



CALCULUS
CHARTERED ACCOUNTANTS (SA) & AUDITORS

Quality Control and Ethics Manual

Ethical Guidance for Calculus Staff

Adapted from "Guide to Quality Control for Small- and Medium-Sized Practices" by the International Federation of Accountants (IFAC). Effective Approved on 03 January 2011. Approved by the Partner, Calculus Chartered Accountants (SA) and Auditors

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GENERAL POLICY STATEMENT

It is Calculus Chartered Accountants (SA) and Auditors' ('the firm') objective to establish, implement, maintain, monitor, and enforce a quality control system that provides reasonable assurance that the Partner and staff comply with the International Standard on Quality Control (ISQC) 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and that the firm's engagement reports are appropriate for the circumstances.

GENERAL ROLES AND RESPONSIBILITIES OF THE PARTNER AND STAFF

The Partner exercises ultimate authority and bears responsibility for the system of quality control. The Partner and each staff member are, to varying degrees, responsible for implementing the firm's quality control policies.

The firm's values include values, trust, integrity, growth, professionalism and outstanding service.

The Partner and staff are required to conform to the following guidelines:

- Treating ethical behaviour and quality of service as the first priority; commercial considerations may not override the quality of the work performed;
- Reading, understanding, and following the IRBA, SAICA and IFAC Codes;
- Understanding the Partner's and staff responsibilities to identify, disclose, and document threats to independence and the process to be followed to address and manage identified threats;
- Avoiding circumstances where independence may be (or appear to be) impaired;
- Complying with continuing professional development requirements including maintenance of records as evidence thereof;
- Remaining abreast of current developments in the profession, applicable financial reporting framework and assurance standards (for example, IFRSs, ISAs), disclosure and accounting practices, quality control, firm standards, and relevant industry and client-specific developments;
- Providing the Partner and staff with courteous assistance, when needed and requested, to help them learn through shared knowledge and experience and improve the quality of client service

- Keeping time records (regularly entered into the firm's time and billing systems) to track and identify time spent on engagement and office activities (both chargeable and non-chargeable);
- Safeguarding and properly using and maintaining office and computer equipment (including network and communication resources) and other shared assets. This includes using the firm's technological resources only for appropriate business purposes, taking into consideration ethics, client confidentiality, and privacy;
- Keeping firm and client data, business and client information, and personal information secure and confidential;
- Ensuring that firm-generated electronic-based information on the client or firm is stored on the firm's network according to appropriate information storage procedures;
- Informing the Partner of any observations of significant breaches in firm's quality control, ethics including independence, confidentiality, or inappropriate use of firm resources (including Web and e-mail systems);
- Documenting and maintaining appropriate records of all significant client contacts when professional advice is given or requested; Documenting and maintaining appropriate records of all significant consultations, discussions, analyses, resolutions, and conclusions on independence threat management, difficult or contentious issues, differences of opinion, and conflicts of interest; and
- Following the firm's standard practices for work hours, attendance, administration, meeting deadlines, and quality control

1 LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM

1.1 TONE AT THE TOP

The Partner decides on all key matters regarding the professional practice.

The Partner accepts responsibility for leading and promoting a quality assurance culture within the firm and for providing and maintaining this manual and all other necessary practical aids and guidance to support engagement quality.

The Partner determines the operating and reporting structure. In addition, the Partner may designate qualified staff, on an annual or other periodic basis, the person(s) responsible for recordkeeping or other administrative elements of the quality control system; however, ultimate responsibility for these functions will rest with the Partner.

Any individuals who take on specific responsibilities and duties will be assessed by the Partner as possessing sufficient and appropriate experience and the ability to carry out their responsibilities.

1.2 LEADERSHIP POSITIONS

Throughout this quality control manual, reference will be made to various leadership functions within the firm. The Partner will serve several roles. However, the role of HR may be served by appropriately qualified staff and the QCR will be a suitably qualified external person.

