

Updates on the IRBA Code of Professional Conduct

20 May 2021

Programme

- Feedback from the IRBA
- COVID – 19 Guidance
- Electronic Signatures
- Registered Candidate Auditors
- Second Opinion
- Part 4B Updates

Feedback from the IRBA

Feedback on IRBA Board Projects
Feedback on IRBA Standards Projects

Feedback on IRBA Board Projects



IRBA
Inspections
Report 2020



Amendments
to the APA



Audit Quality
Indicators



Restoring
confidence
projects

Feedback on Standards Projects

International Standard on Quality Management

International Standard on Quality Management 1 (Previously International Standard on Quality Control 1)

Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements



ISQM 1
ISQM 2
ISA 220

South
African
Guidance

ISA 600

Future
projects

COVID 19 Guidance

Available Guidance
Fraud Triangle
Dedicated COVID-19 Webpage

Available Guidance

- IESBA-NSS WG

Australia, Canada, China, South Africa, UK and US

- Joint staff publications released

- [Scenarios in taxation and valuation services](#) (APESB-IESBA)
- [Using specialists in the COVID environment](#) (AICPA-IESBA-IAASB)
- [Considerations relating to fraud](#) (IRBA-IESBA-IAASB)
- [Money laundering and terrorist financing](#) (CPA Canada-IESBA)



Fraud Triangle

Opportunities:

Circumstances exist that provide an opportunity for fraud to be perpetrated.

Attitudes & Rationalization:

Those involved in the fraud are able to rationalize committing a fraudulent act.

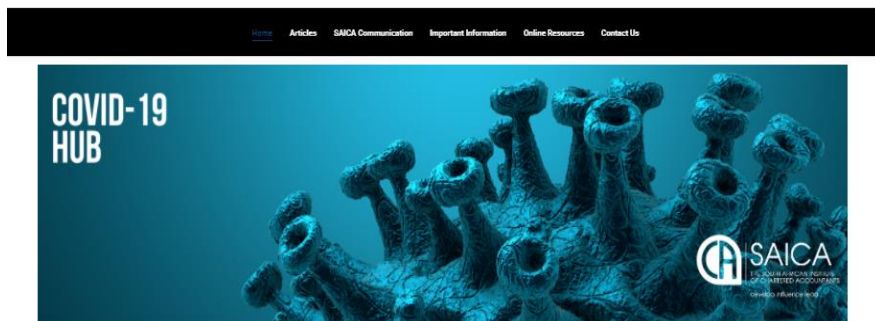
Incentives & Pressures:

Management or employees have an incentive or are under pressure, real or perceived, which provides a reason to commit the fraud.



Dedicated COVID-19 Webpage

SAICA Webpage



Latest Articles



IRBA Webpage

Home » Guidance for RAs » General Guidance » COVID-19

COVID-19

The purpose of this webpage is to create a central resource of available guidance on the implication of COVID-19 relating to audits of financial statements.

