

## **MAPPING TABLE - Restructure of the IRBA Code of Professional Conduct for Registered Auditors**

**Note:** This Mapping Table is a supplement to, and not part of, the *IRBA Code of Professional Conduct for Registered Auditors (IRBA Code)* (Revised November 2018). It has been prepared by the Committee for Auditor Ethics (CFAE) to highlight to readers the South African amendments in the IRBA Code.

The Mapping Table compares the South African amendments between the IRBA Code of Professional Conduct immediately prior to restructure (and related amendments) and the Revised and Restructured IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018). This document will no longer be available, nor should it be used, after 31 December 2019.

	IRBA Code (prior to Revision and Restructure)	IRBA Code (Revised November 2018)				
1.	<b>Glossary</b> <table border="1"> <tr> <td><u>Act</u></td> <td><u>The Auditing Profession Act, 2005 (Act No. 26 of 2005).</u></td> </tr> </table>	<u>Act</u>	<u>The Auditing Profession Act, 2005 (Act No. 26 of 2005).</u>	<table border="1"> <tr> <td><u>Act</u></td> <td><u>The Auditing Profession Act, 2005 (Act No. 26 of 2005).</u></td> </tr> </table>	<u>Act</u>	<u>The Auditing Profession Act, 2005 (Act No. 26 of 2005).</u>
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5.	<table border="1"> <tr> <td>Firm</td> <td> <u>(a) A partnership, company or sole proprietor referred to in section 38;</u>            (b) An entity that controls the parties in (a), through ownership, management or other means; and            (c) An entity controlled by the parties in (a), through ownership, management or other means.  <b>(Footnote: Section 1 v "firm")</b> </td> </tr> </table>	Firm	<u>(a) A partnership, company or sole proprietor referred to in section 38;</u> (b) An entity that controls the parties in (a), through ownership, management or other means; and (c) An entity controlled by the parties in (a), through ownership, management or other means. <b>(Footnote: Section 1 v "firm")</b>	<table border="1"> <tr> <td>Firm</td> <td> <u>(a) A partnership, company or sole proprietor referred to in section 38 of the Act;</u>            (b) An entity that controls the parties <u>in (a)</u>, through ownership, management or other means; and            (c) An entity controlled by the parties <u>in (a)</u>, through ownership, management or other means.  <b>(Footnote: Section 1 v "firm")</b>             Paragraphs 400.4 and 900.3 explain how the word "firm" is used to address the responsibility of <u>registered auditors</u> and firms for compliance with Parts 4A and 4B, respectively.         </td> </tr> </table>	Firm	<u>(a) A partnership, company or sole proprietor referred to in section 38 of the Act;</u> (b) An entity that controls the parties <u>in (a)</u> , through ownership, management or other means; and (c) An entity controlled by the parties <u>in (a)</u> , through ownership, management or other means. <b>(Footnote: Section 1 v "firm")</b>  Paragraphs 400.4 and 900.3 explain how the word "firm" is used to address the responsibility of <u>registered auditors</u> and firms for compliance with Parts 4A and 4B, respectively.
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6.	<table border="1"> <tr> <td>Professional Activity</td> <td>An activity requiring accountancy or related skills undertaken by a <u>registered auditor</u>, including accounting, auditing, <u>review, other assurance and related services</u>, taxation, management consulting, and financial management.</td> </tr> </table>	Professional Activity	An activity requiring accountancy or related skills undertaken by a <u>registered auditor</u> , including accounting, auditing, <u>review, other assurance and related services</u> , taxation, management consulting, and financial management.	<table border="1"> <tr> <td>Professional Activity</td> <td>An activity requiring accountancy or related skills undertaken by a <u>registered auditor</u>, including: <ul style="list-style-type: none"> <li>• auditing, <u>review, other assurance and related services</u>;</li> <li>• accounting;</li> <li>• tax;</li> <li>• management consulting; and</li> <li>• financial management.</li> </ul> </td> </tr> </table>	Professional Activity	An activity requiring accountancy or related skills undertaken by a <u>registered auditor</u> , including: <ul style="list-style-type: none"> <li>• auditing, <u>review, other assurance and related services</u>;</li> <li>• accounting;</li> <li>• tax;</li> <li>• management consulting; and</li> <li>• financial management.</li> </ul>
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14.	<b>SECTION 130</b> <b>Professional Competence And Due Care</b>  <u>130.7 A registered auditor shall not undertake or continue with any engagement which the registered auditor is not competent to perform, unless the registered auditor obtains advice and assistance which enables the registered auditor to carry out the engagement satisfactorily.</u>	<b>Section 113</b> <b>Professional Competence And Due Care</b>  <u>R113.4 SA A registered auditor shall not undertake or continue with any engagement that the registered auditor is not competent to perform, unless the registered auditor obtains advice and assistance that enables the registered auditor to carry out the engagement satisfactorily.</u>				
15.	<b>SECTION 140</b>  140.7 The following are circumstances where <u>registered auditors</u> are or may be required to disclose confidential information or when such disclosure may be appropriate: (a) Disclosure is permitted by law and is authorised by the client; (b) Disclosure is required by law, for example: (i) Production of documents or other provision of evidence in the course of legal proceedings; or (ii) Disclosure to the appropriate public authorities of infringements of the law that come to light, <u>including disclosures of reportable</u>	<b>Subsection 114 – Confidentiality</b>  114.1 A1 Confidentiality serves the public interest because it facilitates the free flow of information from the <u>registered auditor's</u> client to the <u>registered auditor</u> in the knowledge that the information will not be disclosed to a third party. Nevertheless, the following are circumstances where <u>registered auditors</u> are or might be required to disclose confidential information or when such disclosure might be appropriate: (a) Disclosure is required by law, for example: (i) Production of documents or other provision of evidence in the course of legal proceedings; or				

