

Important Notice:

Impression Signatures (Pty) Ltd has not been accredited by the South African Accreditation Authority (SAAA) for the authentication and certification of products and services used in support of advanced electronic signatures as indicated in error on page six of the Explanatory Memorandum below.

August 2020

Comments requested by 21 September 2020



Proposed Amendments to Subsection 115, *Professional Behaviour: Signing Conventions for Reports or Certificates*, of the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018): *Electronic Signatures*

REQUEST FOR COMMENTS

The Independent Regulatory Board for Auditors' (IRBA) Committee for Auditor Ethics (CFAE) approved these proposed amendments to Subsection 115, *Professional Behaviour: Signing Conventions for Reports or Certificates*, of the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code): *Electronic Signatures* in August 2020 for exposure for a period of 30 days, following publication of a Board Notice to be included in the Government Gazette for comment. These proposed amendments may be modified in light of comments received, before being issued in a final form.

The proposed amendments have been drafted by a CFAE Task Group that comprised a technical staff representative from an auditing firm, the South African Institute of Chartered Accountants, a legal professional and the IRBA. Two legal professionals with expertise in information management law also attended the Task Group meetings.

The proposed amendments to Subsection 115, *Professional Behaviour: Signing Conventions for Reports or Certificates*, of the IRBA Code: *Electronic Signatures* may be downloaded from the [IRBA website](#).

Respondents are requested to submit their comments electronically in Word and PDF formats to standards@irba.co.za. All comments will be considered a matter of public record and will be posted on the IRBA website ([IRBA website](#)).

Comments should be submitted by **21 September 2020**.

Should you have any queries, please e-mail the Standards Department at standards@irba.co.za.

The IRBA mission 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.

In line with the IRBA's legislative mandate, the IRBA's objectives are to create the framework and principles to contribute to the protection of the public who rely on the services of registered auditors; and to support registered auditors who carry out their duties competently, fearlessly and in good faith. The goal is to help create an ethical, value-driven financial sector that encourages investment and confidence, and also promotes sound practices by *developing and maintaining ethical standards which are internationally comparable*. The statutory responsibility of the CFAE is to assist the IRBA to:

- Determine what constitutes improper conduct by registered auditors by developing requirements 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.

REQUEST FOR COMMENTS

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EXPLANATORY MEMORANDUM

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EXPLANATORY MEMORANDUM

Introduction

This memorandum provides background to and an explanation of the proposed amendments to Subsection 115, *Professional Behaviour: Signing Conventions for Reports or Certificates*, of the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code): *Electronic Signatures*. The Committee for Auditor Ethics (CFAE) approved these proposed amendments in August 2020 for issue on exposure for a period of 30 days for public comment.

The International Federation of Accountants' (IFAC) copyright permissions policy permits modifications to the International Ethics Standards Board for Accountants (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code) to accommodate jurisdictional requirements in different countries. Consequently, these local amendments are being proposed.

The IRBA welcomes comments on the proposed amendments. In addition to general comments, it welcomes comments on the specific questions posed at the end of this memorandum.

Background

The IRBA mission is as follows: "To endeavour to protect the financial interest of the South African public and international investors in South Africa through the effective and appropriate regulation of assurance conducted by registered assurance providers in accordance with internationally recognised standards and processes."

The IRBA adopted Parts 1, 3, 4A and 4B and the Definitions of the IESBA Code (April 2018), published by the IFAC, with effect as of 15 June 2019. The CFAE comments on all proposed amendments to the IESBA Code and considers final amendments to the IESBA Code for possible amendments of the IRBA Code. Local adaptations of the IESBA Code are reflected in the IRBA Code and are underlined and in italics.

On the question of signatures, there are generally three potential methods available to sign an audit, review or other assurance report:

- Traditional wet-ink signature;
- Ordinary electronic signature; and
- Advanced electronic signature.

The use of ordinary electronic signatures and advanced electronic signatures, instead of traditional wet-ink signatures, by registered auditors to sign their audit, review or other assurance reports has become more prominent in recent years. This is due to more and more financial statements being made available electronically on companies' websites, fewer paper-based engagement files being prepared and remote working arrangements.

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Network firms may make use of their internationally prescribed firm electronic signatures that make use of firm software.