Links to related communication

- IRBA Newsletter: 20 March 2020: [IMPLICATIONS OF THE COVID-19 OUTBREAK ON AUDITS AND AUDITORS](#)
- IRBA Communique: 20 March 2020: [IMPLICATIONS OF THE COVID-19 OUTBREAK ON AUDITS AND AUDITORS](#)
- IRBA Communique: 23 March 2020: [IRBA response to COVID-19 and Alignment to State of National Disaster Declared by the President](#)
- IRBA Communique: 26 March 2020: [Implications of the COVID-19 outbreak on audits, audit firms and regulatory requirements](#)
- IRBA Communique: 1 April 2020: [Response to Accountants and Auditors wanting their services to be designated as essential](#)
- IRBA Communique: 3 April 2020: [General Extension on Financial Reporting Periods](#)
- IRBA Newsletter: 16 April 2020: [The Impact of COVID-19 on the Auditor's Report: Going Concern](#)
- IRBA Communique: 16 April 2020: [THE IMPACT OF COVID-19 ON THE AUDITOR'S REPORT: GOING CONCERN](#)
- IRBA Communique: 21 April 2020: [COVID-19: HIGH-QUALITY AUDITS AND ITS IMPLICATIONS FOR REPORTING DEADLINES](#)
- IRBA Communique: 23 April 2020: [COVID-19 and Its Impact on File Assembly \(Archiving\)](#)
- Terms of Reference: [COVID-19 Task Force](#)
- IRBA Communique: 18 May 2020: [IRBA draws attention to the Key Audit Matters in auditor's reports as it relates to COVID-19](#)
- IRBA Communique: 20 May 2020: [IRBA lifts the suspension on the submission of second Reportable Irregularities reports](#)
- IRBA Communique: 22 May 2020: [IMPACT ON AUDITS DUE TO COVID-19: RELATED PUBLICATIONS](#)
- IRBA Communique: 25 May 2020: [DIFFERENT INTERPRETATIONS OF PERMITTED SERVICES UNDER ALERT LEVEL 4 LOCKDOWN REGULATIONS](#)
- IRBA Communique: 30 June 2020: [Auditors' duty to report RIs on non-compliance with EAAB regulatory deadline of 30 June 2020](#)
- IRBA Communique: 1 July 2020: [A FOCUS ON INTERIM FINANCIAL INFORMATION](#)
- IRBA Communique: 9 July 2020: [IMPACT ON AUDITS DUE TO COVID-19: RELATED PUBLICATIONS FOR ACCOUNTING ESTIMATES AND INTERIM REPORTING](#)

Links to other South African regulatory communication

- JSE - 1 June 2020: [COVID-19 Extension of Financial Reporting](#)
- JSE - Announcement: [General Extension of Financial Reporting Periods](#)
- JSE - Letter: [COVID-19 Extension of Financial Reporting](#)
- FSCA - Communication 27 of 2020: [Impact of COVID-19 on Compliance with the Financial Markets Act, 2012 \(Act No. 19 of 2012\) \("FMA"\)](#)
- FSCA - Communication 15 of 2020: [Impact of COVID-19 on Compliance with Various Requirements of the Financial Markets Act, 2012 \(Act No. 19 of 2012\) \("FMA"\)](#)
- [The Legal Practice Council extends the dates for submission of trust account audit reports](#)

Links to available guidance

- IFAR Website: [COVID-19 Updates](#)
- IAASB Website: [Guidance for auditors during the coronavirus pandemic](#)
- IESBA Website: [COVID-19 Q&As Highlighting Ethics & Independence Considerations](#)
- SAICA Website: [COVID-19](#)
- [The Impact of Coronavirus on Financial Reporting and the Auditor's Considerations AASB-AUASB JOINT FAQ MARCH 2020](#)
- [AUASB COVID-19 Guidance: Additional COVID-19 FAQs](#)
- [PCAOB Update on Operations in Light of COVID-19](#)
- [ICAEW Updates on audit practice updates from the COVID-19 \(Coronavirus\) pandemic](#)

Electronic Signatures

Signing Conventions
Background
Terminology
Amendments
Effective Date

Electronic Sign – Signing Conventions

- R115.6 SA The individual registered auditor responsible for the audit, review or other assurance engagement shall, when signing any audit, review or other assurance report, reflect the following:
 - (a) the individual registered auditor’s full name;
 - (b) if not a sole proprietor, the capacity in which they are signing;
 - (c) the designation “Registered Auditor” underneath their name;
and
 - (d) if not set out on the firm’s letterhead, the name of the registered auditor’s firm.