Partner	Owner and manager of the firm
QCR	(Quality Control Reviewer). Any professional performing the function of engagement quality control review
HR	(Human Resources). Personnel responsible for all human resource functions including recordkeeping with respect to professional duties such as membership fees and continuing professional development

2 RELEVANT ETHICAL REQUIREMENTS

The Partner recognizes the value of ethical leadership and accepts responsibility to provide it.

2.1 INDEPENDENCE

The Partner and all staff must be independent both in mind and appearance of their assurance clients and engagements.

Independence shall be maintained throughout the engagement period for all assurance engagements, as set forth in and by:

- The Independent Regulatory Board for Auditors, Rules Regarding Improper Conduct and Code of Professional Conduct for Registered Auditors (IRBA Code)
- The International Federation of Accountants, *Code of Ethics for Professional Accountants* (IFAC Code), specifically Section 290;
- The South African Institute of Chartered Accountants, Code of Professional Conduct for Chartered Accountants, (SAICA Code), specifically Section 290;

The IRBA, IFAC and SAICA codes are henceforth referred to as ‘the Codes’ collectively. The IRBA Code takes precedence over the SAICA and IFAC Codes in the event of any conflict between the three.

- ISQC 1; and
- International Standard on Auditing (ISA) 220, “Quality Control for an Audit of Financial Statements.”

If threats to independence cannot be eliminated or reduced to an acceptable level by applying appropriate safeguards, the Partner shall eliminate the activity, interest, or relationship that is creating the threat, or refuse to accept or continue the engagement (where withdrawal is not prohibited by law or regulation).

The Partner is responsible for and must ensure an appropriate resolution to independence threats.

The Partner and staff are required to review their specific circumstances for any independence threats or potential threats. The Partner is to be informed if such threats are identified by staff.

All staff are required to provide the Partner annually with written confirmation that they understand and have complied with Section 290 of the Codes and the firm’s independence policies.

Staff assigned to an assurance engagement shall confirm to the Partner that they are independent from the client and engagement, or notify the Partner of any threat or possible threat to independence so that appropriate safeguards can be applied.

Staff must notify the Partner if, to their knowledge, they or any other staff member have, during the disclosure period, provided any service that would be prohibited under Section 290 of the Codes or other regulatory authority, which could result in the firm being unable to complete an assurance engagement.

When asked by the Partner, staff shall take whatever reasonable actions are necessary and possible to eliminate or reduce any independence threat to an acceptable level. These actions may include:

- Ceasing to be a member of the engagement team;
- Ceasing or altering specific types of work or services performed in an engagement;
- Divesting of a financial or ownership interest;
- Ceasing or changing the nature of personal or business relationships with clients;
- Submitting work for additional review to an external professional accountant or other staff member; and
- Taking any other reasonable actions that are appropriate in the circumstances.

2.2 CONFLICT OF INTEREST

The Partner and staff must follow Section 220 of the Codes regarding any interests, influences, or relationships that may create a conflict of interest. The Partner and staff must be free of any interests, influences, or relationships in respect of the client's affairs which impair professional judgment or objectivity.

The Partner is responsible for the development, implementation, compliance, enforcement, and monitoring of practice methods and procedures designed to assist the Partner and staff in understanding, identifying, documenting, and addressing conflicts of interest, and determining their appropriate resolution.

The Partner will ensure that appropriate procedures are followed when conflicts and potential conflicts of interest have been identified. It is presumed, unless proven otherwise, that whenever a conflict or potential conflict is identified, the Partner or staff shall not act or provide advice or comment until they have thoroughly reviewed the facts and circumstances of the situation, and are confident that the required safeguards and communications are in place and it is appropriate to act.

The staff should review their specific circumstances and advise the Partner of any conflicts of interest or potential conflicts involving them or their immediate family. The Partner and staff should also determine and disclose any conflicts of interest between themselves and the firm's clients, particularly if they provide services directly to these clients. They should exercise due care, follow firm policy, and discuss the particular circumstances in order to determine how to address the situation and ascertain whether a particular service should be avoided.