The Electronic Communications and Transactions Act, 2002 (No. 25 of 2002) (ECT Act), defines an electronic signature as “data attached to, incorporated in, or logically associated with other data and which is intended by the user to serve as a signature”.

The ECT Act defines an advanced electronic signature as “an electronic signature which results from a process which has been accredited by the Authority as provided for in section 37”.

Advanced electronic signatures are a specialised type of electronic signature that results from a process that has been accredited by the South African Accreditation Authority (SAAA). The SAAA is responsible for the accreditation of authentication and certification of products and services used in support of advanced electronic signatures. The SAAA is also responsible for monitoring the activities of authentication and certification service providers whose products or services it has accredited within the Republic of South Africa.

There are currently three service providers whose authentication products and services have been accredited by the SAAA:

- [The South African Post Office Limited](#);
- [Law Trust Party Services \(Pty\) Ltd](#); and
- [Impression Signatures \(Pty\) Ltd](#).

Section 13(1) of the ECT Act states that where the signature of a person is required by law, and such law does not specify the type of signature, that requirement in relation to a data message is met only if an advanced electronic signature is used.

However, when a particular law specifies the type of signature to be used, then that law applies.

The International Standards on Auditing (ISAs) and the IRBA Code, with which registered auditors must comply when performing an audit, have legal force and constitute law in the form of subordinate legislation to the Auditing Profession Act, 2005 (Act 26 of 2005) (APA).

Since ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, read together with the IRBA Code, requires that an auditor’s report must be signed by a registered auditor, a registered auditor’s signature is thus required by law. However, the law does not specify the type of signature. Therefore, Section 13(1) of the ECT Act is applicable, which means when signing auditor’s reports electronically, an advanced electronic signature must be utilised. Any other form of electronic signature used to sign the auditor’s report is not lawful under current legislation.

In addition, the requirement to sign an auditor’s report is a requirement of both ISA 700 (Revised), which has been adopted by the IRBA, and the IRBA Code, issued in terms of the APA. Therefore, the IRBA may, through the amendment of the IRBA Code, prescribe another method for the signing of audit, review or other assurance reports, if the intention was not for advanced signatures to be a minimum requirement in respect of signing audit, review or other assurance reports.

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It is important to note, though, that this would not constitute an amendment or clarification of the ECT Act, but rather the amendment of the IRBA Code which constitutes the law giving rise to the signature requirement in relation to audit, review or other assurance reports.

A project proposal for proposed amendments to Subsection 115, *Professional Behaviour: Signing Conventions for Reports or Certificates*, of the IRBA Code: *Electronic Signatures* was approved by the CFAE in May 2019. The project serves the public interest in that it allows for the use of electronic signatures in an ethical, professional and responsible manner when signing any audit, review or other assurance report.

The CFAE Task Group (Task Group) considered whether a requirement and/or application material should be incorporated into Subsection 115, *Professional Behaviour: Signing Conventions for Reports or Certificates*, of the IRBA Code: *Electronic Signatures* to:

- Allow registered auditors to use ordinary electronic signatures in addition to advanced electronic signatures;
- Identify the threats involved; and
- Identify actions that might be safeguards to address such threats.

Significant Matters

The use of advanced electronic signature versus ordinary electronic signatures

As mentioned above, since ISA 700 (Revised), read together with the IRBA Code, requires that an auditor's report must be signed by a registered auditor, a registered auditor's signature is thus required by law. However, the law does not specify the type of signature. Therefore, Section 13(1) of the ECT Act is applicable. This means when signing auditor's reports electronically, an advanced electronic signature must be utilised. Any other form of electronic signature used to sign the auditor's report is not lawful under current legislation.

Presently, registered auditors are required to use advanced electronic signatures. What can be deduced from Section 38 of the ECT Act is that an advanced electronic signature must be:

- Uniquely linked to the user;
- Capable of identifying the user;
- Created using means that can be maintained under the sole control of that user;
- Linked to the data or data message to which it relates in such a manner that any subsequent change in the data or data message is detectable; and
- Based on the face-to-face identification of the user.

In terms of electronic signatures, an advanced electronic signature is designed to be the most secure form of electronic signatures.

On the other hand, ordinary electronic signatures can take many forms and security embedded in these signatures ranges from no security to highly secure signatures provided by software products that are close to those of advanced electronic signatures.

