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BOARD NOTICES • RAADSKENNISGEWINGS

BOARD NOTICE 100 OF 2017

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RULE ON MANDATORY AUDIT FIRM ROTATION

In compliance with section 10(1)(a) of the Auditing Profession Act, 26 of 2005, the Independent Regulatory Board for Auditors (IRBA) hereby publishes the rule on Mandatory Audit Firm Rotation (MAFR) for auditors of all public interest entities, as defined in section 290.25 to 290.26 of the amended IRBA Code of Professional Conduct for Registered Auditors.

REQUIREMENTS

1. An audit firm, including a network firm as defined in the IRBA Code of Professional Conduct for Registered Auditors, shall not serve as the appointed auditor of a public interest entity for more than 10 consecutive financial years.
2. Thereafter, the audit firm will only be eligible for reappointment as the auditor after the expiry of at least five financial years.

EFFECTIVE DATE

1. The requirement is effective for financial years commencing on or after 1 April 2023. Therefore, if the audit firm has served as the appointed auditor of a public interest entity for 10 or more consecutive financial years before the financial year commencing on or after 1 April 2023, then the audit firm shall not accept re-appointment and will be required to rotate.
2. When the auditor determines that an audit client becomes a public interest entity, the length of time the audit firm has served the audit client as the auditor before the client becomes a public interest entity shall be included in determining the timing of audit firm rotation.

TRANSITIONAL PROVISIONS

1. If, at the effective date, the public interest entity has appointed joint auditors and both have had audit tenure of 10 years or more, then only one audit firm is required to rotate at the effective date and the remaining audit firm will be granted an additional two years before rotation is required.
2. This provision will only be applicable at the effective date.

Bernard Peter Agulhas
Chief Executive Officer