



## **EXAMINABLE AUDITING PRONOUNCEMENTS (AUDITING, ASSURANCE, AND RELATED SERVICES) INITIAL TEST OF COMPETENCE, 2015**

This document clarifies the examinability of the following pronouncements in the Initial Test of Competence (ITC) for 2015 (ITC 2015):

- Audit-related pronouncements contained in volume 2 of the SAICA Handbook 2013/2014;
- SAICA and IRBA Codes of Professional Conduct;
- Companies Act;
- Close Corporations Act;
- King Report and King Code of Governance for South Africa; and
- Auditing Profession Act.

**This document should be read in conjunction with the Competency Framework – Detailed Guidance for Academic Programmes, issued in 2010 – specifically the “Strategy, Risk Management and Governance” and “Auditing and Assurance” competencies – to understand, amongst others, the levels at which these pronouncements may be assessed.**

### **EXAMINABILITY OF PRONOUNCEMENTS IN SAICA HANDBOOK 2013/2014**

The cut-off date for examinable **auditing standards** as defined by the SAICA Initial Professional Development Committee is 31 December, 12 months prior to the ITC being written. The cut-off date for the ITC 2015 is therefore 31 December 2013.

The International Audit and Assurance Standards Board’s (IAASB’s) *International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements* (hereafter referred to as “the IAASB’s International Standards”) are the authoritative standards issued by the IAASB and published in the IAASB 2013 Handbooks - Volumes I and II. The IAASB also issues Non-Authoritative Material as *International Practice Notes*. The IAASB’s International Standards and International Practice Notes continue to be adopted and prescribed by the IRBA and are to be applied by registered auditors in South Africa.

In addition, pronouncements issued by the IRBA to be applied by auditors in South Africa, include: the *IRBA Rules Regarding Improper Conduct* and *Code of Professional Conduct for Registered Auditors*, *South African Assurance Standards (SASAE)*, *South African Auditing Practice Statements (SAAPs)*, *Circulars* and *Guides*.

Both the IAASB and IRBA Pronouncements, issued up to 30 November 2013, are included in the **SAICA Handbook 2013/2014 Volume 2**, except where otherwise indicated.

The SAICA Bylaws, Code of Professional Conduct and a number of SAICA Circulars are also relevant for the Auditing and Assurance competencies, and are contained in the **SAICA Handbook 2013/2014 Volume 3**.

The **SAICA Handbook 2013/2014 Volumes 2 and 3** includes all the previously mentioned pronouncements issued up to 30 November 2013 and is to be used by candidates for purposes of the **ITC 2015**.

Reference	Title	Examinable in ITC 2015
<b>INTERNATIONAL QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES PRONOUNCEMENTS ADOPTED BY THE IRBA AND TO BE APPLIED BY REGISTERED AUDITORS IN SOUTH AFRICA</b>		
BN 207	The Adoption of International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements in terms of the Auditing Profession Act, 26 of 2005 ("The Act") ( <i>Government Gazette</i> 36923, 18 October 2013 )	Yes
<i>DUE PROCESS</i>	<i>Due process policy (18 November 2013)</i>	<i>No</i>
STATUS	Status of auditing pronouncements (18 November 2013)	Yes
<b>Handbook of International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements- 2013 Edition Part I adopted by the IRBA and to be applied by Registered Auditors in South Africa</b>		
<i>CHANGES</i>	<i>Changes of Substance from the 2012 Edition of the Handbook and Recent Developments</i>	<i>No</i>
<i>ROLE</i>	<i>The International Federation of Accountants' Role</i>	<i>No</i>
STRUCTURE	Structure of pronouncements issued by the International Auditing and Assurance Standards Board	Yes
PREFACE	Preface to The International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements (effective as of December 15, 2011)	Yes
GLOSSARY	Glossary of Terms (August 2013)	Yes
<b>International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services (Effective for the audits of financial statements for periods beginning on or after 15 December 2009, unless otherwise indicated)</b>		
ISQC 1	Quality Controls for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements	Yes