	IRBA Code (prior to Revision and Restructure)	IRBA Code (Revised November 2018)
	<p><u>irregularities reported to the Regulatory Board as required by section 45 of the Act; and</u></p> <p>(c) There is a professional duty or right to disclose, when not prohibited by law:</p> <p>(i) To comply with the quality review of the Regulatory Board or a professional body;</p> <p>(ii) To respond to an inquiry or investigation by the Regulatory Board or other regulatory body;</p> <p>(iii) To protect the professional interests of a registered auditor in legal proceedings;</p> <p>(iv) To comply with technical standards and the requirements <u>of this Code.</u></p>	<p>(ii) Disclosure to the appropriate public authorities of infringements of the law that come to light; <u>including disclosures of reportable irregularities reported to the Regulatory Board as required by Section 45 of the Act;</u></p> <p>(b) Disclosure is permitted by law and is authorised by the client; and</p> <p>(c) There is a professional duty or right to disclose, when not prohibited by law:</p> <p>(i) To comply with the quality review of <u>the Regulatory Board or</u> a professional body;</p> <p>(ii) To respond to an inquiry or investigation by a professional <u>body, the Regulatory Board and any other</u> regulatory body;</p> <p>(iii) To protect the professional interests of a <u>registered auditor</u> in legal proceedings; or</p> <p>(iv) To comply with technical and professional standards, including ethics requirements.</p>
16.	<p><b>SECTION 150 - Professional Behaviour</b></p> <p><b>Multiple Firms</b></p> <p><u>150.3 An individual registered auditor is permitted to be a member of more than one registered audit firm and some other type of professional firm providing professional services. It is also permissible to practice under different firm names for different offices, provided this does not mislead.</u></p> <p><u>150.4 Individual registered auditors who are members of registered audit firms as well as being members of other accounting or consulting firms that provide professional services and have individual members who are not registered auditors, must ensure there is a clear distinction between the different firms and the members thereof, and that they do not unwittingly contravene section 41(2) of the Act, or cause it to be</u></p>	<p><b>Subsection 115 – Professional Behaviour</b></p> <p><b><u>Multiple Firms and Assisted Holding Outs</u></b></p> <p><b><u>R115.3 SA</u></b> <u>A registered auditor may be associated with more than one audit firm or professional services firm. Such association shall not be misleading or cause confusion, and the registered auditor shall ensure that there is clear distinction between the different firms.</u></p> <p><b><u>R115.4 SA</u></b> <u>A registered auditor who is associated with an audit firm, or professional services firm and has associates who are not registered auditors shall ensure:</u></p> <ul style="list-style-type: none"> <li>• <u>that those associates do not intentionally or unintentionally contravene Section 41(1) and/or 41(2) of the Act , or</u></li> <li>• <u>that any action of the registered auditor or the firm do not intentionally or unintentionally assist Section 41(1) and/or</u></li> </ul>

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	<u>contravened by the members of those other accounting or consulting firms who are not individual registered auditors.</u>	<u>41(2) of the Act to be contravened by those associates who are not registered auditors.</u>
17.	<p><b><u>Signing convention for Reports or Certificates</u></b></p> <p><u>150.5 A registered auditor shall not delegate to any person 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. In specific cases where emergencies of sufficient gravity arise, however, this prohibition may be relaxed, provided the full circumstances giving rise to the need for delegation are reported both to the client of the registered auditor concerned and to the Regulatory Board.</u></p> <p><u>150.6 The individual registered auditor responsible for the audit, review or other assurance engagement shall, when signing any audit, review or other assurance report or certificate, reflect the following:</u></p> <p><u>(a) the individual registered auditor's full name;</u></p> <p><u>(b) if not a sole proprietor, the capacity in which they are signing, namely as the 'partner', or 'director', etc;</u></p> <p><u>(c) the designation 'Registered Auditor' underneath their name; and</u></p> <p><u>(d) if not set out on the firm's letterhead, the name of the registered auditor's firm.</u></p>	<p><b><u>Signing Convention for Reports or Certificates</u></b></p> <p><b><u>R115.5 SA</u></b> <u>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, 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.</u></p> <p><b><u>R115.6 SA</u></b> <u>The individual registered auditor responsible for the audit, review or other assurance engagement shall, when signing any audit, review or other assurance report or certificate, reflect the following:</u></p> <p><u>(a) the individual registered auditor's full name;</u></p> <p><u>(b) if not a sole proprietor, the capacity in which they are signing;</u></p> <p><u>(c) the designation "Registered Auditor" underneath their name; and</u></p> <p><u>(d) if not set out on the firm's letterhead, the name of the registered auditor's firm.</u></p>
18.	Not previously included.	<p><u>Part of R120.4 of the IESBA Code has been phrased as South African application material paragraph 120.4 A1 SA, to simplify a reference to Part 2 of the Code</u></p> <p><b><u>120.4 A1 SA</u></b> <u>Where an individual who is a <i>registered auditor</i> is performing professional activities pursuant to the <i>registered auditor's</i> relationship with the firm, whether as a contractor, employee or</u></p>



