SAICA GROUP

REGULATORY REPORTING GUIDE

COPYRIGHT © 2023

Copyright of this material rests with the South African Institute of Chartered Accountants (SAICA) and/or the authors and the documentation or any part thereof, may not be reproduced either electronically, photocopied, scanned, typed, hand-written or in any other means whatsoever without the prior written permission of the South African Institute or Chartered Accountants or the author, as the case may be.

Apart from the extent reasonably necessary for the purposes of research, private study, personal or private use, criticism, review or the reporting of current events, as permitted in terms of the Copyright Act 98 of 1978, no portion may be reproduced by any process without written permission.

ISBN 978-0-86983-451-0

THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS

P O BOX 59875, KENGRAY, 2100

Contents

[PREFACE 6](#_Toc127346256)

[1. AUDITING PROFESSION ACT, 26 OF 2005 (APA) 7](#_Toc127346257)

[Section 45 7](#_Toc127346258)

[2. BANKS ACT, 94 OF 1990 8](#_Toc127346259)

[Section 63 8](#_Toc127346260)

[3. COLLECTIVE INVESTMENT SCHEMES CONTROL ACT, 45 OF 2002 (CISCA) 8](#_Toc127346261)

[Section 75 8](#_Toc127346262)

[4. CLOSE CORPORATIONS ACT, 69 OF 1984 9](#_Toc127346263)

[Section 62(2)(a) 9](#_Toc127346264)

[Section 62(3) 10](#_Toc127346265)

[5. COMPANIES ACT, 71 of 2008 and Regulations 11](#_Toc127346266)

[Regulation 29 (6) (a) 11](#_Toc127346267)

[6. FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 37 OF 2002 (FAIS) 11](#_Toc127346268)

[Section 19(4) 11](#_Toc127346269)

[7. FINANCIAL INTELLIGENCE CENTRE ACT, 38 OF 2001 (FICA) 11](#_Toc127346270)

[Section 28 11](#_Toc127346271)

[Section 28A 13](#_Toc127346272)

[Section 29 14](#_Toc127346273)

[Section 31 15](#_Toc127346274)

[8. FINANCIAL SECTOR REGULATION ACT, 9 OF 2017 15](#_Toc127346275)

[Section 252 15](#_Toc127346276)

[9. FINANCIAL MARKETS ACT, 19 OF 2012 16](#_Toc127346277)

[Section 91 16](#_Toc127346278)

[10. INSURANCE ACT, 18 of 2017 19](#_Toc127346279)

[Section 32(4) – (6) 19](#_Toc127346280)

[11. IRBA Code of Professional Conduct for Registered Auditors - Non-Compliance with Laws and Regulations 21](#_Toc127346281)

[Section 360 21](#_Toc127346282)

[12. JSE LISTINGS REQUIREMENTS 22](#_Toc127346283)

[Section 22 (15)(f) 22](#_Toc127346284)

[Section 22 (15)(g) 24](#_Toc127346285)

[13. MEDICAL SCHEMES ACT, 131 OF 1998 24](#_Toc127346286)

[Section 36(5)(a) 24](#_Toc127346287)

[Section 36(5)(b) 24](#_Toc127346288)

[14. MUTUAL BANKS ACT, 124 OF 1993 25](#_Toc127346289)

[Section 45 25](#_Toc127346290)

[15. NATIONAL CREDIT ACT, 34 OF 2005 25](#_Toc127346291)

[Regulation 67 and 68 25](#_Toc127346292)

[16. PENSION FUNDS ACT, 24 of 1956 25](#_Toc127346293)

[Section 9 25](#_Toc127346294)

[17. PROTECTION OF CONSTITUTIONAL DEMOCRACY AGAINST TERRORIST AND RELATED ACTIVITIES ACT, 33 OF 2004 (POCDATARA) 26](#_Toc127346295)

[Section 12 27](#_Toc127346296)

[18. PROTECTION OF PERSONAL INFORMATION ACT, 4 OF 2013 27](#_Toc127346297)

[Section 21 (2) 27](#_Toc127346298)

[Section 22 (1) 28](#_Toc127346299)

[19. PREVENTION AND COMBATING OF CORRUPT ACTIVITIES ACT, 12 of 2004 (PRECCA) 28](#_Toc127346300)

[Section 34 28](#_Toc127346301)

[20. TRUST PROPERTY CONTROL ACT, 57 OF 1988 29](#_Toc127346302)

[Section 15 29](#_Toc127346303)

# PREFACE

This guide has been developed by the South African Institute of Chartered Accountants (SAICA) primarily to give guidance to members and associates on Regulatory Reporting Duties.