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Examples of ordinary electronic signatures include:

- Clicking an “I accept” button on a website;
- A typed name in electronic format (e.g. in an e-mail);
- A manuscript signature signed manually and simultaneously captured electronically (e.g. signed on a tablet computer);
- A physical manuscript signature that is scanned and transformed into a digital format; or
- The use of various software products for more secure signatures.

Numerous service providers provide ordinary electronic signature services¹.

There are advantages and disadvantages to using both ordinary and advanced electronic signatures, as listed in the table below.

	Advantage	Disadvantage
Ordinary Electronic Signature	<ul style="list-style-type: none"> • No costs involved for very basic ordinary electronic signatures; and less costs involved for the use of software packages. • Varying levels of security – use of software can provide security at a level close to that of an advanced electronic signature. 	<ul style="list-style-type: none"> • Basic ordinary electronic signatures offer little security, providing opportunities for unauthorised access and use.
Advanced Electronic Signature	<ul style="list-style-type: none"> • Security levels are high, with little or no opportunity for unauthorised access or use. • A clear due process is required to be followed, as set out in Section 38 of the ECT Act, for the determination of an advanced electronic signature. 	<ul style="list-style-type: none"> • Higher costs involved in registration and use.

During the COVID-19 pandemic, especially during lockdown levels 4 and 5, it has become even more prevalent for registered auditors to make use of electronic signatures in signing their audit, review or other assurance reports. It is expected that electronic signatures may continue to be widely used.

¹ [Law Trust Party Services \(Pty\) Ltd](#); [South African Post Office Limited](#); [DocuSign](#); [SignEasy](#); and [Adobe Sign](#).

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The question then arises, given the advantages and disadvantages of using both ordinary and advanced electronic signatures, as to what type of electronic signature the IRBA should prescribe for use by registered auditors as a signature requirement in relation to audit, review or other assurance reports:

- Keeping the legal “status quo” where only an advanced electronic signature is permissible, but specifically including a requirement in the IRBA Code that a registered auditor only uses an advanced electronic signature; or
- Allowing the use of both ordinary and advanced electronic signatures, making it clear in the IRBA Code that both ordinary and advanced electronic signatures are permissible; and also clarifying that if an ordinary electronic signature is used, it is required to be a “licensed and secure ordinary electronic signature”. The firm exercises professional judgment in deciding which electronic signature to use.

A licensed ordinary electronic signature means that the individual registered auditor has a right to use the ordinary electronic signature by ordinarily paying a licence fee for use thereof. When using the term “licensed”, the IRBA would expect registered auditors to make use of a software service provider or mobile application provider that is a reputable electronic signature service provider that provides a software package for the use of ordinary electronic signatures.

A secure ordinary electronic signature means that the ordinary electronic signature contains security features that protect the ordinary electronic signature from unauthorised access. Regarding “security”, there is no set of unified security standards. Although there are no ISO standards specifically applicable to electronic signatures or platforms for the provision of electronic signatures, the word “secure” stems from the use of a platform that is safe (or secure), from a technical information technology standpoint. While there is no requirement for the software service providers to adhere to any standards, they may meet recognised security standards, such as the information security management system standard (ISO 27001) or, by other means, provide data security².

Given that the IRBA is proposing in the IRBA Code that registered auditors are to use licensed and secure ordinary electronic signatures or advanced electronic signatures, the CFAE believes that it is appropriate for registered auditors to be able to choose the type of electronic signature they would like to use, i.e. an ordinary electronic signature or an advanced electronic signature.

Therefore, in answering the question above, the CFAE concludes that the IRBA will allow the use of both ordinary and advanced electronic signatures. The IRBA will make it clear in the IRBA Code that both ordinary and advanced electronic signatures are permissible; and also clarify that if an ordinary electronic signature is used, it is required to be a “licensed and secure ordinary electronic signature”.

² For example, Docusign is a European service provider that uses the European Union General Data Protection Regulation. It has also been accredited to adopt and incorporate a product for corporate calls through the European Data Protection Authority. In addition, it has adopted an ISO standard for information security that applies to any type of information platform.

Use of a wet-ink signature, licensed and secure ordinary electronic signature, or an advanced electronic signature

Paragraph 115.8 SA requires the individual registered auditor responsible for the audit, review or other assurance engagement, when signing any audit, review or other assurance report, to make use of either:

- A wet-ink signature;
- A licensed and secure ordinary electronic signature; or
- An advanced electronic signature

that is/are the firm's authorised means of signing any audit, review or other assurance report.