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		owner, the provisions in Part 2 <i>of the IESBA Code will</i> apply to these circumstances. <u>Examples of these circumstances are set out in paragraph 300.5 A2.</u>
19.	<p>No previous South African amendment in the extant Code.</p> <p>The IESBA Restructured Code of Ethics includes the following paragraph:  120.9 A2 If new information results in the identification of a new threat, the professional accountant is required to evaluate and, as appropriate, address this threat. (Ref: Paras. R120.7 and R120.10).</p>	<p><b>New South African Requirement</b>  <u>120.9 A2 (which is an application paragraph in the IESBA Code) has been elevated into a South African requirement R120.9a SA</u></p> <p><b><u>R120.9a SA</u></b> If new information results in the identification of a new threat, the <u>registered auditor shall</u> evaluate and, as appropriate, address this threat. (Ref: Paras. R120.7 and R120.10).</p>
20.	Not previously included.	<p><u>Part of R300.5 of the IESBA Code of Ethics has been phrased as South African application material paragraph 300.5 A1 SA, to simplify a reference to Part 2 of the Code</u></p> <p><b><u>300.5 A1 SA</u></b> Where an individual who is a <u>registered auditor</u> is performing professional activities pursuant to the <u>registered auditor's</u> relationship with the firm, whether as a contractor, employee or owner, the provisions in Part 2 <u>of the IESBA Code will</u> apply to these circumstances.</p> <p>300.5 <u>A2</u> Examples of situations in which the provisions in Part 2 <u>of the IESBA Code</u> apply to a <u>registered auditor</u> include:</p> <ul style="list-style-type: none"> <li>• Facing a conflict of interest when being responsible for selecting a vendor for the firm when an immediate family member of the <u>registered auditor</u> might benefit financially from the contract.</li> <li>• Preparing or presenting financial information for the firm.</li> <li>• Being offered an inducement such as being regularly offered complimentary tickets to attend sporting events by a supplier of the firm.</li> <li>• Facing pressure from an engagement partner to report chargeable hours inaccurately for a client engagement.</li> </ul>

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21.	<p><b>Section 210 - Professional Appointment</b></p> <p>210.13 An existing auditor is bound by confidentiality. Whether that registered auditor is permitted or required to discuss the affairs of a client with a proposed auditor will depend on the nature of the engagement and on:</p> <p>(a) Whether the client’s permission to do so has been obtained; or</p> <p>(b) The legal or ethical requirements relating to such communications and disclosure.</p> <p><i>The proposed auditor shall treat in the strictest confidence any information provided by the existing auditor.</i> Circumstances where the registered auditor is or may be required to disclose confidential information or where such disclosure may otherwise be appropriate are set out in Section 140 of Part A of the Code.</p>	<p><b>Section 320 Professional Appointments</b></p> <p><b>R320.7</b> When an existing or predecessor accountant is asked to respond to a communication from a proposed accountant, the existing or predecessor accountant shall:</p> <p>(a) Comply with relevant laws and regulations governing the request; and</p> <p>(b) Provide any information honestly and unambiguously.</p> <p>320.7 A1 An existing or predecessor accountant is bound by confidentiality. Whether the existing or predecessor accountant is permitted or required to discuss the affairs of a client with a proposed accountant will depend on the nature of the engagement and:</p> <p>(a) Whether the existing or predecessor accountant has permission from the client for the discussion; and</p> <p>(b) The legal and ethics requirements relating to such communications and disclosure, which might vary by jurisdiction.</p> <p>320.7 A2 Circumstances where a <i>registered auditor</i> is or might be required to disclose confidential information, or when disclosure might be appropriate, are set out in paragraph 114.2 A1 of the Code.</p> <p><b><u>R320.7a SA</u></b> <i>The proposed accountant shall treat any information provided by the existing or predecessor accountant in the strictest confidence.</i></p>

