Response ID:142 Data

2. (untitled)

Please indicate if you are responding as an individual or on behalf of your organization?

Responding on behalf of your organization.

Please complete:

(ii) Approximate years of professional experience:

Please provide the following information and other contact information:

Your organization's name, if any (if you are responding on behalf of an organization[2])

Your name and job title / role:

Your email address:

Your jurisdiction/country:

Please provide the following information and other contact information:

Your organization's name, if any (if you are responding on behalf of an organization[2])

Independent Regulatory Board for Auditors

Your name and job title / role:

Ian Mtegha - Professional Manager Standards

Your email address:

IMtegha@irba.co.za

Your jurisdiction/country:

South Africa

Please indicate the geographical profile which best represents your situation, i.e., from

which geographical perspective are you providing your responses?

Single jurisdiction (Please specify): South Africa

Please indicate the stakeholder group to which you belong, i.e., from which perspective are you providing your responses?

Regulators or oversight bodies (Please indicate which of the following you regulate or oversee (select all that apply): PAPPs (including auditors), PAIBs, accounting firms (including audit firms), none of the above):
Individual professional accountants in public practice (PAPPs)
Accounting Firms

3. (untitled)

Has your jurisdiction adopted the Restructured Code (2018 edition and onwards)? (Please choose the most representative answer)

(b) Yes, through adoption with modifications (Please (i) specify the latest edition of the IESBA Code that has been adopted, e.g., 2018, 2024, etc.; (ii) describe the nature and reasons for the modifications; and (iii) provide links to the local Code or the specific announcement of the adoption or issuance of the local Code): The Independent Regulatory Board for Auditors (IRBA) adopted the 2018 edition of the IESBA Code, following a local public exposure process of the proposed amendments alongside specific South African enhancements. The adoption of the restructured IRBA Code of Professional Conduct for Registered Auditors was formally announced in November 2018 via a communique. The restructured local Code incorporated localised enhancements regarding safeguards, professional scepticism, professional judgment, and inducements, and became effective on 15 June 2019. The latest issued code is the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2024). The IRBA Code is based on Parts 1, 3, 4A and 4B of the Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board of Accountants (the IESBA Code) published by the International Federation of Accountants (IFAC) in September 2024 and is used with the permission of IFAC. South African adaptations and amendments to the IESBA Code are underlined and in italics in the IRBA Code and tabled in the Appendix to the Guide to the Code, including South African Adaptations and Amendments

If you have answered (a), (b) or (c), was the local Code translated? If yes, please indicate the language in which the local Code was translated.

English

4. (untitled)

For JSS, PAOs, Regulators or Oversight Bodies, and Accounting Firms only

What guidance or educational materials has your organization issued, or what programs has your organization developed, to support understanding of how to use the local Code or provisions? (Select all that apply and provide links)

Technical guidance (e.g., FAQs)
Education/training programs (e.g., webinars, CPD programs)

Other (Please specify): Regulations: The IRBA Rules regarding improper conduct set out Rules that 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 contravenes the rules regarding improper conduct. • The IRBA Code (Revised November 2024) and the Rules - IRBA

For individual PAPPs and PAIBs only

What guidance or educational materials have you received or accessed with respect to how to use the local Code or provisions? (Select all that apply)

5. (untitled)

For JSS, PAOs, Regulators or Oversight Bodies, and Accounting Firms only

Does your organization offer guidance to individual professional accountants, accounting firms, or other users on the application of the local Code or provisions if they seek such assistance? (Select all that apply)

Ethics hotline or equivalent (e.g., for technical queries, application questions on how to use the local Code or provisions)

For individual PAPPs and PAIBs

Do you have access to guidance on the application of the local Code or provisions in your jurisdiction if you seek such assistance? (Select all that apply)

6. (untitled)

For JSS, PAOs, Regulators or Oversight Bodies or Accounting Firms

Which inquiries or questions relating to the structure and drafting of the local Code or provisions has your organization commonly received? (Please provide details, including from which stakeholder groups the inquiries or questions arose)

The IRBA has not received significant inquiries specifically relating to the structure or drafting conventions of the Code. However, the IRBA receives technical queries from registered auditors, audit firms and other stakeholders regarding the practical application of the Code's requirements and application material. Common areas of inquiry include:

Safeguards: Identifying and applying appropriate, effective safeguards when a threat to the fundamental principles has been identified.

PIE Independence: Navigating the more stringent independence requirements for Public Interest Entity (PIE) engagements.

Scope & Boundaries: The applicability of application material when a registered auditor is performing non-assurance or other assurance services that fall outside the traditional scope of a statutory audit, particularly regarding how their broader professional conduct is evaluated

For individual PAPPs and PAIBs

Which specific structure or drafting matters pertaining to the local Code or provisions have you inquired or raised questions about? (Please provide details)

7. (untitled)

Is the building-blocks approach of the IESBA Code simple and clear, and does it help in navigating the Code?

Yes

Comments: The building-blocks approach is highly effective. Part 1 establishes a clear, foundational baseline by setting out the fundamental ethical principles and the conceptual framework applicable to all professional accountants. Parts 2, 3, and 4 then successfully translate these overarching theories into concrete, actionable requirements tailored to specific professional roles and engagement scenarios without unnecessary repetition

Is the "Guide to the IESBA Code" helpful in explaining how the Code is structured and should be applied?

Yes

Comments: It provides an excellent structural orientation, which is especially beneficial for first-time readers or practitioners navigating the Code's layout.

8. (untitled)

Is it clear within each Section that a professional accountant (or firm as appropriate) has the responsibility to comply with the fundamental principles and apply the conceptual framework?

Yes

Comments:

Does the IESBA Code's approach to delineating requirements ("R" paragraphs) from application material ("A" paragraphs) make it clear what a professional accountant's or firm's obligations are?

Yes

Comments:

Is it sufficiently clear that the Code is scalable and proportionate?

Yes

Comments: The scalability is clear, particularly through the distinct presentation of requirements for Public Interest Entities (PIEs) versus non-PIE engagements.

If your organization has responsibility to enforce compliance with the provisions of the Restructured Code, has the delineation of requirements and application material helped with enforceability?

Yes

Comments:

9. (untitled)

Is the language used in the Code clear, readable and understandable?

Yes

Comments:

Is the language used in the Code easy to translate?

Yes

Comments: Not applicable to South Africa (IRBA) as we do not translate.

10. (untitled)

Is an individual PAPP's responsibility in relation to independence clear?

Yes

Comments:

Is a firm's responsibility in relation to independence clear?

Yes

Comments:

Is a network firm's responsibility in relation to independence clear, and is that responsibility clearly distinguished from a firm's responsibility?

Yes

Comments:

11. (untitled)

Other Comments

Are there any other comments relating to the structure and drafting of the IESBA Code that the IESBA should consider as part of this PIR?

The delineation of requirements and application material in the Restructured Code has helped with enforceability, however, from a regulatory and enforcement perspective, ambiguity arises when the Code uses encouraging language rather than explicit mandates. Specifically, enforcement is problematic in instances where the application material merely "encourages" the registered auditor to document certain matters as opposed to "requiring" documentation (for example, the guidance found in paragraphs 110.2 A3 and 360.40 A1). Mandating documentation in these critical areas would significantly strengthen enforceability.