Reference	Title	Examinable in ITC 2015
ISA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing	Yes
ISA 210	Agreeing the Terms of Audit Engagements	Yes
ISA 220	Quality Control for an Audit of Financial Statements	Yes
ISA 230	Audit Documentation	Yes
ISA 240	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements	Yes
ISA 250	Consideration of Laws and Regulations in an Audit of Financial Statements	Yes
ISA 260	Communication with Those Charged with Governance	Yes
ISA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management	Yes
ISA 300	Planning an Audit of Financial Statements	Yes
ISA 315 (Revised)	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment (effective for audits of financial statements for periods ending on or after December 15, 2013)	Yes
ISA 320	Materiality in Planning and Performing an Audit	Yes
ISA 330	The Auditor's Responses to Assessed Risks	Yes
ISA 402	Audit Considerations Relating to an Entity Using a Service Organization	Yes
ISA 450	Evaluation of Misstatements Identified during the Audit	Yes
ISA 500	Audit Evidence	Yes
ISA 501	Audit Evidence – Specific Considerations for Selected Items	Yes
ISA 505	External Confirmations	Yes
ISA 510	Initial Audit Engagements – Opening Balances	Yes
ISA 520	Analytical Procedures	Yes
ISA 530	Audit Sampling	Yes
ISA 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures	Yes
ISA 550	Related Parties	Yes
ISA 560	Subsequent Events	Yes
ISA 570	Going Concern	Yes
ISA 580	Written Representations	Yes
ISA 600	Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors) <b>Appendices 2, 4 and 5 are examinable at knowledge level 1 only</b>	Yes
ISA 610 (Revised)	Using the Work of Internal Auditors (effective for audits of financial statements for periods ending on or after December 15, 2014)	Yes
ISA 620	Using the Work of an Auditor's Expert	Yes
ISA 700	Forming an Opinion and Reporting on Financial Statements	Yes
ISA 705	Modifications to the Opinion in the Independent Auditor's Report	Yes
ISA 706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report	Yes
ISA 710	Comparative Information – Corresponding Figures and Comparative Financial Statements	Yes
ISA 720	The Auditor's Responsibilities Relating to Other Information in	Yes

<b>Reference</b>	<b>Title</b>	<b>Exami- nable in ITC 2015</b>
	Documents Containing Audited Financial Statements	
ISA 800	Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks	Yes
ISA 805	Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement	Yes
ISA 810	Engagements to Report on Summary Financial Statements	Yes
	<b>International Auditing Practice Notes (IAPN)</b>	
IAPN 1000	Special considerations in auditing financial instruments	Yes
	<b>Conforming Amendments</b>	
CONFORM	Conforming amendments to other ISAs	Yes
<b>Handbook of International Quality Control, Auditing, Review, Other Assurance and related Services Pronouncements- 2013 Edition Part II adopted by the IRBA and to be applied by Registered Auditors in South Africa</b>		
	<b>International Framework for Assurance Engagements</b>	
FRAME- WORK	International Framework for Assurance Engagements	Yes
	<b>International Standards on Review Engagements (ISRE) (2000 – 2699) (these standards are effective)</b>	
ISRE 2400 (Revised)	Engagements to review financial statements (effective for reviews of financial statements for periods beginning on or after 31 December 2013)	Yes
ISRE 2410	Review of interim financial information performed by the independent auditor of the entity	Yes

Reference	Title	Examinable in ITC 2015
<b>Assurance Engagements other than audits or Reviews of the Historical Financial Information</b>		
<b>International Standards on Assurance Engagements (ISAEs) (3000 – 3699)</b> (these standards are effective)		
<b>Applicable to all assurance engagements</b>		
ISAE 3000 <sup>1</sup>	Assurance engagements other than audits or reviews of historical financial information	Yes
<b>Subject specific standards</b>		
ISAE 3400	<i>The examination of prospective financial information (previously ISA 810)</i>	No
ISAE 3402	Assurance reports on control at a service organization <b>At knowledge level 1 only</b>	Yes
ISAE 3410	<i>Assurance engagements on greenhouse gas statements</i>	No
ISAE 3420	<i>Assurance engagements to report on the compilation of pro forma financial information included in a prospectus</i>	No
<b>Related Services</b>		
<b>International Standards on Related Services (ISRS) (4000 – 4699)</b>		
ISRS 4400	Engagements to perform agreed-upon procedures regarding financial information (previously ISA 920)	Yes
ISRS 4410 (Revised)	Compilation engagements (Effective for compilation engagement reports dated on or after 1 July 2013)	Yes

#### PRONOUNCEMENTS ISSUED BY THE IRBA

Reference	Title	Examinable in ITC 2015
<b>Committee for Auditor Ethics (CFAE)</b>		
BN 89	The Independent Regulatory Board for Auditors Rules regarding Improper Conduct and Code of Professional Conduct for Registered Auditors (1 June 2010)	Yes
BN 208	Proposed amendments to the Code of Professional Conduct for registered auditors (Issued 18 October 2013) <u>Note:</u> This document is examinable to the extent that the proposed requirements therein are the same as the amendments to the SAICA Code of Professional Conduct (as documented on pages ET-101 to ET-114 in Volume 3 of the 2013/2014 SAICA Handbook)	Yes (See note)

<sup>1</sup> This Standard is incorrectly referred to as “ISAE 3400” in the Competency Framework – Detailed Guidance for Academic Programmes, issued in 2010.