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22.	<u>210.15</u> <i>Where the proposed client refuses to give permission for the proposed auditor to communicate with the existing auditor, or fails to do so, the proposed auditor shall decline the appointment, unless there are exceptional circumstances of which the proposed auditor has full knowledge, and the proposed auditor is satisfied regarding all relevant facts, by some other means.</i>	<u>R320.6a SA</u> <i>If the proposed client refuses or fails to give permission for the proposed accountant to communicate with the existing or predecessor accountant, the proposed accountant shall decline the appointment, unless there are exceptional circumstances of which the proposed accountant has full knowledge, and the proposed accountant is satisfied regarding all relevant facts, by some other means.</i>
23.	<b>Fee and Other Types of Remuneration</b>  <u>240.4A</u> <i>Notwithstanding paragraphs 240.3 and 240.4, a registered auditor shall not charge contingent fees for assurance services provided to clients, or for the preparation of an original or amended tax return, as these services are regarded as creating a self-interest threat to objectivity for which appropriate safeguards cannot be applied to eliminate the threats or reduce them to an acceptable level.</i>	<u>R330.4 SA</u> <i>A registered auditor shall not charge contingent fees for the preparation of an original or amended tax return, as contingent fees for these services create a self-interest threat to objectivity that cannot be eliminated and safeguards are not capable of being applied to reduce the threat to an acceptable level.</i>
24.	240.7 The significance of the threat shall be evaluated and safeguards applied when necessary to eliminate the threat or reduce it to an acceptable level. Examples of such safeguards include: <ul style="list-style-type: none"> <li>• Disclose to the client <i>in advance, in writing</i>, any arrangements to pay a referral fee to another registered auditor for the work referred.</li> <li>• Disclose to the client <i>in advance, in writing</i>, any arrangements to receive a referral fee for referring the client to another registered auditor.</li> <li>• Obtain agreement <i>in advance, in writing</i>, from the client for commission arrangements in connection with the sale by a third party of goods or services to the client.</li> </ul>	330.5 A2 Examples of actions that might be safeguards to address threats include: <ul style="list-style-type: none"> <li>• Obtaining an advance agreement <i>upfront and in writing</i> from the client for commission arrangements in connection with the sale by another party of goods or services to the client might address a self-interest threat.</li> <li>• Disclosing to clients, <i>upfront and in writing</i> any referral fees or commission arrangements paid to, or received from, another <i>registered auditor</i> or third party for recommending services or products might address a self-interest threat.</li> </ul>

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25.	<p><b>Custody of Client Assets</b></p> <p>270.2 The holding of client assets creates threats to compliance with the fundamental principles. For example, there is a self-interest threat to professional behaviour and there may be a self-interest threat to objectivity arising from holding client assets. A <u>registered auditor</u> entrusted with money (or other assets) shall therefore:</p> <p>(a) Keep such assets separately from personal or firm assets;</p> <p>(b) Use such assets only for the purpose for which they are intended;</p> <p>(c) At all times be ready to account for those assets and any income, dividends or gains generated to any <u>entity or</u> persons entitled to such accounting; and</p> <p>(d) Comply with all relevant laws and regulations relevant to the holding of and accounting for such assets.</p>	<p><b>Custody of Client Assets</b></p> <p><b>Introduction</b></p> <p>350.2 Holding client assets <i>while providing professional services</i>, creates a self-interest or other threat to compliance with the <u>fundamental</u> principles of professional behaviour and objectivity. This section sets out specific requirements and application material relevant to applying the conceptual framework in such circumstances.</p> <p><b>After Taking Custody</b></p> <p><b>R350.5</b> A <u>registered auditor</u> entrusted with money or other assets belonging to others shall:</p> <p>(a) Comply with the laws and regulations relevant to holding and accounting for the assets;</p> <p>(b) Keep the assets separately from personal or firm assets;</p> <p>(c) Use the assets only for the purpose for which they are intended; and</p> <p>(d) Be ready at all times to account for the assets and any income, dividends, or gains generated, to any entity or individuals entitled to that accounting.</p>
26.	<p>270.3 As part of client and engagement acceptance procedures for services that may involve the holding of client assets, a <u>registered auditor</u> shall make appropriate inquiries about the source of such assets and consider <u>the related</u> legal and regulatory obligations. For example, if the <u>registered auditor has reason to believe that</u> the assets were derived from illegal activities, such as money laundering, a threat to compliance with the fundamental principles would be created. In such situations, <u>the registered auditor shall not accept or hold the client assets and</u> shall comply with the provisions of section 225 of the Code.</p>	<p><b>R350.4</b> As part of client and engagement acceptance procedures related to assuming custody of client money or <u>other</u> assets, a <u>registered auditor</u> shall:</p> <p>(a) Make inquiries about the source of the assets; and</p> <p>(b) Consider related legal and regulatory obligations.</p> <p><i>(IESBA Application Material paragraph 350.4 A1 has been elevated into a South African requirement R350.4a SA)</i></p> <p><b>R350.4a SA</b> Inquiries about the source of client assets might reveal, for example, that the assets were derived from illegal activities, such as money laundering. <u>The registered auditor shall not accept or hold the asset</u> in such circumstances and the provisions of Section 360 would apply.</p>

