|  |
| --- |
| **INDEPENDENT REGULATORY BOARD FOR AUDITORS**  **COMMITTEE FOR AUDITING STANDARDS** |

|  |
| --- |
| **The South African Standard on Assurance Engagements (SASAE) 3502 (Revised), *Assurance Engagements on Broad-Based Black Economic Empowerment Verification Certificates,* Including the Registered Auditor's Limited Assurance Reports**  Johannesburg / 14 June 2016  On 1 June 2016, the Committee for Auditing Standards (CFAS) approved the Revised South African Standard on Assurance Engagements 3502 (SASAE 3502 (Revised)) including revised assurance reports for adoption, issue and prescription by registered auditors in South Africa.    **Nature of the Changes in SASAE 3502 (Revised)**  SASAE 3502 and the related appendices were updated with the amendments that were made to Broad-Based Black Economic Empowerment (B-BBEE) legislation in relation to:   * The B-BBEE Codes of Good Practice (CoGP), which was revised in terms of Government Gazette No. 36928, *Issue of Codes of Good Practice,* issued on 11 October 2013; * Government Gazette No. 38765, *Amendment to Code Series 400, Statement 400 and addition of the fifth criterion for the empowering supplier,* which was issued on 6 May 2015 with further revisions to the previous Government Gazette No. 36928 in relation to Large Enterprises; and * Government Gazette No. 38766, *Statement 003: Amended guidelines for developing and gazetting of sector codes,* which was issued on 6 May 2015 with revisions to the measurement criteria for Qualifying Small Enterprises (QSEs) in terms of the CoGP.   In addition, the appendices to SASAE 3502 were updated for revisions made to ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information.* ISAE 3000 (Revised) is effective for assurance reports dated on or after 15 December 2015. The appendices that were revised are:   * The illustrative B-BBEE Verification Certificate, illustrative limited assurance report and illustrative detailed scorecard for Large Enterprises; * The illustrative B-BBEE Verification Certificate, illustrative limited assurance report and illustrative detailed scorecard for QSEs; * The illustrative engagement letter; and * The illustrative management representation letter.   Note that a health warning is now placed on the cover of SASAE 3502 (Revised), as well as on the website, stating that SASAE 3502 (Revised) has not been updated for ISAE 3000 (Revised), except for the illustrative independent auditor’s reports in Appendices A1 and A2, the illustrative engagement letter in Appendix C and the illustrative management representation letter in Appendix D, which have been updated.  **Effective date**  SASAE 3502 (Revised) is effective for B-BBEE Verification Certificates issued on or after 1 June 2016.  SASAE 3502 (Revised) is available in PDF and Word format and may be downloaded from the IRBA website at [www.irba.co.za](http://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/other-assurance-including-b-bbee/b-bbee-verification-assurance). Should you have any further queries, please do not hesitate to contact the Standards Department by email at [standards@irba.co.za](mailto:standards@irba.co.za).  **Recent developments relating to the regulation of the B-BBEE verification industry**  Reference is made to our communique dated 4 March 2016, providing an update on the IRBA's continued involvement in the Broad-Based Black Economic Empowerment (B-BBEE) Verification Industry.  The IRBA appreciates the interest and the concern of B-BBEE approved registered auditors (BARs) and will keep them informed of developments.  At this stage, the IRBA has no firm information to share with BARs regarding these developments.  The communique is available [here](http://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/other-assurance-including-b-bbee/b-bbee-verification-assurance).  **Imran Vanker**  **Director: Standards**  ***About the IRBA***  *The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.*  *The statutory responsibilities of the CFAS are to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; to consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and to promote and ensure the relevance of auditing pronouncements.* |