Electronic Sign - Background

- The Electronic Communications and Transactions Act, 2002 (No. 25 of 2002) (ECT Act):
 - Section 13(1) of the ECT Act states that where the signature of a person is required by law, and such law does not specify the type of signature, that requirement in relation to a data message is met only if an advanced electronic signature is used.
 - ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements, read together with the IRBA Code, requires that an auditor's report must be signed by a registered auditor, a registered auditor's signature is thus required by law.
 - However, when a particular *law* specifies the type of signature to be used in that law applies

Electronic Sign – Terminology

Advance
Electronic
Sign

Ordinary
Electronic
Sign

Electronic Sign – Amendments

- A **secure ordinary electronic signature** means an electronic signature generated by a technology system or application that contains data security features which protect the ordinary electronic signature from unauthorised use and access.

“signed electronically”

PDF

Stylus (without security features)

Electronic Sign – Amendments (2)

Amendments include:

- Considerations when choosing an electronic signature:
 - Nature and Extent of security,
 - Reputation of service provider.
- Consideration when using an electronic signature, and safeguards to threats due to the use of electronic signatures.

Electronic Sign – Effective Date

The amendments to Subsection 115, Professional Behaviour: Signing Conventions for Reports, of the IRBA Code are effective on 15 December 2021.

Early adoption is permissible.

Registered Candidate Auditors

**Background
Amendments
Effective Date**

RCA - Background

- In 2015, amendments to the Auditing Profession Act, 2005 (Act 26 of 2005) (APA), resulted in the additional regulation of registered candidate auditors (RCAs).
- RCA is defined as: “An individual who has obtained a professional accountant designation from an accredited professional body, who is registered as a candidate auditor with the Regulatory Board and who is serving under the supervision of a registered auditor.”
- This has resulted in amendments to the *IRBA Rules Regarding Improper Conduct*.

RCA - Amendments

DEFINITIONS

Accredited Professional Body

A status granted by the IRBA to a professional body that meets and continues to meet the prescribed accreditation standards.

“Accreditation” means the status afforded to a professional body in accordance with Part 1 of Chapter III [of the Act], which status may be granted in full or in part”¹.

“Professional body” means a body of, or representing:

- (a) registered auditors and registered candidate auditors; or
- (b) accountants, registered auditors and registered candidate auditors.”²

Registered Auditor

An individual or firm registered as an auditor with the Regulatory Board.³

This term, when used in the Code, includes a registered candidate auditor in so far as it is applicable, as required by the context of its use in a requirement or application material of this Code, and considering this Code, as applicable.

Registered Candidate Auditor

Means an individual who has obtained a professional accountant designation from an accredited professional body, who is registered as a candidate auditor with the Regulatory Board and who is serving under the supervision of a registered auditor.⁴

RCA - Amendments

2. Improper Conduct

The Regulatory Board is obliged by Section 48 to consider and, where it appears justified, investigate and deal with any complaint, charge or allegation of improper conduct against a registered auditor or a registered candidate auditor which may be laid before it; and is empowered to impose any of the prescribed sanctions set out in Section 51(3) and Disciplinary Rules 8.1 and 8.2, in respect of any improper conduct. While the acts or omissions specified in the following paragraphs are not intended to be a complete list of acts or omissions that might constitute improper conduct on the part of a registered auditor or a registered candidate auditor, and which are punishable in accordance with the provisions of the Act and Disciplinary Rules, a registered auditor or a registered candidate auditor shall be guilty of improper conduct if such registered auditor or registered candidate auditor, without reasonable cause or excuse:

- 2.1. Contravenes or fails to comply with any provision of the Act with which it is the registered auditor's or registered candidate auditor's duty to comply.
- 2.2. Contravenes or fails to comply with any provision of any other Act with which it is the registered auditor's or registered candidate auditor's duty to comply in providing professional services.
- 2.3. Has been found guilty in some other forum, including a court, of any offence involving dishonesty and, in particular (but without prejudice to the generality of the foregoing), theft, fraud, forgery or uttering a forged document, perjury, or corruption.
- 2.4. Is dishonest in the performance of any work or duties devolving upon the registered auditor or registered candidate auditor in relation to –
 - 2.4.1 Any professional services performed by a registered auditor or a registered candidate auditor; or
 - 2.4.2 Any office of trust which the registered auditor or registered candidate auditor has

³ Section 1 v. "public practice".