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27.	<p><u>270.4</u> <i>When a registered auditor, in the course of providing professional services, is entrusted with client monies, which come into the registered auditor's possession or under the registered auditor's control and for which the registered auditor is responsible to account to a client, the registered auditor shall:</i></p> <p>(a) <i>Not refer to such client monies as being "in trust" or in a "trust account";</i></p> <p>(b) <i>Maintain one or more bank accounts, with an institution or institutions registered in terms of the Bank Act, 1990 (Act 94 of 1990), that are separate from the registered auditor's own bank account;</i></p> <p>(c) <i>Appropriately designate such bank accounts. This includes a general bank account in the registered auditor's name where all client monies are held (such as ABC's Client Account), or a specific account named and operated per relevant client;</i></p> <p>(d) <i>Deposit client monies without delay to the credit of such client account;</i></p> <p>(e) <i>Maintain such records as may reasonably be expected to ensure that the client monies can be readily identified as being the property of the client, for example proper bookkeeping and being able to supply the client with an analysis of the account/s;</i></p> <p>(f) <i>Perform a reconciliation between the designated bank account and the client monies ledger account/s; and</i></p> <p>(g) <i>Not hold client monies indefinitely unless specifically allowed by laws and regulations. Registered auditors are encouraged to hold client monies for a limited period, depending on the professional service provided.</i></p>	<p><i>Client Monies</i></p> <p><b><u>R350.6 SA</u></b> <i>If a registered auditor is entrusted with client monies, which come into the registered auditor's possession or under the registered auditor's control and for which the registered auditor is responsible to account to a client, the registered auditor shall:</i></p> <p>(a) <i>Not refer to such client monies as being "in trust" or in a "trust account" as this could be misleading;</i></p> <p>(b) <i>Maintain one or more bank accounts with an institution or institutions registered in terms of the Banks Act, 1990 (Act 94 of 1990), that are separate from the registered auditor's own bank account;</i></p> <p>(c) <i>Appropriately designate such bank accounts. This includes a general bank account in the registered auditor's name where all client monies are held (such as ABC's Client Account), or a specific account named and operated per relevant client;</i></p> <p>(d) <i>Deposit client monies without delay to the credit of such client account;</i></p> <p>(e) <i>Maintain such records as may reasonably be expected to ensure that the client monies can be readily identified as being the property of the client, for example, detailed bookkeeping and being able to supply the client with an analysis of the account/s;</i></p> <p>(f) <i>Perform a reconciliation between the designated bank account and the client monies' ledger account/s; and</i></p> <p>(g) <i>Not hold client monies indefinitely unless specifically allowed by laws and regulations. Registered auditors are encouraged to hold client monies for a limited period, depending on the professional service provided.</i></p>

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28.	<p><u>270.5</u> <i>While providing professional services, if the registered auditor is entrusted with client assets other than client monies which come into the registered auditor's possession or under the registered auditor's control and for which the registered auditor is responsible to account to a client, the registered auditor shall:</i></p> <p>(a) <i>Not refer to such client assets as being held "in trust" or in a "trust account" as this could be misleading;</i></p> <p>(b) <i>Maintain such records as may be reasonably expected to ensure that the client assets can readily be identified as being the property of the client; and</i></p> <p>(c) <i>If client assets are in the form of documents of title to money, or documents of title that can be converted into money, make such arrangements as may be appropriate in the circumstances to safeguard such documents against unauthorised use.</i></p>	<p><u>Client Assets Other Than Monies</u></p> <p><b>R350.7 SA</b> <i>If a registered auditor is entrusted with client assets other than client monies that come into the registered auditor's possession or under the registered auditor's control and for which the registered auditor is responsible to account to a client, the registered auditor shall:</i></p> <p>(a) <i>Not refer to such client assets as being held "in trust" or in a "trust account" as this could be misleading;</i></p> <p>(b) <i>Maintain such records as may be reasonably expected to ensure that the client assets can readily be identified as being the property of the client; and</i></p> <p>(c) <i>If client assets are in the form of documents of title to money, or documents of title that can be converted into money, make such arrangements as may be appropriate in the circumstances to safeguard such documents against unauthorised use.</i></p>
29.	<p><u>270.6</u> <i>A registered auditor shall consider applying the following measures to the protection of client assets:</i></p> <p>(a) <i>If the registered auditor administers a large number of client accounts that hold client monies the registered auditor may utilise an umbrella account with subaccounts for each client;</i></p> <p>(b) <i>If the professional service requires the registered auditor to be entrusted with client monies for an unusually long period and the registered auditor is not the auditor or assurance provider, the registered auditor shall request the client to open a separate bank account and then provide the registered auditor with appropriate power of attorney or signatory rights;</i></p> <p>(c) <i>Before taking custody of client assets the registered auditor shall consider whether the firm's indemnity and fidelity insurance is sufficient to cover incidents of fraud or theft; and</i></p> <p>(d) <i>Where a formal engagement letter is entered into covering the professional service involving custody of client assets, the</i></p>	<p><b>Possible Measures of Protection</b></p> <p><b>R350.8 SA</b> <i>A registered auditor shall apply appropriate measures to protect the client assets.</i></p> <p><b>350.8 A1 SA</b> <i>Examples of measures may include:</i></p> <p>(a) <i>If the registered auditor administers a large number of client accounts that hold client monies, the registered auditor may utilise an umbrella account with subaccounts for each client;</i></p> <p>(b) <i>If the professional service requires the registered auditor to be entrusted with client monies for an unusually long period and the registered auditor is not the auditor or assurance provider, the registered auditor shall request the client to open a separate bank account and provide the registered auditor with appropriate power of attorney or signatory rights over the account;</i></p> <p>(c) <i>Before taking custody of client assets, the registered auditor shall consider whether the firm's indemnity and</i></p>

