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Auditing Professions Bill
Director: Local Government Implementation Office 1809
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PRETORIA
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Dear Sir/Madam

COMMENT ON THE DRAFT AUDITING PROFESSIONS BILL, 2004

Responding to your invitation for public comment on the above bill, I wish to make the following comments:

The regulation of the audit profession is a continuous debate and there is no doubt that the profession has a duty to protect public interest. How this interest should be protected should be firm yet flexible due to economic and business developments, which are continuously evolving.

Of utmost concern the auditors independence and transparency of financial disclosure. Another major issue is the training of auditors and the uncompromising standards that should be adhered to.

Pursuing these objectives it would be necessary to lent consideration for the following proposals;

- 1 Audit independence – The matter of providing other non-audit services need to be address clearly to ensure that uncompromising independence. This would be in line with international trends in audit independence. In my opinion such a implementation would have spin offs for bookkeepers and business consultants. There may be further regulations prescribed from time to time.

- 2 The matter of audit rotation has been a topical matter for sometime and there are those that propose that this should be done on a partner basis rather than a firm basis. Perhaps we should consider what is the best practical matter and what is it that we wish to achieve? If it is independence then I think we should go beyond the partner rotation to firm rotation and that the period should be 8 –12 years. Most firms are called to tender for an assignment anyway. If partner rotation is considered it should be 5 years so that the relevant partner get a fair knowledge of the entity.
- 3 Regulation – It is my opinion that the profession should not be regulated by the public, and would proposed that the members of the IRBA should at least consists of 50% members and 50% members of the public and an additional member who is the independent chairperson. I would propose 11 members 5 from the profession and 5 from the general public with an independent chairperson appointed by the Minister. We need to consider that the audit profession should be regulated but not completely by outsiders.
- 4 The matter of membership accredited professional bodies to the IRBA is not clearly spelt out in the Bill and so are the requirements. As we know that access to the profession was limited in the pass and still is, it should be clearly spelt out what is requires from the professional bodies to gain membership. The matter of membership and to gain the attest function for the ACCA has been a long road and still not resolved. We cannot have an elitist profession that limit the access to it. We need to have access to the profession open with out compromising standards and quality.
- 5 This leads me to the matter of training – who is responsible for it. The IRBA cannot delegate the training in it entirety to and accredited body with out an oversight thereof. Currently both SAICA and the PAAB are involved in training of accountants (trainee accountants). I have a current situation where SAICA has CA, AGA etc streams, and where a trainee has be on an AGA contract and moved to a CA contract there is no consensus as to the period which needs to be completed by these two bodies. There should exist clarity. I hope that there will be clarity in the standards and examinations. One body

should be responsible for the final qualifying examinations, unless each accredited body have its own examinations, which are approved by the IRBA and that only examinations for the attest function (auditing) is set by the IRBA. Access to the profession should be open to all those qualify and who wish to enter it. It should not be elitist.

6 The use of the designation should be clear and distinct, and not create any confusion. Only a registered RA (registered with the IRBA) should be an auditor.

7 Meetings should be quarterly and not mere “at least twice a year”

In conclusion

Independence and regulation will remain cardinal matters for the profession, so to the matter of transparency for the sake of public interest. The Bill is not in any way a major departure from the PAA Act ad much of the latter Act has been retained however there are improvements to governance matters.

Qualification

I, Gerard L Paris have written this letter in my personal capacity, and the opinions and views expressed are solely mine, and in no way reflect the views and opinions of any organisation that I am involved with.

Yours truly,

Gerard L Paris FCCA, CA(SA), CFSA
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