After consultation with other staff, the Partner shall have the final authority on the resolution of any conflict of interest situation, which could include:

- Refusing or discontinuing the service, engagement, or action;
- Determining and requiring specified actions and procedures to appropriately address the conflict, protect sensitive and client-specific information, and ensure appropriate consents are obtained and disclosures made when it is determined to be acceptable to act;
- Appropriately documenting the process, safeguards applied, and decisions or recommendations made;
- Administering partner and staff discipline procedures and sanctions for non-compliance; and
- Initiating and participating in pre-emptive planning measures to assist in avoiding conflicts of interest situations that may arise.

The client will be notified of the Partner's business interest or activities that may represent a conflict of interest, all known relevant parties in situations in which the firm is acting for two or more parties in respect of a matter where their respective interests are in conflict, and will notify the client that the firm does not act exclusively for any one client in the provision of proposed services. In all cases, the client's consent to act should be obtained.

2.3 CONFIDENTIALITY

The Partner and staff shall protect and keep confidential any client information that is required to be kept confidential and protected according to governing laws, regulatory authorities, Section 140 of the Codes, firm policy, and specific client instructions or agreements.

Client information and any personal information obtained during an engagement shall be used or disclosed only for the purpose for which it was collected.

The Partner will communicate the policies and provide access to information on guidance, rules, and interpretations through this quality control manual, other firm documentation (such as training materials), and electronically, to educate all staff on privacy and client confidentiality requirements and issues.

The firm's policy requires the maintenance of industry-standard technology, including firewalls, hardware, and software, as well as data transmission and storage procedures designed to retain, catalogue, and recover electronic information and protect this information from unauthorized access or inappropriate use (both internally and externally)).

The firm's policy requires the maintenance of internal and external hard-copy file handling and storage procedures and facilities to protect, retain, catalogue, and recover

file information and to protect this information from unauthorized access or inappropriate use (both internally and externally).

The firm also requires that a declaration of confidentiality be signed by all personnel upon hire, and annually thereafter, and for documentation to be maintained on file. All personnel are expected to be thoroughly familiar with the firm's policy statement on confidentiality and to comply with it.

3 ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

3.1 ACCEPTANCE AND CONTINUANCE

The firm accepts new engagements or continues existing engagements and client relationships only after a review process has been conducted by the Partner or a qualified staff member.

If, after accepting or continuing an engagement, the firm receives information, which, if known earlier, would have resulted in a refusal of the engagement, the Partner must consider whether to continue the engagement and will normally seek legal advice regarding its position and options to ensure that it meets any professional, regulatory, and legal requirements.

3.2 NEW CLIENT PROPOSALS

Prospective client proposals may be prepared by competent staff and reviewed by the Partner. However, an evaluation of a prospective client and authorized approval shall precede issuance of any client proposal.

Once a determination has been made to accept a new client, the Partner shall meet the relevant ethical requirements (such as communicating with the former firm) and will prepare an engagement letter for signature by the new client.

3.3 RESIGNATION OF A CLIENT RELATIONSHIP

The firm has a defined process to be followed when it has been determined that withdrawal from an engagement is necessary. This process includes consideration of the professional, regulatory, and legal requirements and any mandatory reporting which must be undertaken as a result

4 HUMAN RESOURCES

4.1 RECRUITMENT AND RETENTION

The Partner and HR must assess professional service requirements in order to ensure they have the capacity and competence necessary to meet clients' needs. This will ordinarily include a detailed expectation of engagement requirements over the course of each calendar period in order to identify peak periods and potential resource shortages.

4.2 CONTINUING PROFESSIONAL DEVELOPMENT

The Partner must meet the minimum continuing professional development requirements as prescribed by the Independent Regulatory Board for Auditors (IRBA), the South African Institute of Chartered Accountants (in accordance with IFAC's International Education Standard (IES) 7, "Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence," which prescribes that IFAC member bodies implement a continuing professional development (CPD) requirement as an integral component of a professional accountant's continued membership, and IES 8, "Competence Requirements for Audit Professionals," which prescribes competence requirements for audit professionals, and which IFAC member bodies need to establish via policies and procedures that members satisfy. Additional continuing professional requirements may be expected by member bodies or regulators in various jurisdictions).