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	<p><u>engagement letter shall address the risks and responsibilities relating to such client assets.</u></p>	<p><u>fidelity insurance is sufficient to cover incidents of fraud or theft; and</u>            (d) <u>Where a formal engagement letter is entered into covering the professional service involving custody of client assets, the engagement letter shall address the risks and responsibilities relating to such client assets.</u></p>
30.	<p><u>270.7 A registered auditor shall not accept custody of audit or assurance client assets unless the threat to independence can be eliminated or reduced to an acceptable level. The independence requirements in section 290.159 - 290.162 apply for audit and review engagements and section 291.141 – 291.144 apply to other assurance engagements.</u></p>	<p><b><u>Custody of Client Assets for Audit or Other Assurance Client</u></b>   <b><u>R350.9 SA</u></b> <u>A registered auditor shall not accept custody of an audit or assurance client’s assets, unless the threat to independence can be eliminated or reduced to an acceptable level. The independence requirements in paragraphs R600.7–R600.8 apply for audit and review engagements and paragraphs R950.6–R950.7 apply to other assurance engagements.</u></p>
31.	<p><b>Public Interest Entities</b></p> <p>290.26 Firms shall determine whether to treat additional entities, or certain categories of entities, as public interest entities because they have a large number and wide range of stakeholders. Factors to be considered include:</p> <ul style="list-style-type: none"> <li>• The nature of the business, such as the holding of assets in a fiduciary capacity for a large number of stakeholders. Examples may include financial institutions, such as banks and insurance companies, and pension funds</li> <li>• <u>Number of equity or debt holders;</u></li> <li>• Size; and</li> <li>• Number of employees.</li> </ul>	<p><b>Public Interest Entities</b>  <b>Introduction Paragraph:</b>  <b>400.8</b> Some of the requirements and application material set out in this Part reflect the extent of public interest in certain entities which are defined to be public interest entities.</p> <p><b>(Part of 400.8 has been elevated into a South African requirement)</b>  <b><u>R400.8a SA.</u></b> Firms <u>shall</u> determine whether to treat additional entities, or certain categories of entities, as public interest entities because they have a large number and wide range of stakeholders. Factors to be considered include:</p> <ul style="list-style-type: none"> <li>• The nature of the business, such as the holding of assets in a fiduciary capacity for a large number of stakeholders. Examples might include financial institutions, such as banks, insurance companies, and pension funds;</li> <li>• <u>Number of equity or debt holders;</u></li> <li>• Size;</li> <li>• Number of employees.</li> </ul>

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32.	<p><u>290.26</u> (a) <i>The following entities will generally satisfy the conditions in paragraph 290.26 as having a large number and wide range of stakeholders and thus are likely to be considered as Public Interest Entities:</i></p> <ul style="list-style-type: none"> <li>• <u>Major Public Entities that directly or indirectly provide essential or strategic services or hold strategic assets for the benefit of the country.</u></li> <li>• <u>Banks as defined in the Banks Act 1990, (Act No.94 of 1990) and Mutual Banks as defined in the Mutual Bank Act 1993, (Act No. 124 of 1993).</u></li> <li>• <u>Market infrastructure as defined in the Financial Markets Act 2012, (Act No. 19 of 2012).<sup>5</sup></u></li> <li>• <u>Insurers registered under the Long-term Insurance Act 1998, (Act No. 52 of 1998) and the Short-term Insurance Act 1998, (Act No.53. of 1998) excluding micro lenders.</u></li> <li>• <u>Collective Investment Schemes, including hedge funds, in terms of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002) that hold assets in excess of R15 billion.</u></li> <li>• <u>Funds as defined in the Pension Funds Act 1956, (Act No. 24 of 1956) that hold or are otherwise responsible for safeguarding client assets in excess of R10 billion.</u></li> <li>• <u>Pension Fund Administrators (in terms of Section 13B of the Pension Funds Act 1956, (Act No. 24 of 1956)) with total assets under administration in excess of R20 billion.</u></li> <li>• <u>Financial Services Providers as defined in the Financial Advisory and Intermediary Services Act 2002, (Act No. 37 of 2002) with assets under management in excess of R50 billion.</u></li> <li>• <u>Medical Schemes as defined in the Medical Schemes Act, 1998 (Act No. 131 of 1998) that are open to the public (commonly referred to as “open medical schemes”) or are restricted schemes with a large number of members.</u></li> <li>• <u>Authorised users of an exchange as defined in the Financial Markets Act, 2012 (Act No. 19 of 2012) who hold or are</u></li> </ul>	<p><b><u>R400.8b SA</u></b> <i>A registered auditor shall regard the following entities as generally satisfying the conditions in paragraph <b>R400.8a SA</b> having a large number and wide range of stakeholders, and thus are likely to be considered as Public Interest Entities:</i></p> <ul style="list-style-type: none"> <li>• <u>Major Public Entities that directly or indirectly provide essential or strategic services or hold strategic assets for the benefit of the country.</u></li> <li>• <u>Banks as defined in the Banks Act 1990, (Act No.94 of 1990) and Mutual Banks as defined in the Mutual Banks Act 1993, (Act No. 124 of 1993).</u></li> <li>• <u>Market infrastructure as defined in the Financial Markets Act 2012, (Act No. 19 of 2012).<sup>5</sup></u></li> <li>• <u>Insurers registered under the Long-term Insurance Act 1998, (Act No. 52 of 1998) and the Short-term Insurance Act 1998, (Act No.53. of 1998), excluding micro lenders.</u></li> <li>• <u>Collective Investment Schemes, including hedge funds, in terms of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), that hold assets in excess of R15 billion.</u></li> <li>• <u>Funds as defined in the Pension Funds Act 1956, (Act No. 24 of 1956), that hold or are otherwise responsible for safeguarding client assets in excess of R10 billion.</u></li> <li>• <u>Pension Fund Administrators (in terms of Section 13B of the Pension Funds Act 1956, (Act No. 24 of 1956)) with total assets under administration in excess of R20 billion.</u></li> <li>• <u>Financial Services Providers as defined in the Financial Advisory and Intermediary Services Act 2002, (Act No. 37 of 2002), with assets under management in excess of R50 billion.</u></li> <li>• <u>Medical Schemes as defined in the Medical Schemes Act, 1998 (Act No. 131 of 1998), that are open to the public (commonly referred to as “open medical schemes”) or are restricted schemes with a large number of members.</u></li> </ul>



