



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

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FINAL AMENDMENTS TO SUBSECTION 115, PROFESSIONAL BEHAVIOUR: SIGNING CONVENTIONS FOR REPORTS, OF THE IRBA CODE OF PROFESSIONAL CONDUCT FOR REGISTERED AUDITORS (REVISED NOVEMBER 2018)

DEFINITIONS

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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

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Signing Convention for Reports

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, to be signed by the registered auditor responsible for the engagement. However, in specific cases where emergencies of sufficient gravity arise, 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 from the Regulatory Board.

R115.6 SA The individual registered auditor responsible for the audit, review or other assurance engagement shall, when signing any audit, review or other assurance report, 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.

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 as an alternative 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.A5 SA An advanced electronic signature is the more secure form of electronic signatures. An ordinary electronic signature can take many forms and security features in these signatures range from no security to security provided by software or other 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 result 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 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 secure ordinary electronic signature means an electronic signature generated by a technology system or application that contains data security features which protect the ordinary electronic signature from unauthorised use and access.

Examples of ordinary electronic signatures that are not secure include, but are not limited to:

- A typed name or initials in electronic format marked as "signed electronically"
- A wet-ink signature that is photographed or scanned and thus transformed into an electronic format
- The use of a stylus without data security features

Considerations When Choosing an Electronic Signature

115.10 A1 SA Factors that are relevant when the firm decides whether an ordinary or advanced electronic signature is appropriately secure in the circumstances, include:

- The nature and extent of security provided, for example:
 - Whether it meets recognised security standards, such as the information security management system standard (ISO 27001); and/or
 - The type and number of data security features that it incorporates; and/or
 - The strength of applicable access controls
- Whether the service provider is reputable

Considerations When Using an Ordinary Electronic Signature

115.11 A1 SA The inappropriate use of a 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 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 to whom the secure ordinary electronic signature belongs. 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 secure ordinary electronic signature;
- Obtaining assistance or training from someone with the necessary expertise on the use of a secure ordinary electronic signature; and
- Should the unauthorised user of the secure ordinary electronic signature be holding out to be a registered auditor, reporting the unauthorised use of the secure ordinary electronic signature to the Regulatory Board and taking the necessary corrective action.

EFFECTIVE DATE

The amendments to Subsection 115, Professional Behaviour: *Signing Conventions for Reports*, of the IRBA Code are effective on **15 December 2021**. Early adoption is permissible.