**INDEPENDENT REGULATORY BOARD FOR AUDITORS**

**COMMITTEE FOR AUDITING STANDARDS**

**IESBA issues Proposed Enhancements to Certain Non-Assurance Services Provisions in Ethics Code**

Johannesburg / 27 May 2014

The International Ethics Standard Board for Accountants (IESBA), on 20 May 2014, released the Proposed Changes to the IESBA *Code of Ethics for Professional Accountants* - relating to certain provisions of the Code Addressing Non-Assurance Services for Audit Clients 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 changes are intended to enhance the independence provisions in the IESBA *Code of Ethics* by:

* Providing additional guidance and clarification regarding what constitutes management responsibility, including enhanced guidance regarding how the auditor can better satisfy itself that client management will make all judgments and decisions that are the responsibility of management, when the auditor provides non-assurance services to an audit client;
* Providing better guidance and clarification on the concept of "routine or mechanical" services relating to the preparation of accounting records and financial statements for non-public interest entity audit clients;
* Removing the provision that permits an audit firm to provide certain bookkeeping and taxation services to public interest entity audit clients in emergency situations; and
* Proposing enhancements to the corresponding non-assurance services provisions in Section 291, Other Assurance Engagements with respect of assurance clients.

Wui San Kwok, IESBA Interim Chairman, noted that: "Independence is the bedrock of all audits. It is not only independence in mind. It is also about independence in appearance, ensuring continued public trust in the work of the audit profession. The proposed changes further support this. Better guidance and clarification promote global consistency of application of the Code's provisions."

**How to Comment**

We invite registered auditors and others to submit any comments regarding the proposed changes to the IRBA by **4 August 2014** (i.e. 2 weeks prior to the IESBA comment date deadline of **18 August 2014**) for consideration in preparing our response to the IESBA. Comments should be submitted by e-mail to [standards@irba.co.za](mailto: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: [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 at +27 (0)87 940 8800 or send an email to [standards@irba.co.za](mailto:standards@irba.co.za).

Alternatively, comments may be submitted directly to the IESBA through the [IFAC website](http://www.ifac.org/publications-resources/proposed-changes-certain-provisions-code-addressing-non-assurance-services-au)and use the *Submit a Comment* link on the Exposure Drafts and Consultation Papers. Comments on the exposure draft are requested by **18 August 2014**.

**Sandy van Esch**

**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.*