It is the IRBA's intention with this requirement that the individual registered auditor use the firm's auditorised means of signing any audit, review or other assurance report on a consistent basis and does not vary his/her means of signature. The IRBA seeks feedback from respondents as to whether the requirement is clear in this regard.

The impact of using electronic signatures

Audit firms and registered auditors should not underestimate the impact that the use of electronic signatures may have on their practices. Should an audit firm choose to make use of an electronic signature, be it an advanced or an ordinary electronic signature, it will be required to perform research in this regard to determine, given the threats and safeguards, which form of electronic signature is the most appropriate for its practice and which service provider it should use. The audit firm will also be required to update its policies and procedures on the use of electronic signatures. That being said, an audit firm is not precluded from only allowing its registered auditors to sign their audit, review or other assurance reports using a wet-ink signature.

Threats and safeguards

The inappropriate use of an electronic signature might create threats to compliance with the principle of professional competence and due care and professional behaviour.

The CFAE has formulated considerations for the firm/registered auditor when considering threats to compliance with the fundamental principles of professional competence and due care and professional behaviour that might be created by an inappropriate use of an electronic signature:

- When choosing an electronic signature; and
- When using an electronic signature.

Considerations when choosing an electronic signature

First, the firm should consider the factors that are relevant when it decides whether to make use of either an ordinary or advanced electronic signature. These include:

- The security provided. Does it meet recognised security standards (such as information security, data security standards or similar standards/certifications)?
- What level of security is required?

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- Is the service provider licenced?
- Is the service provider reputable?

In making its choice, the firm might develop conditions and implement policies and procedures on:

- Who from the firm makes the decision or forms part of the decision-making process;
- How to undertake the service provider selection process; and
- The development of criteria to rate each service provider, and that includes the factors set out above.

Considerations when using an ordinary electronic signature

Threats to the use of a licensed and secure ordinary electronic signature might be created when unauthorised access to the ordinary electronic signature is obtained and it is used to sign an audit, review or other assurance report without the knowledge of the authorised owner of the ordinary electronic signature. The level of threats will be affected by how the firm responds to the factors set out above.

As set out in the exposure draft, examples of actions that might be safeguards to address such threats include:

- The registered auditor taking precautions to prevent unauthorised use of the licensed and secure ordinary electronic signature;
- Obtaining assistance or training from someone with the necessary expertise on the use of licensed and secure ordinary electronic signatures; and
- Should the unauthorised user of the licensed and secure ordinary electronic signature be holding out to be a registered auditor, reporting the unauthorised use of the licenced and secure ordinary electronic signature to the Regulatory Board and taking the necessary corrective action.

Individual registered auditor

The term “individual registered auditor” is used in Subsection 115 of the IRBA Code when specific reference is made to an individual registered auditor only. In all other cases the term “registered auditor” is used.

Use of an electronic signature other than when signing an audit, review or other assurance report

This exposure draft deals only with the use of electronic signatures when signing an audit, review or other assurance report. The CFAE has not considered the use of electronic signatures for any other types of professional activities; and while the proposals in the amendments to Subsection 115 of the IRBA Code may be relevant or useful, they have not been proposed for application to all other situations. The South African Institute of Chartered Accountants (SAICA) will consider and deal with the use of electronic signatures other than when signing an audit, review or other assurance report.

Signing conventions for reports – in the name of the registered auditor or in the name of the firm

Paragraph 115.6 SA sets out what shall be reflected when an individual registered auditor signs any audit, review or other assurance report. The IRBA accepts a signature in the individual auditor own name or in the name of the firm. It is expected that each firm has developed its own signing convention in this regard.

However, it is unclear whether, when using an electronic signature, an individual registered auditor will be able to make use of the signature in the name of the firm. The IRBA seeks feedback from respondents who make use of electronic signatures as to their experience in this regard.