The purpose of the Guide is to inform Chartered Accountants / Associate General Accountants of the reporting requirements arising from certain legislation.

This guide does not serve as a complete list of all reporting requirements of Registered Auditors, and is not a substitute for the Pronouncements of the Independent Regulatory Board for Auditors (IRBA), as well as those issued by the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA).

PWC initially completed the guidance but has given SAICA permission to release this as a SAICA guide.

|  |
| --- |
| Although special attention was given to the correctness of the information it is possible that legislation and the content may change from time to time. The list or regulatory requirements is also not exhaustive and in no way represents all applicable reporting duties. Please also note that the above information serves as a guide only and readers are advised to consult the full text of the legislation for further information. This document or any part thereof may not be copied. |

| **Regulatory Requirement** | **Regulatory Reporting Duty**  **(Note that more than one reporting duty may arise. Reporting under one regulatory requirement does not discharge obligations under another regulatory requirement/s if relevant.)** | **Who must report** | **What must**  **be reported**  **(Consult full text of sections for detail)** | **Maximum**  **Penalty for Non -Compliance** | **Regulator/ Entity to which report should be made** |
| --- | --- | --- | --- | --- | --- |
| AUDITING PROFESSION ACT, 26 OF 2005 (APA) Section 45 | An individual registered auditor of an entity that is satisfied or has reason to believe that a reportable irregularity has taken place or is taking place in respect of that entity must, without delay, send a written report to the Regulatory Board.  The report must give particulars of the reportable irregularity and must include such other information and particulars as the registered auditor considers appropriate.  Take note that a dual reporting duty exists under the below mentioned legislation where an entity is also regulated by this legislation and the above section 45 report is made to IRBA in terms of the APA:   * Financial Markets Act,19 of 2012   Section 91   * Banks Act, 94 of 1990   Section 63   * Financial Sector Regulation Act, 9 of 2017 Section 252 (1) (b) and (2) (b) Medical Schemes Act, 131 of 1998   Section 36 (5)(a)   * Mutual Banks Act, 124 of 1993   Section 46 (1)(a)   * Pension Funds Act, 24 of 1956   Section 9 (3)(b) | Individual Registered Auditor | Reportable Irregularity | Fine and/ or imprisonment not exceeding 10 years  Section 52 | Independent Regulatory Board for Auditors  (IRBA) |
| BANKS ACT, 94 OF 1990 Section 63 | Notwithstanding anything to the contrary contained in the Auditing Profession Act, 2005, or the Companies Act, but subject to the provisions of subsections (2) and (3) of this section, the auditor referred to in section 61 or 62 shall, whenever such auditor furnishes, in terms of section 20(5)(b) of the first-mentioned Act, the Independent Regulatory Board for Auditors with copies of the report as prescribed, relating to an irregularity or suspected irregularity in the conduct of the affairs of the bank , also furnish the Authority with such copies and particulars; and  -shall in writing inform the Authority of any matter relating to the affairs of a bank of which the auditor became aware and which, in the opinion of such auditor, may endanger the bank’s ability to continue as a going concern or may impair the protection of the funds of the bank’s depositors or may be contrary to principles of sound management (including risk management) or amounts to inadequate maintenance of internal controls. | Auditor | Irregularity or suspected irregularity  Any other matter as prescribed | Cannot be established with reasonable certainty from the Act as section 63 reporting is not included as one of the sections wherein an offence arises when not complied with  Section 91 | Prudential Authority established in terms of S 32 of the Financial Sector Regulation Act, 9 of 2017 |
| COLLECTIVE INVESTMENT SCHEMES CONTROL ACT, 45 OF 2002 (CISCA) Section 75 | The auditor must report to the manager any irregularity or undesirable practice in the administration of the collective investment scheme which has come to his or her notice in the ordinary course of fulfilling his or her audit responsibilities or performing other functions in term of this Act; and submit a copy of such report to the Authority if there is reasonable cause to believe that such report is or might be of material significance to the Authority. | Auditor | Irregularity or undesirable practice | Fine not exceeding R 10 000 000 and/or imprisonment for a period not exceeding 10 years  Section 115  Section 116 | Manager of Scheme  Financial Services Conduct Authority  (FSCA)  Registrar |
| CLOSE CORPORATIONS ACT, 69 OF 1984**Section 62(2)(a**) | If the accounting officer during the performance of his duties becomes aware of any contravention of a provision of the Close Corporations Act he shall describe the nature of such contravention in his or her report. | Accounting officer | Refer to section | Cannot be established with reasonable certainty from the Act | Members of the close corporation |
