



It is important for clients to be aware of the following auditing standards and guidance, issued in the past 12 months, or in the process of being issued by the Independent Regulatory Board for Auditors, that will impact on the audit.

#### **ISA600 – Special Considerations – the Audit of Group Financial Statements**

- Designed to enhance the quality of group audits and addressed shortcomings that resulted in some of the major international corporate failures.
- Specifies the type of work that the group engagement team and component auditor should perform on the financial information of significant components.
- Requires the group engagement team to be appropriately involved in the work that the component auditor performs.

#### **ISA260 – Communication with Those Charged with Governance**

- Sets an overarching framework for communication with those charged with governance (the audit committee and the board of directors).
- Identifies specific matters to be communicated by the auditor, including a requirement to communicate in writing re auditor independence.
- Auditor is required to evaluate the adequacy of the two-way communication between the auditor and those charged with governance.

#### **Guide on Access to Audit Working Papers**

- Does not debate or give guidance on whether an outgoing auditor should make his working papers available to the incoming auditor or whether an auditor should make his working papers available to any other parties (except in an instance of a subpoena, where working papers have to be made available).
- Gives guidance on considerations to be considered by auditor.
- Guide to be issued early in 2008.

#### **Department of Education: Private and Further Education and Training Colleges**

- Audit report on the annual financial statements.
- Auditor's assurance report on the project of the college (examination of prospective financial information).

#### **Home Loans and Mortgage Disclosure Act**

- The Act requires financial institutions to provide disclosure, in their financial statements, regarding mortgage loan applications received, approved, declined and disbursed in respect of race group and province.

- Auditor must comment on the accuracy and comprehensiveness of the information disclosed by the financial institution.
- Guidance still to be issued.

#### **Pension Funds – Section 13 Approval**

- Section 13 of the Pension Fund Act requires pension fund administrations to apply for a license and to renew such license from time to time. The auditor is required to give certain assurances relating to internal controls to the Financial Services Board in respect of the applicant's business plan.
- The current ISA700 report in this regard is in the process of being updated and will be replaced with and ISA3400 report, that provides limited assurance.

#### **National Credit Regulator**

- Auditors are required to report to the National Credit Regulator regarding the credit provider's compliance with the National Credit Act. This is mainly focused on financial information.
- Guidance in this regard was issued by the IRBA.

#### **BEE Verification Guidance**

Guidance has been developed to assist BEE verification agencies in issuing BEE verification certificates. These certificates will not provide any level of assurance but will be more akin to a factual findings report.

The guidance will be issued by the Department of Trade and Industry in due course.

#### **Guidance resulting from the Corporate Laws Amendment Act**

The following areas will be considered or guidance is already in the process of being issued:

- The auditor attending the AGM.
- New ethics code for auditors.
- Financial reporting by SMEs – impact in the audit report.