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SAHUC'S SHENANIGANS – IRBA'S INVESTIGATIONS

INDEPENDENT REGULATORY BOARD FOR AUDITORS

INVESTIGATIONS

The matters reported in this issue took place between December 2021 and March 2022.

INVESTIGATING COMMITTEE

During the period under review, this committee met twice and referred 34 matters to the Enforcement Committee.

ENFORCEMENT COMMITTEE

This committee met three times during this period and concluded on 26 matters.

Jillian Bailey
Director Investigations

condition that he is not found guilty of any improper conduct committed during the period of suspension; the imposition of a previously period and concluded on 26 matters.

Decision Not to Charge

Three matters, where the respondents were not guilty of improper conduct.

Decision to Charge and Matters Finalised by Fines Issued

A total of 20 matters were finalised by fines issued.

Matter 1

Mr Alfred Slabbert, the respondent, accepted an appointment as the company secretary at the same time that he was the appointed auditor of the company. Accordingly, Section 90(2)(b)(iii) of the Companies Act was breached by the respondent.

The respondent was sentenced to a fine of R80 000, of which R40 000 has been suspended for five years, on

improper conduct committed during the period of suspension; the imposition of a previously suspended fine of R50 000; no cost order; as well as the publication by the IRBA of his name, the findings of the investigation and the sanction imposed. In addition, the respondent must arrange and ensure that external training on auditor independence requirements, as per the Companies Act, is attended by the respondent and their audit staff within 60 days of the imposition of the sentence, and must provide evidence of compliance to the IRBA.

Matter 2

The respondent was responsible for the audit of an entity for the 2012-2017 financial years. The respondent failed to document sufficient and appropriate audit evidence, as required by the International Standards on Auditing on revenue, related parties, cash and cash equivalents, and specific expenses. The respondent also failed to document sufficient appropriate audit evidence on investment income, leases, and property plant and equipment for some of these financial years. The audit reports for the 2012-2015 financial years did not indicate the individual registered auditor's full name and capacity, as required by the IRBA Code of Professional Conduct. Furthermore, the respondent failed to declare the audit engagement performed in the annual assurance declaration to the IRBA for the period 1 January 2013 to 31 December 2013.

The respondent was sentenced for seven charges to a fine totalling R700 000, of which R525 000 has been suspended for five years, on condition that the respondent is not found guilty of any improper conduct committed during the period of suspension; no cost order; and publication by the IRBA in general terms. In addition, the respondent must arrange and ensure that external training on the practical application of auditing standards is attended by the respondent and their audit staff within 60 days of the imposition of the sentence, and must provide evidence of compliance to the IRBA.

Matter 3

The respondent failed to document sufficient appropriate audit evidence, as required by the International Standards on Auditing, regarding the valuation of shareholders' loans and allocation of interest to shareholders on these loans.

The respondent was sentenced to a fine of R20 000; no cost order; and publication by the IRBA in general terms.

Matter 4

The respondent acted as both trustee and the auditor of a group of companies owned by the trust. This represents a breach of the IRBA Code of Professional Conduct, as a trustee is prohibited from being personally involved in the audit of a company in which the trust has a material shareholding.

The respondent was sentenced to a fine of R100 000, of which R50 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 cost order; and publication by the IRBA in general terms.

Matter 5

The matter was a referral from the Inspections Committee. The committee referred two engagement files for investigation. The respondent failed to document sufficient appropriate evidence, as required by the International Standards on Auditing, on numerous balances and transactions in the two engagement files. Furthermore, the respondent failed to perform appropriate procedures regarding the acceptance of the clients.

The respondent was sentenced for two charges to a fine totalling R400 000; no cost order; and publication by the IRBA in general terms. In addition, the respondent must arrange and ensure that external training on the practical application of the auditing standards is attended by the respondent and their audit staff within 60 days of the imposition of the sentence, and must provide evidence of compliance to the IRBA.