

Reference #: 776972
23 February 2026

Mr Shabeer Khan

The Accountant-General of South Africa
National Treasury
Private Bag X115
Pretoria
0001

Email: shabeer.khan@treasury.gov.za

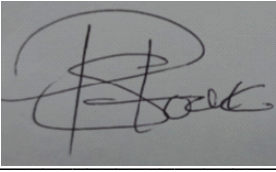
Dear Shabeer,

The South African Institute of Chartered Accountants (SAICA) conducted a comprehensive survey to gather insights from our members regarding the proposed amendments to the Auditing Professions Act (APA). The purpose of this survey was to understand the perspectives, concerns, and suggestions of our members widely, who are key stakeholders in the auditing profession ecosystem, and to ensure their voices are heard in shaping the future of the profession. This letter must also consider the Senior Partner's Forum recommendations previously communicated, which represents constituency structure of SAICA and not all members of SAICA.

As the leading professional body for chartered accountants in South Africa, SAICA is committed to upholding the highest standards of integrity, transparency, and professionalism within the auditing profession. Our members play a critical role in maintaining public trust and ensuring the financial health of businesses and institutions across the country. It is therefore imperative that their views are considered in the development of regulatory frameworks that impact on their work and the profession at large. Furthermore, it is important that due consultation in the APA amendments is followed to avoid any future litigations by any constituency of our profession.

Below, we outline the objectives of the survey questions, the key outcomes under various headings, and SAICA's position that takes into account both the dominant and minority views expressed by respondents. We have also selected extracts from the respondents' comments to provide an indication of some of the views raised.





Patricia Stock CA (SA)
CEO
South African Institute of Chartered Accountants (SAICA)

Specific Feedback

A. Consultation and Engagement

Objective: To assess whether respondents feel adequately consulted regarding the APA amendments and to identify their preferred methods of engagement.

- **Key Outcome:** 87% of respondents believe the profession has not been adequately consulted regarding the APA amendments.
- **Extracts from Commentary received:**
 - *“It is concerning that the IRBA, SAICA, and the profession at large were not adequately involved by National Treasury in the consultation process, and that there wasn’t adequate transparency during the process on the final proposed amendments.”*
 - *“Thorough proactive consultation with the profession is vital to ensure changes move forward without unintended consequences.”*
- **SAICA’s Position:** SAICA strongly supports the need for meaningful and transparent consultation with the profession regarding APA amendments. SAICA believes that a collaborative approach involving National Treasury, IRBA, other relevant professional bodies and SAICA will ensure that the amendments are practical, effective, and aligned with the needs of the profession. SAICA stands ready to support National Treasury in hosting and facilitating such stakeholder engagement.

B. Fines and Penalties

Objective: To evaluate perceptions of IRBA’s role in receiving fines and penalties, and to explore alternative uses for these proceeds.

- **Key Outcome:** 77% of respondents believe IRBA receiving proceeds from fines creates a conflict of interest.
- **Commentary:**
 - *“Although I believe IRBA issuing sanctions and being the recipient of proceeds of fines creates a conflict of interest, appropriate safeguards, if implemented, can address it.”*
 - *“The use of proceeds from fines should be ring-fenced and applied exclusively to improving audit quality, rather than funding IRBA’s operational activities.”*
- **SAICA’s Position:** SAICA supports the majority view that the use of fines should be ring-fenced to improve audit quality and avoid any perception of conflict of interest. While

some of the respondents believe safeguards could mitigate this concern, SAICA emphasises the importance of transparency and accountability in the use of fines to maintain public trust in the profession.

84% of the respondents support the creation of an independent Ombud or Tribunal to provide registered auditors with recourse options regarding IRBA legal and disciplinary decisions. It is SAICA's view that the creation of an Ombud or Tribunal will strengthen the disciplinary processes of the IRBA and provide practitioners with another alternative to taking matters to the courts for litigation.

C. Transparency of Inspection Results

Objective: To determine the level of support for publishing IRBA inspection results and to identify concerns about potential unintended consequences.

