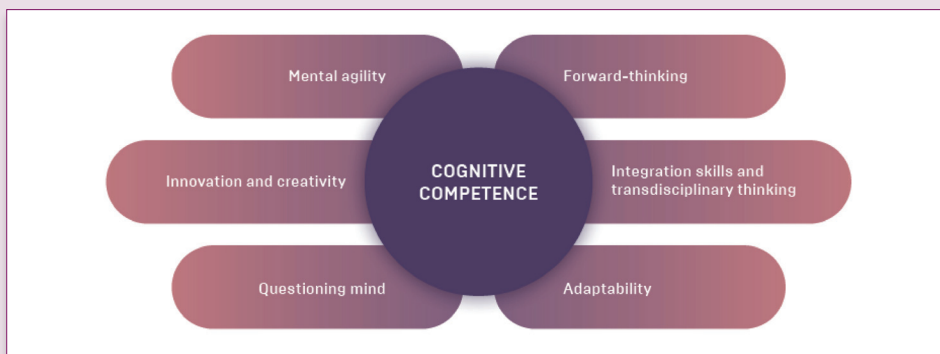
Three universities competed in the debate challenge and they placed as follows: North-West University (1<sup>st</sup> place), University of Johannesburg (2<sup>nd</sup> place) and Wits University (3<sup>rd</sup> place). The topics were:

- The adoption of advanced technologies in auditing enhances the attractiveness of the auditing profession.
- Does globalisation benefit or harm local economies?
- The Zondo Commission report was effective in uncovering the truth about state capture in South Africa.
- Remuneration compensation for executives in listed/unlisted companies

Congratulations to the winning team from North-West University.

## COMPETENCY FRAMEWORK: UNLOCKING COGNITIVE COMPETENCE AND THE ESSENTIAL SKILLSETS FOR AUDITORS OF TODAY AND TOMORROW

In the previous issue of [IRBA News](#), we unpacked the digital skills and competencies that auditors need to develop and maintain, to remain relevant and effective in a technology-driven world. Another key set of competencies that the Competency Framework Task Force has identified as critical for auditors to develop and maintain revolve around cognitive competence. These are the mental abilities and processes that underlie our thinking, reasoning, problem-solving and learning capabilities.





- **Mental Agility:** This involves being able to process information rapidly, make connections between different ideas and adapt one's thinking to changing circumstances. Auditors encounter complex and ever-changing financial situations; therefore, they need to quickly analyse data, identify patterns and make informed real-time decisions. Possessing high levels of mental agility will help auditors process information efficiently, respond to changing circumstances with proficiency and solve problems effectively.
- **Innovation and Creativity:** These qualities are about the generation of new and valuable ideas, solutions or products. Auditors often face unique challenges and ambiguous situations that require them to think outside the box. They need to innovate audit approaches, methods and tools to address emerging risks and evolving business practices. Creativity enables auditors to develop robust and effective audit strategies and provide valuable insights to their clients.
- **Questioning Mind:** This mindset is characterised by curiosity and an inclination to ask probing and critical questions. It involves a willingness to challenge assumptions, explore alternative perspectives and seek a deeper understanding. With increased stakeholder expectations and a focus on fraud detection in the audit, auditors will need to enhance this trait and be motivated to uncover underlying causes, examine different viewpoints and identify likely blind spots or gaps in information that could indicate potential fraud.
- **Forward thinking:** This refers to the ability to anticipate future trends, opportunities and challenges. It involves considering long-term implications and proactively planning and strategising to prepare for potential changes. Auditors will need to anticipate possible risks, changes in regulations and the impact of emerging technologies on their clients' businesses. Being a forward-thinker enables an auditor to proactively adapt their audit processes and services, to meet future challenges, while ensuring the continued relevance and effectiveness of their work.
- **Integration Skills and Interdisciplinary Thinking:** The ability to connect and synthesise information from diverse sources, disciplines or perspectives is what defines these traits. This entails recognising patterns, making connections and integrating knowledge and ideas from different fields, to gain a comprehensive understanding of complex problems. In the increasingly interconnected business landscape, auditors must have the ability to integrate information and data (financial and operational) from various sources and understand the interdependencies between different areas, to provide holistic audit insights to their clients.
- **Adaptability:** This is the capability to adjust and thrive in changing environments or circumstances. It incorporates being open to new experiences and ideas, as well as the ability to quickly learn and apply new skills. Adaptability encompasses flexibility, resilience and the capacity to embrace uncertainty. With the rapid pace of change in the auditing environment, auditors must be adaptable to stay relevant. They need to continuously learn and upgrade their skills, to keep up with emerging trends in technology, cybersecurity and auditing methodologies. Adaptability allows them to navigate through uncertainties and effectively respond to new challenges.

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**Ntlambi Gulwa**  
Director Inspections

# INSPECTIONS

## COMMITTED TO UPHOLDING AUDIT QUALITY - GET TO KNOW OUR NEW INSPECTORS

The IRBA is proud to welcome two accomplished professionals – Katlego Nhlapho and Asanda Gumede – to our Inspections team. These individuals bring a wealth of experience to the team, have a deep passion for audit quality and are set to make a significant impact in upholding high standards in the auditing profession.



