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THE PRESIDENCY

No. 32

16 January 2006

It is hereby notified that the President has assented to the following Act, which is hereby published for general information:—

No. 26 of 2005: Auditing Profession Act, 2005.



AIDS HELPLINE: 0800-123-22 Prevention is the cure

(English text signed by the President.)
(Assented to 12 January 2006.)

ACT

To provide for the establishment of the Independent Regulatory Board for Auditors; to provide for the education, training and professional development of registered auditors; to provide for the accreditation of professional bodies; to provide for the registration of auditors; to regulate the conduct of registered auditors; to repeal an Act; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

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CHAPTER I

INTERPRETATION AND OBJECTS OF ACT

Definitions

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1. In this Act, unless the context indicates otherwise—

“**accreditation**” means the status afforded to a professional body in accordance with Part 1 of Chapter III, which status may be granted in full or in part;

“**appropriate regulator**”, in relation to any entity, means any national government department, registrar, regulator, agency, authority, centre, board or similar institution established, appointed, required or tasked in terms of any law to regulate, oversee or ensure compliance with any legislation, regulation or licence, rule, directive, notice or similar instrument issued in terms of or in compliance with any legislation or regulation, as appears to the Regulatory Board to be appropriate in relation to the entity; 10 15

“**audit**” means the examination of, in accordance with prescribed or applicable auditing standards—

(a) financial statements with the objective of expressing an opinion as to their fairness or compliance with an identified financial reporting framework and any applicable statutory requirements; or 20

(b) financial and other information, prepared in accordance with suitable criteria, with the objective of expressing an opinion on the financial and other information;

“**auditing pronouncements**” means those standards, practice statements, guidelines and circulars developed, adopted, issued or prescribed by the Regulatory Board which a registered auditor must comply with in the performance of an audit; 25

“**Auditor-General**” has the meaning assigned in section I of the Public Audit Act, 2004 (Act No. 25 of 2004);

“**client**” means the person for whom a registered auditor is performing or has performed an audit; 30

“**company**” has the meaning assigned to it in the Companies Act, 1973 (Act No. 61 of 1973);

“**delegation**”, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

“**ensure**” means to take all reasonably necessary and expedient steps in order to achieve the purpose, objective or intention of this Act or a provision of this Act; 35

“**firm**” means a partnership, company or sole proprietor referred to in section 40;

“**improper conduct**” means any non-compliance with this Act or any rules prescribed in terms of this Act or any conduct prescribed as constituting improper conduct; 40

“**management board**”, in relation to an entity which is a company, means the board of directors of the company and, in relation to any other entity, means the body or individual responsible for the management of the business of the entity;

“**Minister**” means the Minister of Finance;

“**organ of state**” has the meaning assigned to it in section 239 of the Constitution of the Republic of South Africa, 1996; 45

“**prescribe**” means prescribe by notice in the Gazette, and “prescribed” and “prescribing” have corresponding meanings;

“**professional body**” means a body of, or representing, registered auditors or both accountants and registered auditors; 50

“**public accountant**” means any person who is engaged in public practice;

“**public practice**” means the practice of a registered auditor who places professional services at the disposal of the public for reward, and “practice” has a similar meaning;

“**Public Accountants’ and Auditors’ Board**” means the board established under the Public Accountants’ and Auditors’ Act, 1951 (Act 51 of 1951) and which continues to exist under section 2 of the Public Accountants’ and Auditors’ Act, 1991 (Act No. 80 of 1991); 55