<b>South African Audit Practice Statements (SAAPSs)</b>		
SAAPS 2 (Revised)	Financial reporting frameworks and audit opinions (Revised November 2013)	Yes
SAAPS 3 (Revised)	Illustrative reports (Revised November 2013)	Yes
SAAPS 4	Enquiries regarding litigation and claims	Yes
SAAPS 5	<i>Reporting on donor funding engagements</i>	No
SAAPS 6	External confirmations from financial institutions (Effective for all the external confirmation requests issued on or after 1 October 2013. Early adoption is permitted)	Yes
<b>IRBA Circular</b>		
CC 01/2006	Giving second opinions	Yes
<b>IRBA Guides</b>		
IRREG	Reportable irregularities	Yes
ACCESS	Access to audit working papers	Yes
MLFT	Combating money laundering and financing of terrorism	Yes

#### **PRONOUNCEMENTS ISSUED BY SAICA**

<b>Reference</b>	<b>Title</b>	<b>Examinable in ITC 2015</b>
<b>SAICA guide</b>		
	Trading whilst Factually Insolvent (updated June 2009) <b>Note:</b> This Guide is not contained in the SAICA Handbook 2013/2014. If this Guide is examined in the ITC 2015, a copy of the Guide will be provided to candidates at the start of the examination.	Yes
<b>SAICA Circulars (only examinable circulars are listed)</b>		
CC 02/95	Use of the designations CA(SA) and RA	Yes
CC 01/96	Managing the professional liability of accountants	Yes
CC 02/02	Subordination agreements	Yes
CC 03/02	Letters of support	Yes
CC 04/11	Illustrative reportable irregularities letters for independent review	Yes
CC 01/12	Engagement letter template for review engagements	Yes

## **CODE OF PROFESSIONAL CONDUCT**

The following are examinable for the ITC 2015:

- The SAICA Code of Professional Conduct (as issued in December 2013) – including the Changes to the Code (documented on ET-101 to ET 114 of Volume 3 of the SAICA Handbook 2013/2014);
- SAICA By-law 34 describing “Punishable Offences”; and
- The IRBA Rules Regarding Improper Conduct and Code of Professional Conduct for Registered Auditors (issued in June 2010). The proposed amendments to the Code of Professional Conduct for Registered Auditors are examinable to the extent that the proposed requirements are the same as the amendments made to the SAICA Code of Professional Conduct (as documented on pages ET-101 to ET-114 in volume 3).

## **COMPANIES ACT**

The *Companies Act, 2008* (Act 71 of 2008), as amended by the *Companies Amendment Act, 2011* (Act 3 of 2011), is examinable for the ITC 2015 to the extent that the sections of the Act are indicated as being examinable in the “Knowledge reference list” for the “Strategy, Risk Management and Governance” competencies as contained in the Competency Framework – Detailed Guidance for Academic Programmes, issued in 2010.

The Companies Regulations, 2011, are examinable to the extent that the regulation relates to an examinable section of the Companies Act. The regulations are examinable at the same level as the section of the Companies Act to which it relates.

## **CLOSE CORPORATIONS ACT**

The *Close Corporations Act, 1984* (Act 69 of 1984), as amended, is examinable for the ITC 2015 to the extent that the sections of the Act are indicated as being examinable in the “Knowledge reference list” for the “Strategy, Risk Management and Governance” competencies as contained in the Competency Framework – Detailed Guidance for Academic Programmes, issued in 2010.

## **KING REPORT**

The King Report on Governance for South Africa (2009) and the King Code of Governance for South Africa (2009) are examinable for the ITC 2015 at the levels indicated in the “Knowledge reference list” for the “Strategy, Risk Management and Governance” competencies as contained in the Competency Framework – Detailed Guidance for Academic Programmes, issued in 2010.

## **AUDITING PROFESSION ACT (APA)**

The Auditing Profession Act (APA) is examinable for the ITC 2015. The following sections of the APA are examinable:

- 1 – Definitions
- 2 – Objects of Act
- 3 – Establishment and legal status
- 4 – General Functions
- 20 – Establishment of committees
- 21 – Committee for auditor ethics
- 22 - Committee for auditing standards
- 37 – Registration of individuals as registered auditors
- 38 – Registration of firms as registered auditors
- 39 – Termination of registration
- 41 – Practice
- 44 – Duties in relation to audit
- 45 – Duties to report on irregularities
- 46 – Limitation of liability
- 52 – Reportable irregularities and false statements in connection with audits