| Section 62(3) | If an accounting officer of a corporation—  -at any time knows, or has reason to believe, that the corporation is not carrying on business or is not in operation and has no intention of resuming operations in the foreseeable future; or  -during the performance of his or her duties finds—  (i) that any change, during a relevant financial year, in respect of any particulars mentioned in the relevant founding statement has not been registered;  (ii) that the annual financial statements indicate that as at the end of the financial year concerned the corporation’s liabilities exceed its assets; or  (iii) that the annual financial statements incorrectly indicate that as at the end of the financial year concerned the assets of the corporation exceed its liabilities, or has reason to believe that such an incorrect indication is given, he or she shall forthwith by registered post report accordingly to the Registrar. | Accounting officer | Refer to section | Cannot be established with reasonable certainty from the Act. Note that  Section 64 states that any person who is knowingly party to carrying on the business in the prohibited manner is guilty of an offence  Based on the reading of the Act, the Court will determine the penalty in line with the jurisdiction of that Court (see under definition of Court) | Registrar is defined as the Commissioner of the Companies and Intellectual Property Commission |
| COMPANIES ACT, 71 of 2008 and RegulationsRegulation 29 (6) (a) | An independent reviewer of a company that is satisfied or has reason to believe that a reportable irregularity has taken place or is taking place in respect of that company must, without delay, send a report to the Commission. | Independent  Reviewer | Reportable Irregularity | A fine or imprisonment for a period not exceeding 12 months, or both a fine and imprisonment  Section 216 (b) | Commission is defined as the Companies and Intellectual Property Commission |
| FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 37 OF 2002 (FAIS)Section 19(4) | The auditor of an authorised financial services provider must report to and inform the registrar in writing of any irregularity or suspected irregularity in the conduct or the affairs of the authorised financial services provider concerned of which the auditor became aware in performing functions as auditor and which, in the opinion of the auditor, is material. | Auditor | Irregularity or suspected irregularity | Fine not exceeding R 1 000 000 and/or imprisonment for a period not exceeding 10 years,  Section 36 | Registrar or Deputy Registrar of the Financial Sector Conduct Authority  (FSCA) |
| FINANCIAL INTELLIGENCE CENTRE ACT, 38 OF 2001 (FICA)Section 28 | An accountable institution and a reporting institution must, within the prescribed period, report to the Centre the prescribed particulars concerning a transaction concluded with a client if in terms of the transaction an amount of cash in excess of the prescribed amount-  (a) is paid by the accountable institution or reporting institution to the client, or to a person acting on behalf of the client, or to a person on whose behalf the client is acting; or  (b) is received by the accountable institution or reporting institution from the client, or from a person acting on behalf of the client, or from a person on whose behalf the client is acting.  **Note: Accountants and auditors are inter alia accountable institutions under the following circumstances (Schedule 1 of the FIC Regulations):**  **(a) A person who carries on the business of preparing for, or carrying out, transaction for a client, where –**  **(i) the client is assisted in the planning or execution of**   1. **the organisation of contributions necessary for the creation, operation or management od a company, or of an external company or of a foreign company, as defined in the Companies Act, 2008 (Act 71 of 2008);** 2. **the creation, operation or management of a company, or of an external or of a foreign company, as defined in the Companies Act, 2008 (Act 71 of 2008)** 3. **the operation or management of a close corporation, as defined in the Close Corporation Act, 1984 (Act 69 of 1984)**   **(b) A person who carries on the business of:**  **(i) acting for a client as a nominee as defined in the Companies Act, 2008; or**  **(ii) arranging for another person to act for a client as such nominee**  **(c) A person who carries on the business of creating a trust arrangement for a client**  **(d) A person who carries on the business of preparing for or carrying out transactions (including as a trustee) related to the investment, safe keeping, control or administering of trust property within the meaning of the Trust Property Control Act, 1988 (Act 57 of 1988)** | Accountable Institution/  Reporting Institution | Cash transactions exceeding R R49 999,99  Regulation 22B | Fine not exceeding R100 000 000 or to imprisonment for a period not exceeding 15 years  Section 68 (1) | Financial Intelligence Centre |
