



**Amabubesi**  
GROUP

**The Buck Stops with You!!!!**

Mthandazo Peter Moyo

## Where were the Auditors?

- Correct question should be where were the Directors!!!
- Maybe bigger question should be where was the Audit Committee.

## Heavy burden on Audit Committee

- Reasonable to expect reliance on AC by other directors  
– S76(4)(b)(i)(bb)
- Reasonable expectation from shareholders
- Reasonable expectation from auditors
- Reasonable to expect the board to seek guidance from AC on matters of finance and risk

## Classical Audit Report

- We have conducted an audit...
- We are not responsible for anything
- We have relied on management and directors
- You can not rely on us to pick up fraud
- Directors you are on your own!!!
- You bind yourselves in the representation and engagement letters
- Other directors rely on Audit Committee!!!

## Are the Expectations Fair?

- Care, skill and diligence – S76 (3)(i)
- Financial skill and independent
- Collectively knowledgeable about the issues

You Can Help Yourself



## Role Relative to Financial Statements

- Duty to prepare financial statements that fairly present financial results and position
- Rests with entire board – seek guidance from Audit Committee
- Requirement to understand IFRS, CA, PFMA, etc.

## Controls and Risk

- Very few businesses fail because of bad luck
- Fail because of bad people and undue risks
- Need to understand business, people and risks
- Need to understand business practices
- Need to evaluate the people – competence and ethical behaviour

## Controls and Risk

- More importantly areas of judgment
- What provisions are there, what provisions should be there?
- Need to understand incentives and their impact on risk management

## The Buck Stops With You

- It is fair to have these expectations on you
- You go into it with your eyes open
- You can help yourself



# Amabubesi Investments

(PTY) Ltd

THANK YOU