

Standards department
 Independent Regulatory Board for Auditors
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23 May 2016

To whom it may concern,

COMMENTS ON THE PROPOSED AMENDMENTS TO THE IRBA CODE OF PROFESSIONAL CONDUCT FOR REGISTERED AUDITORS RELATING TO THE CUSTODY OF CLIENT ASSETS

Thank you for the opportunity to provide inputs to the proposed amendments to the IRBA Code of Professional Conduct for Registered Auditors relating to the custody of client assets.

Herewith please find my comments on the specific questions included in the exposure draft:

Question	Comments
1	Do you agree with the proposed amendment to Section 270.4? “Yes/No”
	<p>Yes, I fully support the strengthening of the requirements in this regard.</p> <ul style="list-style-type: none"> I believe that it is critical for any such funds to be held in a separate account, to prevent any potential mismanagement and to create further distance and boundaries for independence purposes. I also understand the reasoning for the specific naming conventions, since no money would be due to a fidelity fund. It can easily be dealt with incorrectly by the banks and other parties if the name indicates that it is a trust account – it would definitely assist with clarifying the purpose of the account and therefore the correct way of managing the funds. <p>The main challenges I foresee are:</p> <ul style="list-style-type: none"> Clear specifications and guidance to RAs on the moving over of funds that were held in general accounts to new separate accounts, with very specific prescripts on the type of accounts and processing rights required. Clear communication of specifications to financial institutions to ensure that they have products available that will meet all the specific requirements for this purpose.
2	If “No”, please indicate what additional guidance is needed
	No additional requirements are needed in the IRBA Code of Professional Conduct for RAs, but additional guidance and communication would be required, as mentioned in 1 above.

Please feel free to contact me on any of the comments provided above.

Yours sincerely

Tarina Els
 CA(SA) and RA
 Quality and Technical Manager
 Octagon Chartered Accountants