**INDEPENDENT REGULATORY BOARD FOR AUDITORS**

**STANDARDS DEPARTMENT**

**COMMITTEE FOR AUDITOR ETHICS**

**IESBA STRENGTHEN AUDITOR INDEPENDENCE BY ISSUING PROPOSED AMENDMENTS ADDRESSING LONG ASSOCIATION IN ETHICS CODE**

Johannesburg / 18 August 2014

The International Ethics Standard Board for Accountants (IESBA), on 14 August 2014, released the Proposed Changes to Certain Provision of the IESBA Code of Ethics for Professional Accountants Addressing the Long Association of Personnel with an Audit or Assurance Client for public comment. As the IRBA Code of Professional Conduct for Registered Auditors adopted Parts A and B of the IESBA Code, these proposed changes, will be considered by the Committee for Auditor Ethics (CFAE) for possible amendments to the IRBA Code that could affect registered auditors.

The proposed amendments respond to stakeholder concern about the appearance of independence and the need to ensure that the threats created by the long association of audit firm personnel with an audit client are appropriately addressed on all audit engagements.

The proposals aim to strengthen the independence provisions in the IESBA Code of Ethics. Among the proposed changes are:

* Strengthened general provisions applicable to all audit engagements regarding the threats created by long association;
* With respect to partner rotation, an increase in the mandatory “cooling-off” period, from two to five years, for the engagement partner on the audit of a public interest entity;
* Strengthened restrictions on the type of activities that can be undertaken with respect to the audit client and audit engagement by any former key audit partner during the cooling-off period; and
* A requirement to obtain the concurrence of those charged with governance regarding the application of certain exceptions to the rotation requirements.

The proposed amendments also include proposed amendment to strengthened provisions in Section 291 of the IESBA Code dealing with assurance engagements.

## How to comment

We invite registered auditors and others to submit any comments regarding the proposed changes to the IRBA by 31 October 2014 (i.e. 2 weeks prior to the IESBA comment date deadline of 12 November 2014) for consideration in preparing our response to the IESBA. Comments should be submitted by e-mail to standards@irba.co.za, in word format.

The proposed changes to the IESBA Code of Ethics are available in PDF and may be downloaded from the IRBA website at: [http://www.irba.co.za](http://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/exposure-drafts-and-comment-letters) . Should you have any further queries or experience any technical difficulties in downloading the documents please do not hesitate to contact the Standards Department by sending an email to standards@irba.co.za. Alternatively, comments may be submitted directly to the IESBA through the [www.ifac.org](https://www.ifac.org/publications-resources/proposed-changes-certain-provisions-code-addressing-long-association-personne?utm_source=IFAC+Main+List&utm_campaign=0192380886-IESBA_eNews_8_14_148_14_2014&utm_medium=email&utm_term=0_cc08d67019-0192380886-80277609) and use the Submit a Comment link on the Exposure Drafts and Consultation Papers page. Comments on the exposure draft are requested by 12 November 2014.

**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 responsibility of the CFAE is 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; to 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 to provide advice to registered auditors on matters of professional ethics and conduct.*