

BOARD NOTICE 302 OF 2022



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**NOTICE OF REQUEST FOR PUBLIC COMMENTS ON
PROPOSED IRBA RULES ARISING FROM THE INTERNATIONAL STANDARDS
ON QUALITY MANAGEMENT**

Comments are requested by 19 August 2022

In accordance with Section 10 of the Auditing Profession Act, 2005 (Act No. 26 of 2005) (the Act), the Independent Regulatory Board for Auditors (IRBA) may, by notice in the Gazette, prescribe rules with regard to any matter that is required or permitted to be prescribed in terms of the Act. The IRBA hereby publishes a draft of the proposed IRBA Rules arising from the International Standards on Quality Management (the proposed IRBA Rules).

All stakeholders are invited to submit their written comments to the IRBA by 19 August 2022. The Exposure Draft for the proposed IRBA Rules is available and may be downloaded from the IRBA website at <https://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/exposure-drafts-and-comment-letters>.

The proposed IRBA Rules are as follows:

Proposed Rule 1: Firm Chief Executive Officer (CEO)

A firm's CEO should be a registered auditor (RA), subject to firms being allowed to appoint CEOs for their assurance divisions (the CEO must be an RA), if a different non-RA CEO is to be appointed for the non-assurance division (the CEO can be an RA or any other suitable individual).

Proposed Rule 2: Transparency Reports

The mandatory annual preparation of transparency reports for firms, as defined in the Act, as amended, that audit financial statements of listed entities.

Proposed Rule 3: Engagement Quality Reviews

An engagement quality review should be performed for all audits of financial statements of public interest entities, as defined in the IRBA Code, in addition to those engagements scoped in by International Standard on Quality Management (ISQM) 1.

Proposed Rule 4: Engagement Quality Reviewer (EQR) and an Assistant to an EQR

The EQR must be registered with the IRBA as a registered auditor (RA). Further, an assistant to an engagement quality reviewer must have, as a minimum, three years of relevant expertise.

Proposed Rule 5: Assembly and Retention of Audit Documentation

- The assembly of the final engagement file shall not exceed 60 days;
- The retention period for the engagement documentation should be a minimum of five years, or such longer period as determined by other laws and regulations or firm policies/procedures; and
- The retention of documentation for the system of quality management should be a minimum period of five years, or such longer period as determined by other laws and regulations or firm policies/procedures.

Proposed Effective Date

Depending on the comments received, the IRBA recommends that:

- Proposed IRBA Rules 1-4 be effective 24 months (two years) after the IRBA Board's prescription and/or publication of the Rules.
- Proposed IRBA Rule 5 (Assembly and Retention of Audit Documentation) be effective 12 months (one year) after the IRBA Board's prescription and/or publication of the Rule.

Comments

All interested parties and affected parties are reminded to submit their written comments (in both PDF and Word format) via email to standards@irba.co.za. Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request the IRBA not to do so.

For further assistance, enquiries may be directed to standards@irba.co.za.

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Acting Chief Executive Officer