### **Katlego Nhlapho: A Passion for Quality and Leadership**

A chartered accountant, with the CA (SA) designation and more than 10 years of experience, she is no stranger to the challenges and intricacies of the auditing profession. Katlego’s career began at SizweNtsalubaGobodo, where she developed her technical skills and the understanding of the story-telling nature of auditing – which incorporates addressing the “what, why, how, when and who” of business activities. This foundation led her to complete her articles at EY, where she rose to the role of Associate Director.

Her time at EY was transformative, allowing her to grow as a leader and discover her love for coaching, which became an integral part of her professional journey. She gained expertise in audit, communication, emotional intelligence and leadership. Throughout her career, she has learnt the value of perseverance, being goal-oriented and facing challenges head-on, all of which prepared her for the current role of being an Inspector at the IRBA.

Katlego is excited to contribute to the organisation’s mission of safeguarding public financial interests through upholding audit quality and ethical standards. Her diverse experience, which includes the mining sector, has shaped her risk-based approach to inspections and made her understand the importance of adapting to the specific challenges of each audit.

For her, inspections are not about being punitive, but are an opportunity for improvement and better practices. She sees them as a collaborative process, one that benefits from consultation with firms, stakeholders and colleagues. Reflecting on her journey, Katlego compares it to hiking – a challenging but rewarding series of steps toward a summit, with each inspection presenting its own mountain to climb.



### Asanda Gumede: A Journey Rooted in Service

After completing her articles at the Auditor-General South Africa (AGSA) and qualifying as a CA (SA), Asanda discovered that auditing within the public sector goes beyond scrutinising records; it is an act of service to the communities we live in. This realisation sparked a passion for audit quality, as she saw firsthand the potential for audit to drive meaningful change in the public sector.

During her tenure at the AGSA, Asanda gained extensive experience in various audit business units before transitioning to the Quality Management Business Unit, where she played a key role in a landmark project to implement the ISQMs. Working alongside a team led by the Chief Risk Officer, she helped ensure the successful implementation of the ISQMs by 15 December 2022, a milestone

achievement for the AGSA. Reflecting on the experience, she highlights teamwork and collaboration as essential to achieving great outcomes.

Before joining the IRBA, she held the position of Senior Manager at the AGSA, leading a team responsible for monitoring completed audit engagements. Her work focused on overseeing the quality review of audit files and ensuring compliance with standards. Her leadership in this role allowed for significant contributions to the AGSA's quality management strategy.

The decision to join the IRBA as an Inspector was driven by a shared commitment to audit quality and the public interest. Asanda brings with her a deep understanding of the audit process and a desire to continually elevate audit practices in South Africa. "From my role at the AGSA to my current role at the IRBA, the opportunities for growth and impact in the financial ecosystem are endless," she says.

Asanda's approach to inspections is marked by a clear vision. Each inspection represents an opportunity to challenge auditors on audit quality and compliance with standards, foster thoughtful discussions and contribute towards raising the bar for audit quality across the country.

With a strong foundation in public sector auditing and a passion for driving continuous improvement, she is poised to make a lasting impact at the IRBA. She is eager to engage with audit firms, their leadership and their registered auditors, to influence positive change and uphold the integrity of the auditing profession locally.

With both Katlego and Asanda's experience and principled approach, along with other equally skilled additions to our team who will also be profiled soon, the IRBA is well positioned to continue ensuring audit quality in South Africa. They all share a commitment to public service and professional excellence, and we are confident that their contributions will strengthen the integrity of the auditing profession, while ensuring that audit quality continues to serve the public interest.

#### **Ntlambi Gulwa**

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**Marius Fourie**  
Director Operations

# OPERATIONS

## IRBA FEES MATTER LITIGATION AND PLANS FOR FUTURE FEE CONSULTATIONS

Recently, the IRBA found itself at the centre of a significant litigation that sought to challenge its authority to levy assurance fees on low-risk assurance work, while also seeking to set aside the introduction of certain fees and/or fee increases. This case has drawn considerable attention from stakeholders, due to its possible impact on the profession and the organisation's financial sustainability.

Currently, the IRBA Board is meticulously studying the court's judgment to understand its full implications and ensure its proper implementation. One of the key aspects of the judgment provides that the IRBA should engage in a notice and comment process regarding proposed fee increases. This will ensure that a fair procedure is followed in the determination of fees, thus promoting transparency and inclusivity in the fee-setting process and allowing stakeholders to have a say in decisions that directly affect them.

In this regard, the IRBA has decided to incorporate a notice and comment process as part of its budgeting procedures for the upcoming financial year. Management is preparing a draft budget, which is scheduled for review and approval by the Board at its October 2024 meeting. This draft budget will include proposed fee increases. The IRBA confirms that the aforementioned proposed fee increases will be shared with registered auditors, and members of the public, for input.

As such, from November 1 to November 2024, registered auditors and members of the public will have an opportunity to consider the proposed fee increases and provide their comments thereon. The IRBA is committed to considering all comments received during this period before presenting the final budget to the Board in January 2025.

