



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

MINISTER OF FINANCE GAZETTES NOTICE OF MAXIMUM FINES FOR REGISTERED AUDITORS GUILTY OF IMPROPER CONDUCT

The Minister of Finance today gazetted the latest notice of maximum fines for registered auditors found guilty of improper conduct. This followed the publication of a notice for public comment, in January 2024, proposing the withdrawal of the notice of maximum fines previously gazetted on 15 June 2023 and the publication of new maximum fines.

The purpose of Government Notice No. 4933 of 6 June 2024, withdrawing Government Notice No. 3549 of 15 June 2023 and determining new maximum amounts, is to provide for the maximum amounts for both sections 51(2) and 51B(3)(b) of the Auditing Profession Act, 2005,¹ as amended, to apply per charge.

The addition of the words per charge in respect of fines imposed following a disciplinary hearing (which was the main amendment) was intended to align with the imposition of fines in respect of matters finalised through admission of guilt processes. This, having been the intention prior to publication of the 15 June notice.

Following a 30-day comment period and having reviewed the written comments received by National Treasury, the Minister determined the following maximum amounts as maximum fines that may be imposed on registered auditors found guilty of improper conduct:

- a) R5 million per charge, as the amount envisaged in section 51(2) of the Act, which may be imposed on an individual registered auditor who admits guilt as contemplated in section 49(4)(a) of the Act; and
- b) R15 million per charge, as the amount envisaged in section 51(2) of the Act, which may be imposed on a firm of auditors that admits guilt as contemplated in section 49(4)(a) of the Act; and
- c) R10 million per charge, as the amount envisaged in section 51B(3)(b) of the Act, which may be imposed on an individual registered auditor who is charged and found guilty or if the registered auditor admits guilt to the charge; and
- d) R25 million per charge, as the amount envisaged in section 51B(3)(b) of the Act, which may be imposed on a firm of auditors that is charged and found guilty or if the firm admits guilt to the charge.

¹ Act No. 26 of 2005.



MEDIA STATEMENT

These maximum fines will be applicable to improper conduct committed from 6 June 2024, being the date of publication of gazette notice 4933. Therefore, the notice does not apply retrospectively, and the maximum fines promulgated by the Minister on 15 June 2023 will remain applicable for improper conduct committed between 15 June 2023 and before 6 June 2024.

A framework which will guide the implementation of the maximum fines in a proportional and scalable manner will be issued by the Independent Regulatory Board for Auditors (IRBA) in due course, for public comment, before adoption by the Board.

Ends

Notes to Editors:

1. The Government Gazette Notice No. 4234 of 5 January 2024 AUDITING PROFESSION ACT, 2005: PROPOSED WITHDRAWAL OF NOTICE AND DETERMINATION OF MAXIMUM FINES can be found here: <https://www.gov.za/documents/notices/auditing-profession-act-maximum-monetary-fines-withdrawal-comments-invited-05-jan>
2. The Government Gazette Notice No. 3549 of 15 June 2023 MAXIMUM MONETARY FINES IN TERMS OF AUDITING PROFESSION ACT, 2005 can be found here: <https://www.gov.za/documents/notices/auditing-profession-act-maximum-monetary-fines-15-jun-2023>
3. The latest updated Government Gazette Notice No. 4933 of 6 June 2024 AUDITING PROFESSION ACT, 2005: WITHDRAWAL OF NOTICE AND DETERMINATION OF MAXIMUM FINES can be found on the National Treasury website.
4. Explanation of the sanction periods vis a vis the versions of the Act amendments:
 - 4.1 If an auditor was charged before 26 April 2021² but the matter was not finalised before that date, the charges must be dealt with as if the Auditing Profession Act, 2005, was not amended by the Auditing Profession Amendment Act, 2021, and the monetary sanctions are regulated by the Adjustment of Fines Act, 1991³.
 - 4.2 If the improper conduct occurred before 26 April 2021, but the auditor was not charged before 26 April 2021, the monetary sanction is regulated by the Adjustment of Fines Act.

² The effective date of the Auditing Profession Amendment Act, 2021 (Act No. 5 of 2021).

³ Act No. 101 of 1991.



MEDIA STATEMENT

- 4.3 If the act of improper conduct occurred after 26 April 2021 but before 15 June 2023⁴, the monetary sanction is regulated by the Adjustment of Fines Act.
 - 4.4 If the improper conduct occurred on or after 15 June 2023 (regardless of when the auditor is charged) but before 6 June 2024⁵, the monetary sanctions in Government Notice No. 3549 of 15 June 2023 apply.
 - 4.5 If the improper conduct occurred on or after 6 June 2024, the monetary sanctions in Government Notice Nr 4933 of 6 June 2024 apply.
5. Practical implementation of the new maximum fine amounts
- 5.1 A framework aimed at achieving consistent imposition of fines in a proportional and scalable manner will be issued by the IRBA in due course. The framework will be published by the IRBA Board for comment before its adoption and subsequent implementation by both the Enforcement and Disciplinary Committees of the Board.
 - 5.2 The prescribed maximum fines are a maximum limit and not fixed.
 - 5.3 The IRBA has always applied proportionality and scalability in the determination of monetary sanction for improper conduct, and maximum fine limits are reserved for the most serious charges of improper conduct.
 - 5.4 The IRBA will apply proportionality and scalability when sanctioning in matters of improper conduct, as it has always done.
 - 5.5 There are varying degrees of improper conduct and not every matter is sanctioned by way of a maximum fine. The IRBA also has non-monetary sanctions at its disposal for improper conduct.

For enquiries email media@treasury.gov.za

Issued by the Ministry of Finance

Date: 06 June 2024

⁴ The date of the Government Notice No. 3549 of 15 June 2023.

⁵ The date of Government Notice No. 4933 of 6 June 2024.