⁴ Section 4 v. "registered auditor".

RCA – Amendments (2)

undertaken or accepted.

- 2.5. Contravenes or fails to comply with any requirement in Auditing Pronouncements prescribed by the Regulatory Board.
- 2.6. Contravenes or fails to comply with any requirements in the Code.
- 2.7. Fails to perform any professional services or duties with such a degree of professional competence, due care and skill as in the opinion of the Regulatory Board may reasonably be expected, or fails to perform the professional services or duties at all.
- 2.8. With intent to evade or to assist any other person to evade any tax, duty, levy or rate whatsoever –
 - 2.8.1 knowingly or recklessly prepares or makes, or assists any other person to prepare or make, any false statement (whether such statement be oral or in writing); or
 - 2.8.2 signs any false statement in relation thereto recklessly or knowing it to be false; or
 - 2.8.3 knowingly or recklessly prepares or maintains any false books of accounts or other records.
- 2.9. Fails to answer to or deal with, appropriately and within a reasonable time, any correspondence or other communication from the Regulatory Board or any other person which reasonably requires a reply or other response.
- 2.10. Fails to comply within a reasonable time with an order, requirement or request of the Regulatory Board.
- 2.11. Fails to resign from a professional appointment when requested by the client to do so and/or fails to transfer all books and papers that are the property of the client and which are or which may come into the registered auditor's or registered candidate auditor's possession to the client or to a newly appointed accountant or registered auditor when requested by the client to do so.
- 2.12. Fails after demand to pay any subscription or any fee, levy, fine or other charge payable or due to the Regulatory Board.
- 2.13. Abandons the registered auditor's public practice without previous notice to the registered auditor's clients and without arranging with the clients for the dispatch of the clients' business or the care of the clients' property in the registered auditor's possession or under the registered auditor's control.
- 2.14. Knowingly or recklessly makes any false declaration or submission.
- 2.15. Makes any declaration or submission which the registered auditor or registered candidate auditor ought reasonably to have known is false.
- 2.16. Behaves in a manner which brings or may bring the auditing profession into disrepute.

RCA – Effective Date

Effective from 1 November 2020.

Second Opinions

Background
Terminology
Amendments
Effective date

Second Opinions - Background

- Circular 01/2006, Giving Second Opinions (the Circular) was withdrawn, and incorporated in to the IRBA Code of Professional Conduct.
- Amendments also include:
 - Further strengthen the guidance by escalating certain application material to a requirement paragraph; and
 - Include additional safeguards that might be relevant in addressing a possible self-interest threat.

Second Opinions - Terminology

What is a *second opinion*?

Who is a *predecessor accountant*?

Second Opinions - Amendments

Communication

Clients' permission

2nd opinion in writing

Existing/ predecessor
accountant with a copy of
the 2nd opinion

Opinion in terms of ISA

Second Opinions – Effective Date

- These changes are effective for engagements commencing on or after 15 January 2020.

Part 4B – To Reflect Terms And Concepts Used In ISAE 3000 (Revised)

**Background
Effective date**

Part 4B - Background

- Changes that are needed to make Part 4B consistent with the revised assurance terms and concepts in ISAE 3000 (Revised).
- Clarify the distinction between the types of assurance engagement and to identify more clearly the parties to an assurance engagement and their roles and responsibilities.
- Addressing the independence requirements.

Part 4B – Effective Date

- Part 4B relating to independence for assurance engagements with respect to underlying subject matter covering periods will be effective for periods beginning on or after 15 June 2021; otherwise, it will be effective as of 15 June 2021.

Websites and Contact Details

- IRBA
 - <https://www.irba.co.za/guidance-for-ras/ethics:-the-rules-and-the-code/the-irba-code-revised-2018>
 - standards@irba.co.za