A formal notice inviting members of the public and registered auditors to engage in the above mentioned process will be issued in due course.

This proactive approach underscores the IRBA's commitment to legislative compliance, transparency, accountability and stakeholder engagement. By involving registered auditors in the fee-setting process, it aims to build trust and ensure that the final decisions are well informed and balanced. Registered auditors are encouraged to participate actively in this process.

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# COMMUNICATIONS

For improved communication with registered auditors and other stakeholders, a list of communiques shared via bulk email during the reporting period (with one sent out at the end of the previous quarter) is set out below for easy access.

20 September 2024	<a href="#">Webinar Invitation: Inside a Small and Medium Practice: A Practitioner's Day in Focus</a>
19 September 2024	<a href="#">Artificial Intelligence Audit Risks Mitigation Update</a>
19 July 2024	<a href="#">Issue 66 of IRBA News is Now Available</a>
15 July 2024	<a href="#">Fraud, Financial Reporting and the Role of the Auditor - The IRBA Indaba</a>
8 July 2024	<a href="#">Staff Audit Practice Alert 10: Key Considerations - Acceptance and Continuation of Client Relationships of Audit Engagements</a>
26 June 2024	<a href="#">Dates to Diarise for Upcoming IRBA Webinars</a>

# GENERAL NEWS

## IN MEMORY OF BILAL SALOOJEE

The IRBA has lost one of its own, Bilal Saloojee, who was a valued member of the Inspections Department since 2017 when he joined the IRBA. He was a dedicated and consistent professional throughout his career, and this was confirmed when he was promoted to Senior Inspector in 2020, a position he held until his passing.

At a memorial service held in his honour, with his family members also in attendance, colleagues and firm representatives testified to Bilal's thoughtfulness, humility and kindness. His selflessness, respect for others and compassion also had an impact on everyone he met and interacted with in his career and personal journey.

In her message of support, Ntlambi Gulwa, Director Inspections, described Bilal as the epitome of being a public servant in how he was dedicated and fair in every aspect of his work. Speakers from the profession included Steph Ronander from Deloitte, Bashier Adam from Nexia SAB&T and Prashant Jiva from EY, and they all attested to Bilal's kindness and professionalism in his dealings with the firms as part of his inspections' responsibilities. "His positive attitude always brought light into our darkest days, reminding us that joy can be found even in difficult moments. His integrity was not just a trait, it was a way of life, influencing everyone around him to strive for better," said Fathima Kamdar from Deloitte Australia.

His IRBA colleagues also remembered Bilal for his love for his family and faith. He was a hard worker, who carried out his duties in a balanced manner, always extended a helping hand to others. As a Senior Inspector, he was also instrumental in training new inspectors; and they noted that he made a major contribution to their careers by being generous with his time and ensuring that he transferred key knowledge to them.

His brother, Huzaifah Saloojee, described Bilal as a role model, who exhibited perseverance and strength, especially through his life journey over the last few years. "He really was a remarkable man. We will take all the lessons he taught us through his time and hopefully do him proud. He lives behind a rich legacy through his work, his character and, most importantly, through his beautiful children who will carry forward his values of kindness, resilience and humility."

This is a great loss to the IRBA, the Inspections Department and the profession at large. Bilal was not just a great employee, he inspired everyone. He will be deeply missed by all of us; and our thoughts and deepest condolences go out to his family and loved ones during this difficult time.

As Thomas Campbell said, "to live in hearts we leave behind is not to die". May Bilal's soul rest in peace.

## OPERATIONS DEPARTMENT HAS A NEW DIRECTOR



Marius Fourie is a CA (SA) with over 13 years' experience as the Finance Manager with the IRBA, after he joined the organisation more than 16 years ago. His first stint with the IRBA was as an Inspector in the Inspections Department.

After completing his articles, he served as an audit manager at Moore (Moore Stephens WK), where he was in charge of audits of clients in the retail, fishing, agriculture and construction industries. While at the firm, he also developed technical training material for release to the assurance business and assisted with the rollout and implementation of audit software (CaseWare).

During his tenure at the IRBA, Marius has acted in the position of Director Operations for three independent periods, in aggregate of more than 20 months, bringing about significant changes that were instrumental in ensuring that the organisation continues to earn clean audit reports. In addition to financial management responsibilities, his role includes overseeing IT, facilities, supply chain management and risk management. He is also responsible for the IRBA's Digital Transformation Strategy and Implementation Plan Project, which is a key focus area in the new Strategic Plan.

We wish Marius well in his new position and, in the words of his favourite character, may he “live long and prosper”.



***Interactions with Stakeholders Remain***

**Key:** Imre Nagy, IRBA CEO, spoke on changes in the audit landscape at the 4<sup>th</sup> annual Southern African Institute of Government Auditors' conference. The event's theme was navigating change and innovation for a sustainable South Africa. Other speakers included the former Chief Justice Raymond Zondo, who gave the keynote address; Pali Lehohla, former Statistician-General; Edward Kieswetter, the South African Revenue Service commissioner; and Shabeer Khan, the Accountant-General.