4.3 ASSIGNMENT OF ENGAGEMENT TEAMS

Through its policies and procedures, the firm ensures the assignment of appropriate staff (individually and collectively) to each engagement. The responsibilities of the Partner are clearly defined in this manual and in the engagement templates provided by the firm. The Partner is also responsible for ensuring that the individuals assigned, and the engagement team as a whole, have the necessary competencies to complete the engagement according to professional standards and the firm's quality control system.

The Partner will also plan for coaching opportunities between junior and senior personnel to guide the development of less experienced staff.

4.4 ENFORCEMENT OF QUALITY CONTROL POLICIES (DISCIPLINE)

The firm's quality control system requires more than effective monitoring. An enforcement process is essential, and includes consequences and corrective procedures for non-compliance, disregard, lack of due care and attention, abuse, and circumvention.

The Partner has overall responsibility for the disciplinary process. Corrective action is determined and administered through a consultative process, not in an autocratic fashion. The corrective action taken will depend on the circumstances.

4.5 REWARDING COMPLIANCE

Compliance with the firm's policies will be considered and addressed in the specific and overall assessment of individual staff members on an ongoing basis and in the regularly scheduled personnel review process.

Appropriate weighting will be assigned to the traits identified in the assessment of job performance and in determining remuneration levels, bonuses, advancement, career development, and authority within the firm.

Performance appraisals, conducted on a periodic basis, will include the form and content as defined by firm policy.

5 ENGAGEMENT PERFORMANCE

Through established policies and procedures and its quality control system, the firm requires that engagements be performed according to professional standards and applicable regulatory and legal requirements.

The firm's overall systems are designed to provide reasonable assurance that the staff are adequately and properly planned, supervised, and reviewed and that the engagement reports are appropriate in the circumstances.

To facilitate staff performance on engagements consistently and according to professional standards and regulatory and legal requirements, the firm provides sample working paper templates for documenting the engagement process for clients. These templates are updated as required to reflect any changes in professional standards. Staff use these templates to document key facts, risks, and assessments related to acceptance or continuation of each engagement. Staff are encouraged to exercise professional judgment when modifying such templates to ensure that such matters are appropriately documented and assessed for each engagement in accordance with professional standards and firm policies.

Also available are research tools and reference materials; a quality control system, as set out in this manual; appropriate industry-standard software and hardware tools, including data and system access security and guidance; training, and education policies and programs, including support for compliance with IRBA, SAICA and other applicable professional development requirements.

When performing any engagement, all staff are required to:

- Follow and adhere to firm planning, supervision, and review policies;
- Use (modifying as appropriate) the firm's templates for file preparation, documentation, and correspondence, as well as its software, research tools, and the signing and release procedures appropriate for the engagement;
- Follow and adhere to the ethical policies of the firm;
- Perform their work to professional and firm standards with due care and attention;
- Document their work, analysis, consultations, and conclusions sufficiently and appropriately;
- Complete their work with objectivity and appropriate independence, on a timely and efficient basis, and document the work in an organized, systematic, complete, and legible manner;
- Ensure all working papers, file documents, and memoranda are initialled, properly cross-referenced, and dated, with appropriate consultation on difficult or contentious matters;
- Ensure that appropriate client communications, representations, reviews, and responsibilities are clearly established and documented; and

- Ensure that the engagement report reflects the work performed and intended purpose and is issued soon after the fieldwork is complete.