| Section 28A | An accountable institution which has in its possession or under its control property owned or controlled by or on behalf of, or at the direction of:  - any entity which has committed, or attempted to commit, or facilitated the commission of a specified offence as defined in the Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004; or  - a specific entity identified in a notice issued by the President, under section 25 of the Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004, must within the prescribed period report that fact and the prescribed particulars to the Centre.  **Note: Accountants and auditors are inter alia accountable institutions under the following circumstances (Schedule 1 of the FIC Regulations):**  **(a) A person who carries on the business of preparing for, or carrying out, transaction for a client, where –**  **(i) the client is assisted in the planning or execution of**   1. **the organisation of contributions necessary for the creation, operation or management od a company, or of an external company or of a foreign company, as defined in the Companies Act, 2008 (Act 71 of 2008);** 2. **the creation, operation or management of a company, or of an external or of a foreign company, as defined in the Companies Act, 2008 (Act 71 of 2008)** 3. **the operation or management of a close corporation, as defined in the Close Corporation Act, 1984 (Act 69 of 1984)**   **(b) A person who carries on the business of:**  **(i) acting for a client as a nominee as defined in the Companies Act, 2008; or**  **(ii) arranging for another person to act for a client as such nominee**  **(c) A person who carries on the business of creating a trust arrangement for a client**  **(d) A person who carries on the business of preparing for or carrying out transactions (including as a trustee) related to the investment, safe keeping, control or administering of trust property within the meaning of the Trust Property Control Act, 1988 (Act 57 of 1988)** | Accountable Institution | Property associated with terrorist and related activities | Fine not exceeding R100 000 000 or to imprisonment for a period not exceeding  15 years  Section 68 (1) | Financial Intelligence Centre |
| Section 29 | A person who carries on a business or is in charge of or manages a business or who is employed by a business and who knows or ought reasonably to have known or suspected that—  (a) the business has received or is about to receive the proceeds of unlawful activities or property which is connected to an offence relating to the financing of terrorist and related activities;  (b) a transaction or series of transactions to which the business is a party—  (i) facilitated or is likely to facilitate the transfer of the proceeds of unlawful activities or property which is connected to an offence relating to the financing of terrorist and related activities;  (ii) has no apparent business or lawful purpose;  (iii) is conducted for the purpose of avoiding giving rise to a reporting duty under this Act;  (iv) may be relevant to the investigation of an evasion or attempted evasion of a duty to pay any tax, duty or levy imposed by legislation administered by the Commissioner for the South African Revenue Service; or  (v) relates to an offence relating to the financing of terrorist and related activities; or  (c) the business has been used or is about to be used in any way for money laundering purposes or to facilitate the commission of an offence relating to the financing of terrorist and related activities,  must, within the prescribed period after the knowledge was acquired or the suspicion arose, report to the Centre the grounds for the knowledge or suspicion and the prescribed particulars concerning the transaction or series of transactions.  (For further guidance refer to the Financial Intelligence Centre website www. fic.org.za) | A person who carries on, manages or is employed by a business | Suspicious and Unusual Transaction | Fine not exceeding R100 000 000 or to imprisonment for a period not exceeding  15 years  Section 68 (1) | Financial Intelligence Centre |
| Section 31 | If an accountable institution through electronic transfer sends money in excess of a prescribed amount out of the Republic or receives money in excess of a prescribed amount from outside the Republic on behalf, or on the instruction, of another person, it must, within the prescribed period after the money was transferred, report the transfer, together with the prescribed particulars concerning the transfer, to the Centre. | Accountable institution | International funds transfer above R19 999.99  Regulation 23D, 23E & 24 | Fine not exceeding R100 000 000 or to imprisonment for a period not exceeding  15 years  Section 68 (1) | Financial Intelligence Centre |
