

Alert:

Implications of the effective dates of the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) on the Auditor's and Assurance Provider's Reports

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On 12 November 2018, the IRBA communicated the release of the [IRBA Code of Professional Conduct for Registered Auditors \(Revised November 2018\)](#) (IRBA Code), which includes comprehensive amendments in the form of revisions and a restructure of the extant IRBA Code. In the abovementioned communique certain implementation risks were highlighted. We elaborate on the implementation risk of the different effective dates of the IRBA Code, and the effects thereof on the auditor's and assurance provider's reports.

Background

The IRBA Code is based on the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (IESBA Code) (both the extant and revised versions of the Codes).

The IRBA Code as well as the revised IESBA Code will have the following effective dates:

- Parts 1 and 3 will be effective as of 15 June 2019.
- Part 4A relating to independence for audit and review engagements will be effective for audits and reviews of financial statements for periods beginning on or after 15 June 2019.
- Part 4B relating to independence for assurance engagements with respect to subject matter covering periods will be effective for periods beginning on or after 15 June 2019; otherwise, it will be effective as of 15 June 2019.

Working with the effective dates

As the effective date for Parts 1 and 3 of the IRBA Code differs from that of Parts 4A and 4B, careful attention needs to be paid to the timing of implementing the different parts of the IRBA Code, including how the IRBA Code is described in the auditor's and assurance provider's reports. Also, of importance is the date on which the auditor's and assurance provider's reports are signed.

The implications of the effective dates on how the IRBA Code is described in the auditor's and assurance provider's reports are as follows:

Current period: *Registered auditors who sign off the auditor's or assurance provider's reports issued before 15 June 2019 will be required to comply with:*

- The extant IRBA Code, and to describe that the IRBA Code of Professional Conduct for Registered Auditors is consistent with the IESBA Code of Ethics for Professional Accountants (Parts A and B).

Transitional period: *Registered auditors who sign off the auditor's or assurance provider's reports issued on or after 15 June 2019 in respect of the audits for financial periods or assurance engagements for periods beginning before or on 14 June 2019 will*

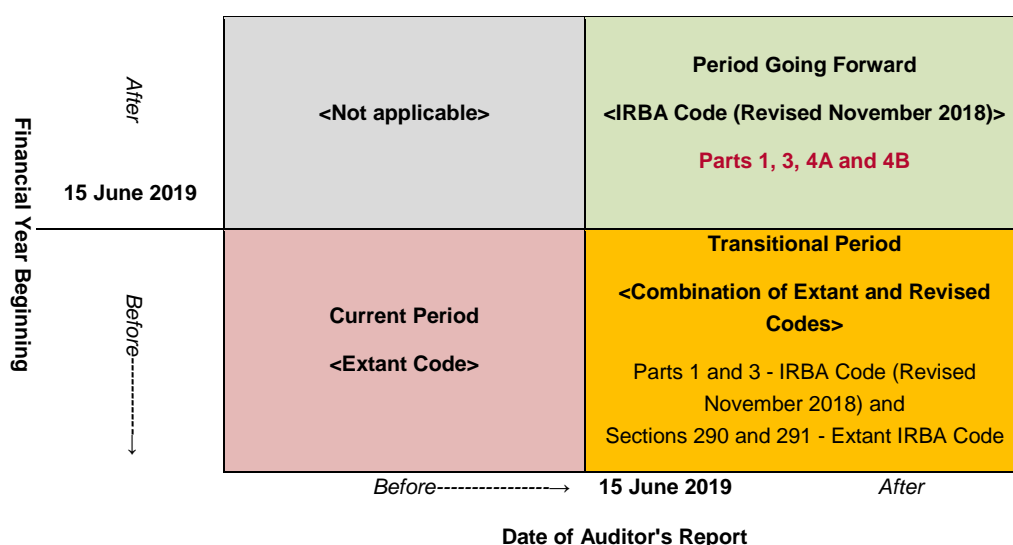
be required to comply with:

- Sections 290 and 291 of the extant IRBA Code of Professional Conduct for Registered Auditors (Revised January 2018), and to describe that the IRBA Code of Professional Conduct for Registered Auditors (Revised January 2018) is consistent with Sections 290 and 291 of the IESBA Code of Ethics for Professional Accountants; and
- Parts 1 and 3 of the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) and to describe that the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) is consistent with Parts 1 and 3 of the IESBA International Code of Ethics for Professional Accountants (including International Independence Standards).

Period going forward: Registered auditors who sign off the auditor's or assurance provider's reports for audits of financial statements for periods or assurance engagements for periods beginning on or after 15 June 2019 will be required to comply with:

- Parts 1, 3, 4A and 4B of the IRBA Code of Professional Conduct for Registered Auditors, and to describe that the IRBA Code of Professional Conduct for Registered Auditors is consistent with Part 1, 3, 4A and 4B of the IESBA International Code of Ethics for Professional Accountants (including International Independence Standards).

The implications of the effective dates of the IRBA Code on the auditor's and assurance provider's reports are represented graphically below. The date of the auditor's/assurance provider's report is represented on the 'X' axis, while the financial year beginning date is represented on the 'Y' axis. Both these dates are required to indicate how the IRBA Code should be implemented, and how it should be described in the auditor's and assurance provider's reports.



Illustrative wording of the Auditor's Report and Assurance Provider's Report

Auditor's Report

Pages 26 and 27 (*Basis for Opinion*) of the [Proposed South African Auditing Practice Statement \(SAAPS\) 3 \(Revised 2019\), Illustrative Reports](#), includes proposed illustrative wording that may be used by registered auditors in the interim, i.e. before the approval and release of SAAPS 3. This wording, which might change based on comments received from the exposure process, will be communicated upon the finalisation of the revised SAAPS 3.

Assurance Provider's Report

Pages 23 and 24 (*Our independence and quality control*) of the [Revised Illustrative Banks Act Regulatory Auditor's Reports](#), issued on 4 December 2018, includes proposed illustrative wording that may be used by registered auditors. As indicated in footnote 30 of the [Revised Illustrative Banks Act Regulatory Auditor's Reports](#), this wording might change based on comments received from the SAAPS 3 exposure process.

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About the IRBA

The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.