5.1 ROLE OF THE PARTNER AS ENGAGEMENT LEADER

The engagement leader is responsible for signing the engagement report. As leader of the engagement team, the Partner is responsible for:

- The overall quality for each engagement to which the engagement leader is assigned;
- Forming a conclusion on compliance with independence requirements from the client, and in doing so, obtaining the information required to identify threats to independence, taking action to eliminate such threats or reduce them to an acceptable level by applying appropriate safeguards, and ensuring appropriate documentation is completed;
- Ensuring that appropriate procedures regarding the acceptance and continuance of client relationships have been followed, and that conclusions reached in this regard are appropriate and have been documented;
- Ensuring that the engagement team collectively has the appropriate capabilities, competence, and time to perform the engagement in accordance with professional standards and regulatory and legal requirements;
- Supervising and/or performing the engagement in compliance with professional standards and regulatory and legal requirements, and ensuring that the engagement report issued is appropriate in the circumstances;
- Communicating to key members of the client's management and those charged with governance the Partner's identity and role as engagement leader;
- Ensuring, through review of the engagement documentation and discussion with the engagement team, that sufficient appropriate evidence has been obtained to support the conclusions reached and for the engagement report to be issued;
- Taking responsibility for the engagement team through appropriate consultation (both internal and external) on difficult or contentious matters; and
- Determining when a QCR should be appointed in accordance with professional standards and firm policy; discussing significant matters arising during the engagement and identified during the engagement quality control review with the QCR; and not dating the report until the review is complete.

5.2 CONSULTATION

The firm encourages consultation among the engagement team and, for significant matters with others inside and, with authorization, outside the firm. Internal consultation uses the firm's collective experience and expertise (or that available to the firm) to reduce the risk of error and improve the quality of engagement performance. A consultative environment improves the firm's or staff's learning and development

process and adds strength to the firm's collective knowledge base, quality control system, and professional capabilities.

For any significant, difficult, or contentious issue identified during planning or throughout the engagement, the firm shall consult suitably qualified external persons.

When external consultation is required, the situation shall be sufficiently documented providing enough detail to allow file readers to understand the full extent of the nature of the consultation, the external expert's qualifications and relevant competencies, and the course of action recommended.

The external expert shall be supplied with all relevant facts to be able to provide informed advice. When seeking advice, it is not appropriate to withhold facts or direct the information flow in order to get a particular desired result. The external expert shall be independent of the client, free of conflict of interest, and held to a high standard of objectivity.

5.3 DIFFERENCES OF OPINION

The Partner and staff shall strive to be objective, conscientious, open-minded, and reasonable in assisting, facilitating, or reaching a timely and non-confrontational resolution of any disputes or differences of opinion between personnel.

Anyone who is party to a dispute or difference of opinion shall attempt to resolve the matter in a timely, professional, respectful, and courteous manner through discussion, research, and consultation with the other individual(s).

The Partner will consider the matter promptly and decide, through consultation with the parties, how to resolve the matter. The Partner shall then inform the parties of this decision and the reasons behind it. In all cases, the nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagement shall be documented.

All staff are protected from any form of retribution, career limitation, or punitive actions for bringing attention to a legitimate and significant issue, in good faith and with the true interests of the public, client, Partner, or co-worker in mind.

Disputes or differences of opinion shall be documented appropriately. In all instances, the engagement report will not be dated until the matter is resolved.

5.4 ENGAGEMENT QUALITY CONTROL REVIEW (EQCR)

All engagements must be assessed against the firm's established criteria to determine whether an EQCR shall be performed. This assessment should be made, in the case of a new client relationship, before the engagement is accepted, and in the case of a continuing client, during the planning phase of the engagement.

The firm's policy shall require the resolution of all issues raised by the QCR, before dating the engagement report.

An EQCR is required before dating any audit report of the financial statements of listed entities. In any other circumstances where an EQCR is conducted, the engagement report shall not be dated until completion of the EQCR.

