
INDEPENDENT REGULATORY BOARD FOR AUDITORS
COMMITTEE FOR AUDITOR ETHICS

**Revisions to the Code Addressing the Objectivity of an Engagement Quality Reviewer and
Other Appropriate Reviewers**

Johannesburg / 16 August 2021

The Independent Regulatory Board for Auditors (IRBA) draws the attention of all registered auditors to revisions to the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code) addressing the objectivity of an engagement quality reviewer (EQR) and other appropriate reviewers.

The IRBA adopted the amendments made to the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), issued during 2021, following the issue of proposed amendments on exposure for public comment via Government Gazette No 43015 in South Africa on 14 February 2020 (Board Notice 9 of 2020).

Changes in Substance

1. The revisions provide guidance that supports ISQM 2¹ in addressing the eligibility of an individual to serve in an EQR role, focusing on the critical attribute of objectivity. Among other matters, the guidance:
 - Elaborates on the need to identify, evaluate, and address threats to compliance with the fundamental principle of objectivity that might arise in the appointment of an individual as an EQR for a given engagement;
 - Explicitly refers to and supports the requirement in ISQM 2 for a firm to establish, as a condition for eligibility, a cooling-off period of two years before an engagement partner can assume the EQR role on the same engagement; and
 - Emphasises that this cooling-off requirement in ISQM 2 serves the dual objective of supporting compliance with the fundamental principle of objectivity and the high quality of engagements.
2. The guidance may also apply in situations where, as a safeguard to address identified threats to compliance with the fundamental ethics principles, an individual is appointed as an appropriate reviewer for work performed.

A Board Notice, to be included in the Government Gazette, will 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).

¹ International Standard on Quality Management (ISQM) 2, *Engagement Quality Reviews* ((ISQM) 2).

Effective Date

These revisions will become effective as follows:

1. Part 4A: audits and reviews of financial statements for periods beginning on or after 15 December 2022.
2. Part 4B: assurance engagements beginning on or after 15 December 2022.
3. For all other engagements within the scope of Part 3: engagements beginning on or after 15 December 2022.

Early adoption will be permitted.

These revisions to the IRBA Code may be downloaded from the IRBA [website](#).

Should you have any further queries, please do not hesitate to contact the Standards Department by emailing 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.