| FINANCIAL SECTOR REGULATION ACT, 9 OF 2017Section 252 | **Reporting by auditors to financial sector regulators**  **252.** (1) *(a)* An auditor of a licensed financial institution, or of a holding company of a financial conglomerate must, without delay, submit a detailed written report to the Prudential Authority, the governing body of the financial institution and, in the case of a financial conglomerate, the holding company of the financial institution, about any matter relating to the business of the financial institution or a company within the  conglomerate, being a matter—  (i) which the auditor becomes aware of in the course of performing functions and duties as auditor; and  (ii) that the auditor considers—  *(aa)* is causing or is likely to cause the financial institution to be financially unsound;  *(bb)* is contravening or may contravene a financial sector law; or  *(cc)* may result in an audit not being completed or may result in a qualified or adverse opinion on accounts.  *(b)* An auditor must also submit any report or other document or particulars about the matter contemplated in section 45(1)*(a)* and (3)*(c)* of the Auditing Profession Act, 2005 (Act No. 26 of 2005), to the Prudential Authority.  (2) An auditor of a licensed financial institution or of a holding company of a financial conglomerate who resigns or whose appointment is terminated must submit to the Prudential Authority—  *(a)* a written statement on the reasons for resignation or the reasons that the auditor believes are the reasons for the termination; and  *(b)* any report contemplated in section 45(1)*(a)* and (3)*(c)* of the Auditing Profession Act, 2005 (Act No. 26 of 2005), that the auditor would, but for the resignation or termination, have had reason to submit. | Auditor | Matters listed in (aa), (bb), (cc), and (b) | Fine not exceeding R5 000 000 Section 272 (3) | Prudential authority |
| FINANCIAL MARKETS ACT, 19 OF 2012Section 91 | 91(2) When an auditor of a regulated person has conducted an audit in terms of subsection (1), the auditor must, subject to subsection (3), report to the regulated person or to the exchange, central securities depository, **[or]** independent clearing house or central counterparty in question, if the auditor is the auditor of an authorised user, participant or clearing member of an independent clearing house or central counterparty, and on request to the Authority—  a) to the effect that the auditor has completed the audit of the annual financial statements in accordance with the International Standards on Auditing and in the manner required by this Act and that in the auditor's considered opinion they fairly present the financial position, cash-flows and results of the operations of the regulated person; and  (b) on the matters prescribedin conduct standards.  3) If the auditor is unable to make such a report or to make it without qualification, the auditor must include in the auditor's report a statement explaining the facts or circumstances that prevented the auditor from making a report or from making it without qualification  (4) When the auditor of a regulated person furnishes copies of a report contemplated in[section 45](https://www.gazette.co.za/library/draft-financial-markets-bill/chapter-11-auditing/91-functions-of-auditor/resolveuid/f366a68cb7c18d5c202eebefa5f5368f)(1)(a) and (3)(c) of the Auditing Profession Act, the auditor must, despite any contrary law, also furnish a copy thereof to the Authority, if the auditor is the auditor of a market infrastructure, or to the exchange, central securities depository, or independent clearing house in question, if the auditor is the auditor of an authorised user, participant or clearing member of an independent clearing house.   (5) If an auditor's appointment is terminated for any reason, including by way of resignation, the auditor must:   * (a) submit to the Authority, if the auditor is the auditor of a market infrastructure, or to the exchange, central securities depository, or independent clearing house in question if the auditor is the auditor of an authorised user, participant or clearing member of an independent clearing house, a statement of what the reasons are, or what the auditor believes to be the reasons, for the termination; * (b) if the auditor would, but for that termination, have had reason to submit to the regulated person a report contemplated in [section 45](https://www.gazette.co.za/library/draft-financial-markets-bill/chapter-11-auditing/91-functions-of-auditor/resolveuid/f366a68cb7c18d5c202eebefa5f5368f)(1)(a) and (3)(c) of the Auditing Profession Act, submit such a report to the Authority or the exchange, central securities depository or independent clearing house, as the case may be.    (6) An auditor must inform the Authority or the exchange, central securities depository or independent clearing house, as the case may be, in writing of any matter relating to the affairs of the regulated person of which the auditor became aware in the performance of the auditor's functions and which, in the opinion of the auditor, is irregular or may prejudice the regulated person's ability to meet its liabilities at all times. | Auditor  Auditor | Report of a reportable irregularity  Any matter which is in the opinion of the auditor irregular or may prejudice the regulated person’s ability to meet its liabilities | Cannot be established with reasonable certainty from the Act as section 91 reporting is not included as one of the sections wherein an offence arises when not complied with  Cannot be established with reasonable certainty from the Act as section 91 reporting is not included as one of the sections wherein an offence arises when not complied with | Financial Sector Conduct Authority  Central securities depository  Independent clearing house  Financial Sector Conduct Authority  Central securities depository  Independent clearing house |
