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| **INDEPENDENT REGULATORY BOARD FOR AUDITORS**  **COMMITTEE FOR AUDITOR ETHICS** |
| **Final Amendments to the IRBA Code Addressing Long Association of Personnel with an Audit or Assurance Client**  Johannesburg / 30 January 2018  The Independent Regulatory Board for Auditors (IRBA) draws the attention of all registered auditors to changes to the IRBA Code of Professional Conduct (IRBA Code) for Registered Auditors addressing Long Association of Personnel with an Audit or Assurance Client.  The IRBA adopted the amendments made to the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants (IESBA Code), issued during 2017, following the issue of proposed amendments on exposure in South Africa on 10 February 2016 for public comment (Board Notice 2 of 2016).  The amendments to the IRBA Code relating to Long Association of Personnel with an Audit or Assurance Client resulted in the following main changes:   * Strengthening the general provisions that apply to all audits and assurance engagements with respect to the threats created by long association; * Increasing the mandatory 'cooling-off' period for the engagement partner and Engagement Quality Control Review on the audit of an entity that is a public interest entity (PIE); and * Prohibiting consultation with respect to the audit client and audit engagement with a former key audit partner (KAP) during the cooling-off period.   A Board Notice to be included in the Government Gazette will advise on the publication of the amendments to the IRBA Codepursuant to the provisions of Section 10(1)(a) of the Auditing Profession Act, 2005 (Act No. 26 of 2005).  The IESBA has issued a [Staff Question and Answer on Long Association of Personnel with an Audit or Assurance Client](https://www.ifac.org/system/files/publications/files/IESBA-Long-Association-Staff-QA-May-2017.pdf). While not an IRBA issued authoritative document, registered auditors may find this guidance helpful.  **Effective Date**  Paragraphs 290.148-290.168 of the IRBA Code are effective for audits of financial statements for periods beginning on or after 15 December 2018. Paragraphs 291.137-291.141 of the IRBA Code, relating to other assurance engagements, are effective as of 15 December 2018. Early adoption is permitted. Transitional provisions have been provided.  The amendments to the IRBA Code may be downloaded from the [IRBA website](https://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/ethics:-the-rules-and-the-code/the-rules-and-the-code).  Should you have any further queries, please send an email to [standards@irba.co.za](mailto:standards@irba.co.za).  **The IRBA Code of Professional Conduct and the South African Companies Act, 2008 (Act 71 of 2008)**  Registered auditors are advised to consider Section 92 of the South African Companies Act, 2008 (Act 71 of 2008), when reading paragraph 290.163 of the IRBA Code, which relates to a *Position where a Shorter Cooling-off Period is Established by Law or Regulation.*  **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 CFAE are to assist the IRBA to determine what constitutes improper conduct by registered auditors by developing rules and guidelines for professional ethics, including a code of professional conduct; to interact on any matter relating to its functions and powers with professional bodies and any other body or organ of state with an interest in the auditing profession; and to provide advice to registered auditors on matters of professional ethics and conduct* |