Other amendments made to extant Subsection 115, Professional Behaviour: Signing Conventions for Reports or Certificates, of the IRBA Code

Other enhancements have been made to extant Subsection 115, *Professional Behaviour: Signing Conventions for Reports or Certificates*, of the IRBA Code, as follows:

- Heading above paragraphs R115.5 SA-R115.6 SA
 - The word “certificates” has been removed from the heading “Signing Convention for Reports or Certificates”.
- Paragraph R115.5 SA
 - The word “certificates” has been removed from the phrase “audit, review or other assurance reports or certificates”.
 - The paragraph has been clarified so that it is clear that a registered auditor may only delegate the power to sign audit, review or other assurance reports to another partner or director.
- Paragraph R115.6 SA
 - The word “certificates” has been removed from the phrase “audit, review or other assurance reports or certificates”.

Other

Proposed additions are *underlined and in italics* and deletions are denoted by a ~~strikethrough~~.

SAICA has adopted verbatim the local amendments made to the IRBA Code of Professional Conduct in the SAICA Code of Professional Conduct. Thus, the proposed amendments could result in SAICA considering a similar change to its Code of Professional Conduct, in addition to dealing with the subject of the use of electronic signatures other than when signing an audit, review or other assurance report.

Project Timetable

Subject to comments received during the comment period, the CFAE plans to finalise the amendments during November 2020 for approval by the IRBA Board for issue in February 2021.

Effective Date

It is anticipated that the amendments to Subsection 115, *Professional Behaviour: Signing Conventions for Reports or Certificates*, of the IRBA Code: *Electronic Signatures* will be effective on **15 December 2021**, with early adoption permissible. Audit firms and registered auditors should not underestimate the impact of the proposals in this exposure draft. The proposed exposure draft allows for 16 months from the date of exposure and 10 months from the date of issue of the final amendments to the IRBA Code to give audit firms sufficient time to perform the necessary research and put in place the necessary policies and procedures. However, early adoption will be permissible.

Guide for Respondents

The CFAE welcomes comments on all matters addressed in the exposure draft. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments and, where appropriate, make specific suggestions for any proposed changes to the wording.

When a respondent agrees with the proposals in this exposure draft, it will be helpful for the CFAE to be made aware of this view.

Request for Specific Comments

The IRBA welcomes views on the following specific questions:

1. Do you agree that a registered auditor should be allowed the use of both ordinary and advanced electronic signatures, making it clear in the IRBA Code that both ordinary and advanced electronic signatures are permissible; and also clarifying that if an ordinary electronic signature is used, it is required to be a “licensed and secure ordinary electronic signature”?
2. Do you agree with the proposed amendments to Subsection 115, *Professional Behaviour: Signing Conventions for Reports or Certificates*, of the IRBA Code: *Electronic Signatures*? If not, please indicate what additional amendments are required?
3. Are there any other implications or unintended consequences to introducing the use of ordinary and advanced electronic signatures into the IRBA Code?
4. It is the IRBA’s intention with paragraph 115.8 SA that the individual registered auditor uses the firm’s auditorised means of signing any audit, review or other assurance report on a consistent basis and does not vary his/her means of signature. Do you believe the requirement is clear in this regard?
5. If you currently make use of electronic signatures, does the electronic signature software allow you to make use of the signature in the name of the firm?

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6. Are you in agreement with the proposed effective date being on **15 December 2021**, with early adoption permissible?

**PROPOSED AMENDMENTS TO SUBSECTION 115, PROFESSIONAL BEHAVIOUR:
SIGNING CONVENTIONS FOR REPORTS OR CERTIFICATES, OF THE IRBA CODE OF
PROFESSIONAL CONDUCT FOR REGISTERED AUDITORS (REVISED NOVEMBER 2018):
ELECTRONIC SIGNATURES**

DEFINITIONS

...

Advanced electronic signature *An advanced electronic signature, as defined in the Electronic Communications and Transactions Act, 2002 (No. 25 of 2002), is “an electronic signature which results from a process which has been accredited by the Authority as provided for in section 37”.*

Ordinary electronic signature *An electronic signature, as defined in the Electronic Communications and Transactions Act, 2002 (No. 25 of 2002), is “data attached to, incorporated in, or logically associated with other data and which is intended by the user to serve as a signature”.*

SUBSECTION 115 – PROFESSIONAL BEHAVIOUR

...