| INSURANCE ACT, 18 of 2017Section 32(4) – (6) | (4) The auditor must, in addition to the requirements of the Financial Sector Regulation Act, without delay, submit a detailed written report to the Prudential Authority, and also to the board of directors in the case of an insurer referred to in subsection (1) and a controlling company, on any matter of which the auditor becomes aware in the performance of the auditor’s functions and duties referred to in subsection (6), and which, in the opinion of the auditor—  *(a)* in respect of the business of the insurer or insurance group, may be contrary to the governance framework requirements of this Act, or amounts to inadequate maintenance of internal controls;  *(b)* in respect of a significant owner of the insurer or controlling company, constitutes a contravention of any section of this Act.  (5) In the case of a branch of a foreign reinsurer or Lloyd’s, the auditor must, in addition to subsection (4), without delay, submit a detailed written report to the Prudential Authority on any matter of which the auditor becomes aware in the performance of the auditor’s functions and duties referred to in subsection (6), and which, in the opinion of the auditor, is likely to prejudice the ability of the branch of a foreign reinsurer or Lloyd’s to hold the required security in the trust.  (6) The auditor of an insurer or a controlling company must—  *(a)* audit the financial soundness of an insurer (other than a branch of a foreign reinsurer, Lloyd’s underwriter or Lloyd’s) or controlling company in the manner prescribed;  *(b)* audit the security held in a trust referred to in section 41 in the manner prescribed;  *(c)* perform the duties and functions assigned to the auditor of an insurer or a controlling company under this Act, the Companies Act and the Auditing Profession Act; and  *(d)* perform any other duties or functions prescribed. | Auditor | Any matter which, in the opinion of the auditor, may be contrary to the governance framework requirements or amounts to inadequate maintenance of internal controls, in respect of a significant owner of the insurer or controlling company constitutes a contravention of the Act.  Any matter which, in the opinion of the auditor, is likely to prejudice the ability of the branch to hold the security in trust | Potentially liable to a penalty of R5 000 for every day during which the failure continues, unless the Authority waives the penalty  Section 68 | Financial Sector Conduct Authority |
| IRBA Code of Professional Conduct for Registered Auditors - Non-Compliance with Laws and RegulationsSection 360[[1]](#footnote-1) | Whilst NOCLAR does not necessarily impose a regulatory reporting obligation it remains a consideration for Registered Auditors when they come across non-compliance with laws and regulations at a client. For further guidance refer to the complete section 360 in the IRBA Code of Professional Conduct and the IRBA Frequently Asked Questions. | Only where all considerations have been applied and the conclusion is reached that a report should be made the obligation is on:  Auditors (Regulatory obligation) | Non-compliance with laws and regulations | Not specified in the Code | Only where all considerations have been applied and the conclusion is reached that a report should be made the report should go to the appropriate authority |
| JSE LISTINGS REQUIREMENTSSection 22 (15)(f) | The audit firm, IFRS adviser, reporting accountant and/or reporting accountant specialist must  (f) provide the JSE with the following, within 5 working days of receiving written notification thereof:  (i) the outcome of an audit firm inspection performed by the IRBA (or a similar regulatory or professional body for auditors in another jurisdiction) together with the decision letter and findings report from the IRBA (or similar regulatory or professional body for auditors), regardless of whether or not the audit firm intends to challenge the decision;  (ii) the fact that it was party to (either by advising or signing off on financial statements or other information) an investigation that resulted in a conclusion that the applicant issuer’s financial statements or other information were not in compliance with IFRS or the Listings Requirements;  (iii) the commencement of legal or disciplinary proceeding instituted by any professional body of which it is a member or regulator to which it is accountable, irrespective of the nature of the proceedings;  (iv) any of the matters referred to in paragraph 22.21;  (v) the matters referred to in paragraphs 22.15(f)(ii)(iii) and (iv) above are those that relate to both the audit firm and any individual auditor who has performed an engagement for an applicant issuer;  (vi) any other matter that may be of relevance to its ongoing obligations and responsibilities in terms of the Listings Requirements; and/or  (vii) the outcome of any legal or disciplinary process instituted by the audit firm against an individual auditor (where that auditor has performed an engagement for an applicant issuer), IFRS adviser and/or reporting accountant specialist who is employed by or who is a partner of the audit firm in question; | Audit firm  IFRS Adviser  Reporting Accountant  Reporting Accountant Specialist | Refer to section | Potential JSE withdrawal of auditor accreditation | JSE |
