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

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| **Proposed Amendments to the IRBA Code of Professional Conduct for Registered Auditors - Responding to Non-Compliance with Laws and Regulations (NOCLAR)**  Johannesburg / 9 September 2016  On 14 July 2016, the International Ethics Standards Board for Accountants (IESBA) released final amendments to the IESBA Code of Ethics on Responding to Non-Compliance with Laws and Regulations (NOCLAR).  These amendments set out a first-of-its-kind framework to guide professional accountants in what actions to take, in the public interest, when they become aware of a potential illegal act (NOCLAR), which could have been committed by a client or employer.  Among other matters, the new standard provides a clear path for auditors and other professional accountants to disclose potential non-compliance situations to appropriate public authorities, in certain situations, without being constrained by the ethical duty of confidentiality. It also places a renewed responsibility on senior-level accountants to promote a culture of compliance with laws and regulations as well as prevent non-compliance within their organisations.  The IRBA adopted Parts A and B of the IESBA Code of Ethics for Professional Accountants. This was prescribed in 2010 as the Code of Professional Conduct for Registered Auditors (the IRBA Code) in South Africa, with certain additional national requirements. As the IESBA's final amendments to Noclar result in amendments to Parts A and B, the Committee for Auditor Ethics (CFAE) will consider possible revisions to the IRBA Code.  The CFAE is seeking comments on the following questions:   * Do registered auditors require clarification on the relationship between the proposed Code amendments and the statutory requirement contained in Section 45 Reportable Irregularities (RIs) of the Auditing Profession Act, 2005 (Act 26 of 2005)? * Are there other matters of clarification that you would like to bring to the attention of the CFAE?   **Proposed Effective Date**  It is proposed that the amendments be effective on or after 15 July 2017.  **How to Comment**  We invite registered auditors and others to submit any comments regarding the proposed changes to the IRBA Code. Comments should be submitted by e-mail to [standards@irba.co.za](mailto:standards@irba.co.za) in Word format. We would appreciate it if comments can be sent through by 10 October 2016.  The proposed changes to the IRBA Code, being the final amendments to the IESBA Code of Ethics, are available in PDF format and may be downloaded from the [IRBA website](http://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/exposure-drafts-and-comment-letters).  A Board Notice will be published in the Government Gazette to advise on the publication of the amendments to the IRBA Code pursuant to the provisions of Section 10(1)(a) of the Auditing Profession Act, 2005 (Act No.26 of 2005).  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](mailto:standards@irba.co.za).  **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.* |