Signing Convention for Reports ~~or Certificates~~

R115.5 SA *A registered auditor shall not delegate ~~to any other registered auditor who is not a partner or fellow director~~ the power to sign audit, review or other assurance reports ~~or certificates~~ that are required, in terms of any law or regulation, to be signed by the registered auditor responsible for the engagement. However, in specific cases where emergencies of sufficient gravity arise, ~~the registered auditor may delegate to another partner or director the power to sign audit, review or other assurance reports~~ ~~this prohibition may be relaxed~~, provided the full circumstances giving rise to the need for delegation are reported both to the relevant client and to the Regulatory Board, and written consent for such delegation is obtained ~~in advance~~ from the Regulatory Board.*

R115.6 SA *The individual registered auditor responsible for the audit, review or other assurance engagement³ shall, when signing any audit, review or other assurance report ~~or certificate~~, reflect the following:*

- (a) the individual registered auditor’s full name;*
- (b) if not a sole proprietor, the capacity in which they are signing;*
- (c) the designation “Registered Auditor” underneath their name; and*
- (d) if not set out on the firm’s letterhead, the name of the registered auditor’s firm.*

³ Section 44(1)(a)

Use of Electronic Signatures

Introduction

115.7 A1 SA *A registered auditor might, when signing any audit, review or other assurance report, make use of an ordinary or advanced electronic signature in addition to a traditional wet-ink signature.*

115.7 A2 SA *The Electronic Communications and Transactions Act, 2002 (No. 25 of 2002) (ECT Act), allows for the use of an electronic signature. The main object of the ECT Act is to enable and facilitate electronic communications and transactions in the public interest.*

115.7 A3 SA *The ECT Act allows for the use of ordinary and advanced electronic signatures.*

115.7 A4 SA *An advanced electronic signature is the more secure form of electronic signatures. An ordinary electronic signature can take many forms and security embedded in these signatures ranges from no security to security provided by software products that are close to or similar to those of an advanced electronic signature.*

115.7.A5 SA *Advanced electronic signatures are a specialised type of electronic signature that results from a process that has been accredited by the South African Accreditation Authority (SAAA). The SAAA is responsible for the accreditation of authentication and certification of products and services used in support of advanced electronic signatures and monitoring of the activities of authentication and certification service providers whose products or services have been accredited by the SAAA within the Republic of South Africa.*

Requirements and Application Material

R115.8 SA *The individual registered auditor responsible for the audit, review or other assurance engagement shall, when signing any audit, review or other assurance report, make use of either:*

- (a) A wet-ink signature;*
- (b) A licensed and secure ordinary electronic signature; or*
- (c) An advanced electronic signature*

that is/are the firm's authorised means of signing any audit, review or other assurance report.

115.9 A1 SA *The inappropriate use of a signature might create threats to compliance with the fundamental principles of professional competence and due care and professional behaviour.*

115.9 A2 SA *A licensed ordinary electronic signature means that the individual registered auditor has a right to use the ordinary electronic signature by ordinarily (but not necessarily) paying a licence fee for use thereof.*

115.9 A3 SA *A secure ordinary electronic signature means that the ordinary electronic signature contains security features that protect the ordinary electronic signature from unauthorised access.*

Considerations When Choosing an Electronic Signature

115.10 A1 SA *Factors that are relevant when the firm decides whether to make use of either an ordinary or advanced electronic signature, include:*

- The security provided. Does it meet recognised security standards, such as the information security management system standard (ISO 27001) or, by other means, provide data security?
- What level of security is required?
- Is the service provider licenced?
- Is the service provider reputable?

Considerations When Using an Ordinary Electronic Signature

115.11 A1 SA The inappropriate use of a licensed and secure ordinary electronic signature might create threats to compliance with the fundamental principles of professional competence and due care and professional behaviour when unauthorised access to the licenced and secure ordinary electronic signature is obtained and it is used to sign an audit, review or other assurance report without the knowledge of the individual registered auditor of the licensed and secure ordinary electronic signature. The level of threats will be affected by how the firm responds to the factors in 115.10 A1 SA.

115.11 A2 SA Examples of actions that might be safeguards to address such threats include:

- The registered auditor taking precautions to prevent unauthorised use of the licensed and secure ordinary electronic signature;
- Obtaining assistance or training from someone with the necessary expertise on the use of a licenced and secure ordinary electronic signature; and
- Should the unauthorised user of the licensed and secure ordinary electronic signature be holding out to be a registered auditor, reporting the unauthorised use of the licenced and secure ordinary electronic signature to the Regulatory Board and taking the necessary corrective action.