- **Key Outcome:** 54% of the respondents support publishing IRBA inspection results, but 68% are concerned about unintended consequences.
- **Commentary:**
 - *“It is very beneficial to publish inspection results, as it provides insight into the issues identified. However, it should remain anonymous to prevent unintended consequences on auditors and firms.”*
 - *“Naming and shaming may damage reputations irreversibly, impacting the ability to secure future work and retain clients.”*
- **SAICA's Position:** SAICA acknowledges the majority view that transparency in inspection results can enhance public trust and audit quality. However, SAICA also recognises the concerns about unintended consequences, such as reputational damage and reduced attractiveness of the profession where the names of the individual auditors and their firms are also published. SAICA advocates for a balanced approach, where inspection results are published in a manner that ensures anonymity and minimizes harm to auditors and firms. While the tool to publish and make transparent the inspections results (including the firm name and registered auditor) may be granted to the regulator, there should be a clear framework and criteria of when this tool may be used by the regulator, and it should be without question that such cases should be in public interest. The impact of this proposal should be considered thoroughly in light of the ongoing conversations on the attractiveness of the auditing profession, aging population of registered auditors and the declining registered auditor numbers.

D. Mandatory Audit Firm Rotation

Objective: To gauge support for mandatory audit firm rotation and understand its perceived benefits and drawbacks.

- **Key Outcome:** 62% support mandatory audit firm rotation for public interest entities.
- **Commentary:**
 - *“A fresh set of eyes, especially from a risk assessment perspective, can ensure that an audit is effective. However, continuity is also important.”*
 - *“Mandatory rotation may adversely affect small firms, as they may lose significant revenue and struggle to replace clients quickly.”*
- **SAICA’s Position:** SAICA acknowledges the majority view that mandatory audit firm rotation can enhance independence and audit quality, particularly for public interest entities. Furthermore, SAICA notes the minority concerns about the potential negative impact on small firms and recommends that transitional measures be considered to mitigate these effects. As a significant number of listed entities would have gone through audit firm rotation as a result of the previous MAFR Rule, understanding of the impact of MAFR on audit fees, audit quality etc. should be ascertained and researched to ensure that lessons learned are addressed in any new pronouncements on this topic. Furthermore, SAICA strongly recommends that National Treasury seek legal opinion on the impact of the previous court ruling in relation to the MAFR and how it may impact the inclusion of the MAFR in the APA.

E. Sustainability Assurance

Objective: To assess whether the current APA adequately covers sustainability/ESG reporting assurance and to identify the preferred regulatory framework for sustainability assurance.

- **Key Outcome:** 67% believe the current APA does not adequately cover assurance engagements on non-financial (sustainability/ESG) reporting.
- **Commentary:**
 - *“The current APA mainly focuses on financial statement audits. It does not provide adequate specificity on sustainability assurance.”*
 - *“Assurance on sustainability information should be mandatory for listed and public interest entities, as sustainability impacts the public interest.”*
- **SAICA’s Position:** SAICA supports the majority view that the APA should be updated to include clear provisions for sustainability assurance. While some respondents believe regulation should be minimal, SAICA recognises the growing global emphasis on

sustainability and ESG reporting and supports the development of a robust regulatory framework to address these engagements.

F. Auditor Liability Regime

Objective: To evaluate perceptions of the current liability regime and explore support for reforms, including Limited Liability Partnerships (LLPs).

- **Key Outcome:** 57% believe the current joint and several liability regimes is unfair, and 80% believe the unlimited liability regime negatively impacts the profession's attractiveness.
- **Commentary:**
 - *“The unlimited liability regime makes the audit profession less attractive for new candidates. It may enhance audit quality due to the scare factor, but there are more constructive ways to achieve this.”*
 - *“Liability should be limited to those responsible for non-compliance or audit quality deficiencies.”*
- **SAICA's Position:** SAICA is currently conducting research on the Auditor Liability regime in South Africa. This research includes an analysis of South Africa's current legal framework for the auditing profession, a comparison of the legal frameworks for auditors in other jurisdictions as well as other professions as well. The outcome of this research could be useful for the purposes of the APA amendments on this matter and SAICA will share the outcomes of this research project with National Treasury.

G. Other general comments

SAICA urges National Treasury to consider the impact of any proposed amendments to the APA on the Small and Medium Practices (SMPs). The cost of compliance emanating from the amendments to the APA on the SMPs should not be disproportionate for the SMPs. This is the grouping of firms that is strained in terms of financial and human resources whilst, at the same time, holding the keys to making significant contributions to the accessibility and attractiveness of the profession challenges. SAICA does have a National Small and Medium Practices Interest Group that could provide valuable information to National Treasury on some of the challenges being experienced by these practitioners on the current act legislation as well as input on the intended direction of the amendments.