Examples of criteria where the firm may wish to require an EQCR include (but are not limited to):

- It is part of a set of safeguards applied where the Partner has a significant and recurring independence threat resulting from a prolonged close personal relationship or close business relationship with the client, which had been previously reduced to an acceptable level by other safeguards;
- An identified threat to independence involving the Partner is recurring and deemed significant but use of an EQCR may reasonably reduce these threats to an acceptable level;
- The engagement's subject matter relates to organizations that are important to specific communities or the general public;
- A large number of passive shareholders, equivalent-ownership unit holders, partners, co-venturers, beneficiaries, or other similar parties receive and rely on the engagement report;
- There is significant risk identified and associated with the decision to accept or continue the engagement;
- There are questions about an entity's ability to continue as a going concern, and the potential impact to third-party users (other than management) is significant;
- Substantial impacts and risks to users involve new and very complex specialized transactions, such as derivatives and hedges, stock-based compensation, unusual financial instruments, extensive use of management estimates, and judgments that potentially have significant impact to third-party users;
- The entity is a large private entity (or related group under the responsibility of the same engagement partner); and
- The total fees paid by the client represent a large proportion to the firm (for example, greater than 10– 15%).

Additionally, there may be factors which trigger an engagement quality control review after an engagement has already commenced. These may include situations where:

- The risk of the engagement has increased during the engagement, for example, where the client becomes the focus of a takeover;
- There is concern among engagement team members that the report may not be appropriate in the circumstances;
- New and significant users of the financial statements are identified;
- The client is subject to significant litigation which was not present during the engagement acceptance process;
- The significance and disposition of corrected and uncorrected misstatements identified during the engagement are a concern;
- There have been disagreements with management on significant accounting matters or audit scope limitations; and
- There have been scope limitations.

5.4.1 ENGAGEMENT QUALITY CONTROL REVIEWER (QCR)

The Partner is responsible for establishing criteria for the appointment of QCRs and determining their eligibility.

6 MONITORING

The quality control policies and procedures are a key part of the firm's internal control system. Monitoring consists primarily of understanding this control system and determining — through interviews, walk-through tests, and file inspections — whether, and to what extent, this control system is operating effectively. It also includes developing recommendations to improve the system, especially if weaknesses are detected or if professional standards and practices have changed.

The firm will also consider any feedback received from IRBA's practice inspection and licensing regime. However, this is not a substitute for the firm's own internal monitoring program.

Safeguards that act as monitoring mechanisms for the firm include:

- Internal and external education and training programs;
- Requirements that external professionals engaged by the firm know, understand, and enforce the firm's policies and procedures for engagement reviews, quality control reviews, and engagement leader approvals;
- Instructions to staff to advise the Partner when they observe significant or repeated smaller breaches of firm policies or protocols.

6.1 MONITORING PROGRAM

The responsibility for monitoring the application of quality control policies and procedures is separate from the overall responsibility for quality control. The purpose of the monitoring program is to assist the firm in obtaining reasonable assurance that its policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively. The program shall also help ensure compliance with practice and regulatory review requirements.

The system has been designed to provide the firm with reasonable assurance that significant and sustained breaches of policy and quality control are unlikely to occur or go undetected.

The Partner and staff must co-operate with the monitor, recognizing that this individual is an essential part of the quality control system.

6.2 INSPECTION PROCEDURES

Monitoring of the firm's quality control system will be completed on a periodic basis. The selection of individual engagements for inspection will be conducted annually, with the firm's files being inspected on a cyclical basis.

6.3 REPORT ON THE RESULTS OF MONITORING

After completing the assessment of the quality control system, the monitor must report the results to the Partner.

6.4 EVALUATING, COMMUNICATING, AND REMEDYING DEFICIENCIES

The Partner shall address all deficiencies detected and reported by the monitor. The Partner shall consider whether these deficiencies indicate structural flaws in the quality control system or demonstrate non-compliance by a particular staff.

Structural flaws indicated by deficiencies may require changes to the quality control or documentation system. The monitor shall refer these changes to the Partner or staff responsible for the quality control or documentation system so that the correction can be made.

The Partner shall carefully consider significant deficiencies and follow professional standards and regulatory and legal requirements if it appears it has issued an inappropriate engagement report or that the engagement report's subject matter contained a misstatement or inaccuracy. In such a circumstance, the Partner will also consider obtaining legal advice.