| Section 22 (15)(g) | (g) notify the JSE of the following, within 48 hours from the date of:  (i) receiving notice of the termination or the appointment of the audit firm/ individual auditor;  (ii) giving notice of resignation by the audit firm/ individual auditor; and/or  (iii) the appointment of a new individual auditor (where the audit firm remains unchanged), except in the instance where that appointment is as a result of rotation of audits amongst individuals in terms of the Act, then the audit firm can send one notification of all such changes on the last day of every quarter commencing on 30 November 2017. | Audit firm  IFRS Adviser  Reporting Accountant  Reporting Accountant Specialist | Refer to section | Potential JSE withdrawal of auditor accreditation | JSE |
| MEDICAL SCHEMES ACT, 131 OF 1998Section 36(5)(a) | The auditor must also when he or she furnishes a report or other document of particulars as contemplated in section 20(5)(b) of the Public Accountants' and Auditors Act, 1991, also furnish a copy thereof to the Registrar. | Auditor | Reportable Irregularity | Fine not exceeding 10 million rand and/ or imprisonment for a period not exceeding 5 years  Section 66 (1)) | Registrar of Medical Schemes |
| Section 36(5)(b) | The auditor of a medical scheme shall inform the Registrar in writing of any matter relating to the affairs of the medical scheme of which he or she became aware in the performance of his or her functions as auditor and which, in the opinion of the auditor, may prejudice the medical scheme’s ability to comply with the Act. | Auditor | Any matter which may prejudice the medical scheme’s ability to comply with the Act | Fine not exceeding 10 million rand and/ or imprisonment for a period not exceeding 5 years  Section 66 (1) | Registrar of Medical Schemes |
| MUTUAL BANKS ACT, 124 OF 1993Section 45 | Every auditor of a mutual bank shall report to the board of that mutual bank any material irregularity or undesirable practice in the conduct of the business of the mutual bank which has come to his notice, and if that irregularity or undesirable practice is not rectified or discontinued within a period of one month from the date upon which it was reported to the board, the auditor shall report it to the Registrar. | Auditor | Material Irregularity or undesirable practice | Guilty of an offence and liable to a fine or imprisonment of up to six months  Section 92(3)(b) | South African Reserve Bank  (SARB) |
| NATIONAL CREDIT ACT, 34 OF 2005Regulation 67 and 68 | A credit provider must require the person appointed in terms of regulation 67 to perform an assurance engagement in accordance with guidelines to be issued by the National Credit Regulator and issue a report to the National Credit Regulator on the basis of that person’s findings with regard to that engagement. | Auditor  Accounting Officer  Person appointed in terms of Regulation 67 | Non-compliance with the Act  Refer to the NCR Guideline | Fine and/or to imprisonment for a period not exceeding 12 months  Section 161 (1) (b) | National Credit Regulator  (NCR) |
| PENSION FUNDS ACT, 24 of 1956Section 9 | An auditor of a fund must within 21 days of his or her appointment being terminated, other than in accordance with section 8 (5), submit a written report to the registrar detailing the auditor’s perceived reasons for the termination; if the auditor, but for the termination referred to in paragraph (*a*), would have had reason to submit a report contemplated in section 45 (3) of the Auditing Profession Act 2005, submit such a report to the registrar; and on becoming aware of any matter relating to the affairs of the pension fund, which, in the opinion of the auditor, may prejudice the fund or its members, inform the registrar thereof in writing. | Auditor | Refer to section. | The registrar may impose an administrative penalty in the case of any failure by a pension fund, administrator or third party to submit to the registrar any scheme, statement, report, return or other document or information required in terms of this Act to be submitted, not exceeding R1 000 or such other amount prescribed by the registrar for every day during which the failure continues.  Section 37 (2) | Registrar of Pension Funds |
