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**INDEPENDENT REGULATORY BOARD FOR AUDITORS**  
**COMMITTEE FOR AUDITOR ETHICS**

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***Proposed Amendments to IRBA Rules Regarding Improper Conduct***

Johannesburg / 8 March 2019

The Committee for Auditor Ethics (CFAE), the statutory committee of the Independent Regulatory Board for Auditors (IRBA) responsible for setting standards for auditor ethics, approved the issuing of the proposed amendments to the *IRBA Rules Regarding Improper Conduct* (the Rules) on exposure in February 2019 for public comment by 15 April 2019.

In accordance with the provisions of Section 10(1)(a) of the Auditing Profession Act, 2005 (Act No. 26 of 2005) (the Act), the IRBA may, by notice in the Government Gazette and pursuant to the provisions of Section 4(1)(c) of the Act, publish an amendment to the IRBA Code of Professional Conduct (IRBA Code) for public information and comment. Accordingly, a Board Notice to the same effect will be published in the Government Gazette for public comment for a minimum period of 30 days.

**Background**

The IRBA adopted Parts A and B and the Definitions of the International Ethics Standards Board (IESBA) *Code of Ethics for Professional Accountants* (July 2009) published by the International Federation of Accountants (IFAC) with effect from 1 January 2011.

The Rules were approved by the IRBA Board, published by the IRBA and gazetted as Board Notice 89 of 2010 in Government Gazette No. 33305 on 18 June 2010.

In November 2018, the IRBA published the revised IRBA Code (Revised November 2018). This followed the adoption of the amendments made to the IESBA *Code of Ethics for Professional Accountants (including International Independence Standards)* issued during 2018.

**Proposed Amendments**

The Rules regulate the conduct of an investigation and the disciplinary process. The need for revisions to the Rules is due to the following reasons:

- Recent IRBA disciplinary hearings have brought to light the need for potential improvements in the wording of certain Rules.
- Certain Rules are outdated or no longer required. For example, reference to training contracts can be removed as this is no longer the mandate of the IRBA; this now falls under the South African Institute of Chartered Accountants.
- The Rules required certain alignment amendments in light of the release of the IRBA Code (Revised November 2018).

- The Auditing Profession Act, as amended in 2015, included the regulation of registered candidate auditors. An update to the Rules was required to consider potential investigations of these individuals.

### **Proposed Effective Date**

The expectation is that in May 2019 the CFAE will consider comments received on the proposed amendments to the Rules and then recommend the amendments to the IRBA Board for approval in June 2019.

It is anticipated that the proposed amendments to the Rules will be effective on or after 1 January 2020.

### **Request for Comments**

The CFAE welcomes comments on all matters addressed in the proposed amendments to the IRBA Rules, especially those identified in the 'Request for Specific Comments' section of the Explanatory Memorandum.

The IRBA invites auditors and other interested parties to submit any comments regarding the proposed amendments to the Rules by **15 April 2019**. Comments, in both Word and PDF formats, should be submitted by e-mail to [standards@irba.co.za](mailto:standards@irba.co.za). All comments will be considered a matter of public record.

A copy of the exposure draft is available in PDF format and may be downloaded from the exposure drafts page on the [IRBA website](#).

**Imran Vanker**

**Director: Standards**

### ***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.*

*The statutory responsibilities of the CFAE are to assist the IRBA to: determine what constitutes improper conduct by registered auditors by developing rules 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.*