If deficiencies are determined to be systemic or repetitive, immediate corrective action will be taken. In most cases, deficiencies related to independence and conflict of interest will require immediate corrective action.

6.5 COMPLAINTS AND ALLEGATIONS

The Partner manages all complaint and allegation matters.

Complaints and allegations — particularly concerning failure to exercise a duty of care in relation to client work, or other breach of professional or legal duties by staff toward each other or clients — are serious matters. The Partner shall give serious consideration to notifying the firm's insurance company and/or seeking legal advice. If there is any uncertainty, the Partner shall consult other trusted professional colleagues.

Any complaint received from a client or other third party will be responded to at the earliest practical moment, with an acknowledgement that the matter is being attended to, and that a response will be forthcoming after it has been appropriately investigated.

7 DOCUMENTATION

7.1 DOCUMENTATION OF THE FIRM'S POLICIES AND PROCEDURES

The Partner maintains policies and procedures that specify the level and extent of documentation required in all engagements and for general firm use (as established in the firm manual/engagement templates). The Partner also maintains policies and procedures requiring appropriate documentation to provide evidence of the operation of each element of its system of quality control.

These policies ensure that documentation is sufficient and appropriate to provide evidence of:

- Adherence to each element of the firm's quality control system; and
- Support for each engagement report issued, according to professional and firm standards and regulatory and legal requirements, together with evidence that the EQCR has been completed on or before the date of the report (if applicable).

7.2 DOCUMENTATION OF THE ENGAGEMENT

It is the firm's policy that engagement documentation shall include:

- Engagement budget, planning checklist or memorandum;
- Identified issues with respect to ethics requirements (including demonstration of compliance);
- Compliance with independence requirements and documentation of any discussions related to these issues;
- Procedures performed to assess the risk of material misstatement due to fraud or error at the financial statement and assertion level;
- Nature, timing, and extent of procedures performed in response to assessed risk including results and conclusions;
- Communications issued and received;
- Conclusion that sufficient, appropriate audit evidence has been accumulated and evaluated, and supports the report to be issued; and
- File closing, including appropriate sign-off

Firm policy requires that final assembly of the engagement file be completed within a reasonable time frame after the date of the auditor's report. If there are two or more reports issued for the same subject matter information, firm policy should indicate that

the time limits for assembly of the engagement file should be such that each report is treated as if it were a separate engagement.

Documentation of any kind must be retained for a period of no less than five years to allow those performing monitoring procedures to evaluate the extent of the firm's compliance with its internal control system, as well as the needs of the firm, as required by professional standards, law, or regulations.

7.3 FILE ACCESS AND RETENTION

The firm has established policies and procedures designed to maintain the confidentiality, safe custody, integrity, accessibility, and retrievability of the engagement documentation.

These policies include consideration of various retention requirements under statute and regulations to ensure that engagement documentation is retained for a period sufficient to meet the needs of the firm.

All working papers, reports, and other documents prepared by the firm, including client-prepared worksheets, are confidential and shall be protected from unauthorized access.

The Partner must approve all external requests to review working papers.

Working papers will not be made available to third parties unless:

- The client has authorized disclosure in writing;
- There is a professional duty to disclose the information;
- Disclosure is required by a legal or judicial process; or
- Disclosure is required by law or regulation.

Unless prohibited by law, the firm must inform and obtain written authorization from the client before making working papers available for review. An authorization letter must be obtained when there is a request to review files from a prospective purchaser, investor, or lender. Legal advice shall be sought if the client does not authorize disclosure of information.

In the event of litigation or potential litigation, or regulatory or administrative proceedings, working papers shall not be provided without obtaining consent from the firm's legal counsel.

An accessible, permanent record of all files stored off-site will be maintained, and each storage container will be appropriately labelled for easy identification and retrieval. The partner responsible for office administration shall approve the destruction of files and keep permanent records of all materials destroyed.

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