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<p><u>otherwise responsible for safeguarding client assets in excess of R10 billion.</u></p> <ul style="list-style-type: none"> <li>• <u>Other issuers of debt and equity instruments to the public.</u> <sup>2</sup></li> </ul> <p><u>If a Firm considers an audit client that falls under one or more of the above categories not to be a public interest entity, the Firm shall document its reasoning and its consideration of paragraph 290.26.</u></p> <p><b>(Footnote:</b> <sup>5</sup> <u>Market Infrastructure is defined in the Financial Markets Act, 2012 (Act No. 19 of 2012) as</u>  <u>(a) A licensed central securities depository</u>  <u>(b) A licensed clearing house</u>  <u>(c) A licensed exchange and</u>  <u>(d) A licensed trade repository</u></p> <p><sup>6</sup> <u>For the purpose of this section, “the public” shall mean the public in general or large sectors of the public such as participants in Broad-Based Black Economic Empowerment schemes or participants in offers to large industry sectors, which result in the debt or equity instruments being owned by a large number and wide range of stakeholders).</u></p>	<ul style="list-style-type: none"> <li>• <u>Authorised users of an exchange as defined in the Financial Markets Act, 2012 (Act No. 19 of 2012), who hold or are otherwise responsible for safeguarding client assets in excess of R10 billion.</u></li> <li>• <u>Other issuers of debt and equity instruments to the public.</u> <sup>6</sup></li> </ul> <p><b><u>R400.8c SA</u></b> <u>If a firm considers an audit client that falls under one or more of the above categories not to be a public interest entity, the firm shall document its reasoning and its consideration of paragraph <b>R400.8b SA</b>.</u></p> <p><b>(Footnote:</b> <sup>5</sup> <u>Market Infrastructure is defined in the Financial Markets Act, 2012 (Act No. 19 of 2012) as</u>  <u>(a) A licensed central securities depository</u>  <u>(b) A licensed clearing house</u>  <u>(c) A licensed exchange and</u>  <u>(d) A licensed trade repository</u></p> <p><sup>6</sup> <u>For the purpose of this section, “the public” shall mean the public in general or large sectors of the public such as participants in Broad-Based Black Economic Empowerment schemes or participants in offers to large industry sectors, that result in the debt or equity instruments being owned by a large number and wide range of stakeholders).</u></p>
<p>33. <b>Financial interest received by way of an inheritance gift or as a result of a merger</b></p> <p>290.116 If a firm or a partner or employee of the firm, or a member of that individual’s immediate family, receives a direct financial interest or a material indirect financial interest in an audit client, for example, by way of an inheritance, gift or as a result of a merger and such interest would not be permitted to be held under this section, then:</p>	<p>Local amendment no longer considered necessary.</p>

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	<p>(a) If the interest is received by the firm, the financial interest shall be disposed of immediately, or a sufficient amount of an indirect financial interest shall be disposed of so that the remaining interest is no longer material;</p> <p>(b) If the interest is received by a member of the audit team, or a member of that individual's immediate family, the individual who received the financial interest shall immediately dispose of the financial interest, or dispose of a sufficient amount of an indirect financial interest so that the remaining interest is no longer material, <u>or the individual shall be removed from the audit team</u>;</p> <p>or</p> <p>(c) If the interest is received by an individual who is not a member of the audit team, or by an immediate family member of the individual, the financial interest shall be disposed of as soon as possible, or a sufficient amount of an indirect financial interest shall be disposed of so that the remaining interest is no longer material. Pending the disposal of the financial interest, a determination shall be made as to whether any safeguards are necessary.</p>	
34.	<p><b>A loan or guarantee of a loan from an audit client other than a bank</b></p> <p>290.120 If the firm or a member of the audit team, or a member of that individual's immediate family, accepts a loan from, or has a borrowing guaranteed by, an audit client, that is not a bank or similar institution, <u>or any director or officer of the audit client</u>, the self-interest threat created would be so significant that no safeguards could reduce the threat to an acceptable level, unless the loan or guarantee is immaterial to both (a) the firm or the member of the audit team and the immediate family member, and (b) the client.</p>	<p><b>Loans and Guarantees with an Audit Client that is Not a Bank or Similar Institution</b></p> <p><b>R511.7</b> A firm, a network firm, an audit team member, or any of that individual's immediate family shall not accept a loan from, or have a borrowing guaranteed by, an audit client that is not a bank or similar institution, <u>or any director or officer of an audit client</u>, unless the loan or guarantee is immaterial to:</p> <p>(a) The firm, the network firm, or the individual receiving the loan or guarantee, as applicable; and</p> <p>(b) The client, <u>or the director or officer of the client</u>.</p>