| PROTECTION OF CONSTITUTIONAL DEMOCRACY AGAINST TERRORIST AND RELATED ACTIVITIES ACT, 33 OF 2004 (POCDATARA)Section 12 | Any personwho—  -has reason to suspect that any other person intends to commit or has committed an offence referred to in this Chapter; or  -is aware of the presence at any place of any other person who is so suspected of intending to commit or having committed such an offence, must report as soon as reasonably possible such suspicion or presence, as the case may be, or cause such suspicion or presence to be reported to any police official.  **Note: The offences relate to terrorist activities including the finance of such activities and property related to such activities.**  **No duty of secrecy or confidentiality or any other restriction on the disclosure of information, affects the duty of compliance with this section by an accountable institution, supervisory body, reporting institution as defined in the**[**Financial Intelligence Centre Act**](https://www.gazette.co.za/library/protection-of-constitutional-democracy-against-terrorist-and-related-activities-act-33-of-2004/chapter-2-offences-and-penalties-2-to-14/part-3-other-offences-11-to-14/12-duty-to-report-presence-of-person-suspected-of-intending-to-commit-or-having-committed-an-offence-and-failure-to-so-report/resolveuid/19e5b0b6e0c826777438a0dac6e25eef)**, or any other person. However, this does not apply to the common law right to legal professional privilege as between an attorney and an attorney’s client.** | Any person | Offences stipulated and relating to terrorist activities. | Fine or to imprisonment for a period not exceeding 15[[2]](#footnote-2) years  Section 18 | South African Police Service  (SAPS) |
| PROTECTION OF PERSONAL INFORMATION ACT, 4 OF 2013Section 21 (2) | The operator must notify the responsible party immediately where there are reasonable grounds to believe that the personal information of a data subject has been accessed or acquired by any unauthorised person. | Operator | Compromise of a data subject’s personal information | Administrative fine not exceeding R 10 000 000  Section 109 | Responsible party |
| Section 22 (1) | Where there are reasonable grounds to believe that the personal information of a data subject has been accessed or acquired by any unauthorised person, the responsible  party must notify—  *(a)* the Regulator; and  *(b)* subject to subsection (3), the data subject, unless the identity of such data subject cannot be established. | Responsible party | Compromise of a data subject’s personal information | Administrative fine not exceeding  R 10 000 000  Section 109 | Information Regulator  Data subject |
| PREVENTION AND COMBATING OF CORRUPT ACTIVITIES ACT, 12 of 2004 (PRECCA)Section 34 | Any person who holds a position of authority and who knows or ought reasonably to have known or suspected that any other person has committed:   1. an offence under Part 1, 2, 3 or 4, or section 20 or 21 (in so far as it relates to the aforementioned offences) of Chapter 2; 2. or the offence of theft, fraud, extortion, forgery or uttering a forged document, involving an amount of R100 000 or more,   must report such knowledge or suspicion or cause such knowledge or suspicion to be reported to the police official in the Directorate for Priority Crime Investigation referred to in section 17C of the South African Police Service Act, 1995.  **Note: Accountants and auditors are NOT generally regarded as persons who hold positions of authority vis-a vis their clients for purposes of interpretation of the provision. It is however suggested that legal advice is sought on this matter before taking any action and each circumstance assessed on own merit.** | Person who holds position of authority  (See Note) | Fraud , Theft, Corruption > R100 000 | Fine or 10 years imprisonment and a fine of five times the value of the gratification  High Court or a regional court - Fine not exceeding R30 million, and/or to imprisonment for a period not exceeding 10 years[[3]](#footnote-3)  Magistrate’s court, to a fine not exceeding R10 million, or to imprisonment for a period not exceeding three years[[4]](#footnote-4)  Section 26 (1) (b) | Directorate for Priority Crime Investigation referred to in section 17C of the South African Police Service Act, 1995 |
| TRUST PROPERTY CONTROL ACT, 57 OF 1988Section 15 | If an irregularity in connection with the administration of a trust comes to the notice of a person who audits the accounts of a trust, such person shall, if in his opinion it is a material irregularity, report it in writing to the trustee, and if such irregularity is not rectified to the satisfaction of such person within one month as from the date upon which it was reported to the trustee, that person shall report it in writing to the Master. | Auditor | Material Irregularity | Cannot be established with reasonable certainty from the Act | Master of the Supreme Court appointed under the Administration of Estates Act |

*2023 Version*

*April 2023*

1. The IRBA Code’s regulatory authority is derived from the Auditing Profession Act, 2005. [↑](#footnote-ref-1)
2. Section 18 (1)(e) of the Protection Of Constitutional Democracy Against Terrorist And Related Activities Act has been amended by updating imprisonment period from 5 years to 15 years, effective date to be confirmed. [↑](#footnote-ref-2)
3. Shows amendments proposed by the Prevention and Combating of Corrupt Activities Draft Amendment Bill 2017 [↑](#footnote-ref-3)
4. Shows amendments proposed by the Prevention and Combating of Corrupt Activities Draft Amendment Bill 2017 [↑](#footnote-ref-4)