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## INDEPENDENT REGULATORY BOARD FOR AUDITORS

### COMMITTEE FOR AUDITOR ETHICS

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#### IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018)

Johannesburg / 12 November 2018

The Independent Regulatory Board for Auditors (IRBA) draws the attention of all registered auditors to the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code). The IRBA Code applies to all registered auditors (firms and individuals), regardless of whether their status is recorded in the IRBA's register as assurance or non-assurance.

The IRBA adopted the amendments made to the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), issued during 2018, following the issue of proposed amendments on exposure in South Africa.

A Board Notice to be included in the Government Gazette will advise on the publication of the amendments to the IRBA Code pursuant to the provisions of Section 10(1)(a) of the Auditing Profession Act, 2005 (Act No. 26 of 2005).

Amendments to the IRBA Code include the following:

- ***Improving the Structure of the Code.***
- ***Revisions Pertaining to Safeguards.***
- ***New Guidance for Professional Scepticism and Professional Judgement.***
- ***Revisions Pertaining to Offering and Accepting of Inducements.***
- ***Restructure of South African Paragraphs.***

The revised IRBA Code is a significant response to current concerns about auditor ethics, and the goal of restoring confidence in the profession.

The [IRBA website](#) contains a list of links to relevant guidance on the IRBA Code. A [mapping table](#) is available to facilitate the tracking of changes from the extant IRBA Code to the IRBA Code (Revised November 2018).

#### **Effective Date**

The effective date of the IRBA Code (Revised November 2018) will be aligned with the effective date of the amended IESBA Code. The effective dates are as follows:

- Parts 1 and 3 of the IRBA Code will be effective as of 15 June 2019.
- Part 4A of the IRBA Code relating to independence for audit and review engagements will be effective for audits and reviews of financial statements for periods beginning on or after 15 June 2019.

- Part 4B of the IRBA Code relating to independence for assurance engagements with respect to subject matter covering periods will be effective for periods beginning on or after 15 June 2019; otherwise, it will be effective as of 15 June 2019.

[Paragraph R540.19 shall have effect only for audits of financial statements for periods beginning prior to 15 December 2023. This will facilitate the transition to the required cooling-off period of five consecutive years for engagement partners in those jurisdictions where the legislative body or regulator (or organisation authorised or recognised by such legislative body or regulator) has specified a cooling-off period of less than five consecutive years.]

Part 2 of the IESBA Code relating to Professional Accountants in Business has been adopted by the South African Institute of Chartered Accountants (SAICA). Registered auditors are reminded of paragraphs 120.9 A2, 300.5 A1 SA and 300.5 A2 of the IRBA Code, which clarify the applicability of Part 2 of the IESBA Code to registered auditors.

## **Implementation**

The release of the IRBA Code (Revised November 2018) will lead to significant changes and implementation risks that all registered auditors and audit firms will need to respond to, and these include the following:

- Training for firm personnel across all levels;
- Updating of the firm methodology, across audit and non-audit service lines;
- Considering amendments to firm policies and procedures;
- Noting differences between local requirements and international requirements;
- Transitional arrangements, and catering for the differing effective dates;
- Re-assessing safeguards currently used under the extant IRBA Code, among others; and
- Confirmation that all relevant firm personnel have understood the implications of the IRBA Code.

The IRBA Code may be downloaded from the [IRBA website](#).

Should you have any further queries, please send an email to [standards@irba.co.za](mailto:standards@irba.co.za).

## **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; 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 provide advice to registered auditors on matters of professional ethics and conduct.*