ACCOUNTING OFFICER VS INDEPENDENT REVIEWER VS AUDITOR

THE RIGHT REPORT FOR YOU

ACCOUNTING OFFICER

- An Accounting officer is someone who is appointed in terms of Section 60 of the Close Corporation Act, 1984 to report on the financial statements and other information of Close Corporation (as well as Most Owner managed Private companies & Non-Profit Organisations).

- An Accounting officer needs to meet certain qualification requirements as well as being a member of a recognised professional body.

Independent Reviewer

- A Review is a limited assurance engagement where the practitioner performs predominately inquiry and analytical procedures to obtain the necessary evidence to reach a conclusion on the financial statements as a whole.

- A review can be performed by an Accounting officer, Auditor or any professional accountant who is a member of a recognized body. As long as they were not party to the preparation of the financial statements.

- In order to determine which accountant can perform a review you need to determine what your PI store is. Where your PI score is less than 100 then an Accounting Officer can perform the review (provided they are recognized by CIPC as someone who should be conducting an independent review) and also any other professional accountant from any recognized professional body. Where the PI score is over 100 then a Registered Auditor can be appointed as an independent Reviewer.

Auditor:

- An Auditor is someone who will provide reasonable assurance regarding the financial statements of a company by determining the level of Accuracy and clarity that the company has accounted for.

- Auditors provide a higher level of assurance out of the three types of reporting Accountants/Officers as they need to perform more in-depth procedures in order to reach a conclusion on their report.

Conclusion:

- If your financial statements are prepared externally and you are a SMME you can get an Accounting Officer’s Report, which will cost you far less than an audit.

- Should you need a little bit more assurance regarding your financial statements then an Independent review Report should be sufficient.

- If you a state-owned company or any form a company with a PI score over 350 then you will need to get yourself an audit Report.

Conclusion:

- Some other Small businesses still need to be audited even if their PI score is below 100 and here is a list of some of those:

    1. Attorneys Trust;
    2. A company holding assets over R5 Million on behalf of others
    3. Companies that are not owner managed and their financial statements are internally prepared (they may be reviewed but the larger your PI the better it will be to be Audited)

- Before you rush for an Auditor’s number for a full Audit report take the time to review your PI score and maybe go for a more cost-effective report.

THANK YOU

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