	IRBA Code (prior to Revision and Restructure)	IRBA Code (Revised November 2018)
35.	<p><b>A loan or guarantee of a loan made to an audit client</b></p> <p>290.121 Similarly, if the firm or a member of the audit team, or a member of that individual's immediate family, makes or guarantees a loan to an audit client or <u>any director or officer of the audit client</u>, the self-interest threat created would be so significant that no safeguards could reduce the threat to an acceptable level, unless the loan or guarantee is immaterial to both (a) the firm or the member of the audit team and the immediate family member, and (b) the client.</p>	<p><b>Loans and Guarantees with an Audit Client</b></p> <p><b>R511.4</b> A firm, a network firm, an audit team member, or any of that individual's immediate family shall not make or guarantee a loan to an audit client, <u>or any director or officer of an audit client</u>, unless the loan or guarantee is immaterial to:</p> <p>(a) The firm, the network firm or the individual making the loan or guarantee, as applicable; and</p> <p>(b) The client, <u>or the director or officer of the client</u>.</p>
36.	<p><b>Audit Clients that are Public Interest Entities</b></p> <p>290.149 In respect of an audit of a public interest entity, an individual shall not be a key audit partner for more than seven years <u>or as otherwise determined by legislation or regulation</u>. After such time, the individual shall not be a member of the engagement team or be a key audit partner for the client for two years. During that period, the individual shall not participate in the audit of the entity, provide quality control for the engagement, consult with the engagement team or the client regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the engagement.</p>	<p>Local amendment no longer considered necessary.</p>
37.	<p>Not previously included.</p>	<p>600.2 Firms and network firms might provide a range of non-assurance services to their audit clients, consistent with their skills and expertise. Providing non-assurance services to audit clients might create threats to compliance with the fundamental principles and threats to independence. <u>The registered auditor might also need to consider threats to objectivity relating to the non-assurance services provided.</u></p>
38.	<p>290.502 The firm shall communicate (for example, in an engagement letter) with the intended users regarding the independence requirements that are to be applied with respect to the provision of the audit engagement. Where the intended users are a class of users (for</p>	<p>Local amendment no longer considered necessary.</p>

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<p>example, lenders in a syndicated loan arrangement) who are not specifically identifiable by name at the time the engagement terms are established, such users shall subsequently be made aware of the independence requirements agreed to by the representative <u>of the class of users</u> (for example, by the representative making the firm's engagement letter available to all users).</p>	
<p>39. <u>A loan or guarantee of a loan from an assurance client other than a bank</u></p> <p>291.115 If the firm or a member of the assurance team, or a member of that individual's immediate family, accepts a loan from, or has a borrowing guaranteed by, an assurance client that is not a bank or similar institution, <u>or any director or officer of the audit client</u>, the self-interest threat created would be so significant that no safeguards could reduce the threat to an acceptable level, unless the loan or guarantee is immaterial to both the firm, or the member of the assurance team and the immediate family member, and the client.</p> <p><u>A loan or guarantee of a loan made to an assurance client</u></p> <p>291.116 Similarly, if the firm, or a member of the assurance team, or a member of that individual's immediate family, makes or guarantees a loan to an assurance client <u>or any director or officer of the audit client</u>, the self-interest threat created would be so significant that no safeguards could reduce the threat to an acceptable level, unless the loan or guarantee is immaterial to both the firm, or the member of the assurance team and the immediate family member, and the client.</p>	<p><b>Loans and Guarantees with an Assurance Client that is not a Bank or Similar Institution</b></p> <p><b>R911.7</b> A firm or an assurance team member, or any of that individual's immediate family, shall not accept a loan from, or have a borrowing guaranteed by, an assurance client that is not a bank or similar institution, <u>or any director or officer of an assurance client</u>, unless the loan or guarantee is immaterial to both:</p> <ul style="list-style-type: none"> <li>(a) The firm, or the individual receiving the loan or guarantee, as applicable; and</li> <li>(b) The client, <u>or the director or officer of the client</u>.</li> </ul> <p><b>Loans and Guarantees with an Assurance Client</b></p> <p><b>R911.4</b> A firm, or an assurance team member, or any of that individual's immediate family shall not make or guarantee a loan to an assurance client, <u>or any director or officer of an assurance client</u>, unless the loan or guarantee is immaterial to both:</p> <ul style="list-style-type: none"> <li>(a) The firm, or the individual making the loan or guarantee, as applicable; and</li> <li>(b) The client, <u>or the director or officer of the client</u>.</li> </ul>