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

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| **IESBA RELEASES EXPOSURE DRAFTS ON STRUCTURE OF THE CODE AND REVISIONS TO SAFEGUARDS**  Johannesburg / 28 January 2016  The International Ethics Standards Board for Accountants (IESBA) on 21 December 2015 released, for public comment, two exposure drafts proposing enhancements to the IESBA Code of Ethics for Professional Accountants (IESBA Code). They are:   1. [**Improving the Structure of the Code of Ethics for Professional Accountants – Phase 1**](http://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/exposure-drafts-and-comment-letters) (commonly referred to as the IESBA Restructured Code – Phase 1 ED). The proposed restructured IESBA Code introduces a new drafting convention. The highlights of the restructuring include:  * Requirements that are clearly distinguished from application material; * Increased clarity of responsibility for compliance with the Code‘s requirements; * Increased clarity of language, especially relating to responsibilities; * A reorganisation of the content of the Code; and * A new Guide to the Code.  1. [**Proposed Revisions Pertaining to Safeguards in the Code – Phase 1**](http://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/exposure-drafts-and-comment-letters)(commonly referred to as the IESBA Safeguards – Phase 1 ED). Key enhancements proposed in the Safeguards ED, which is presented in accordance with the new structure and drafting conventions, include:  * More robust and prominent requirements related to the application of the conceptual framework, including a required overall assessment of the judgments made and conclusions reached; * A clearer and more robust description of the concept of safeguards, as well as clarified and streamlined examples of safeguards; and * New guidance regarding the application of the concept of a ‘reasonable and informed third partyˈ that is essential in properly applying the conceptual framework.   As the IRBA Code of Professional Conduct for Registered Auditors adopted Parts A and B of the IESBA Code, these proposed changes, which could affect registered auditors, will be considered by the Committee for Auditor Ethics (CFAE) for possible amendments to the IRBA Code.  In accordance with the provisions of Section 10(1)(a) of the Auditing Profession Act, Act No.26 of 2005 (the Act), the IRBA may, by notice in the Gazette, and pursuant to the provisions of Section 4(1)(c) of the Act, for public information and comment, an amendment to the IRBA Code. Accordingly, a Board Notice to the same effect is being published in the Government Gazette for public comment for a minimum period of 30 days.  **How to Comment**  We invite registered auditors and others to submit any comments regarding the proposed changes to the IRBA for consideration as we prepare 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. Comments on the IESBA Safeguards Phase 1 ED should be sent through by 4 March 2016 and those on the IESBA Proposed Restructured Code – Phase 1 ED by 1 April 2016.  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](mailto: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) website, which has a ˈSubmit a Commentˈ link on the Exposure Drafts and Consultation Papers page. Comments to the IESBA close on 21 March 2016 for the Safeguards Phase 1 ED and on 18 April 2016 for the Proposed Restructured Code – Phase 1.  **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.* |