

Update: SAICA Code of Professional Conduct

The SAICA Board has adopted the changes to the *International Code of Ethics for Professional Accountants* (the IESBA Code) made by the International Ethics Standards Board for Accountants (IESBA) and changes to the Independent Regulatory Board of Auditors Code of Professional Conduct (IRBA Code) made by the IRBA in 2020, thereby aligning the SAICA Code of Professional Conduct (SAICA Code) to both the IESBA Code and the IRBA Code.

The updated SAICA Code is available on the [SAICA website](#).

The affected changes can be summarised as follows:

1. Changes to the SAICA Code to align with the amends made to Section 321: *Second Opinions* of the IRBA Code include:
 - Incorporate practical and relevant guidance from Circular 01/2006, *Giving Second Opinions* (the Circular), issued by the IRBA's Committee for Auditing Standards in November 2006;
 - Align the guidance, where applicable, with South African amendments made elsewhere in the SAICA Code;
 - Further strengthen the guidance by elevating certain application material to a requirement paragraph; and
 - Include additional safeguards mentioned in other Sections of the SAICA Code that might be relevant in addressing a possible self-interest threat when an auditor is engaged to provide a second opinion.

These amendments are effective for engagements commencing 1 January 2021. It is important to note that the changes as per the IRBA Code are effective for engagements commencing 15 January 2020.

2. Changes to the SAICA Code to align with the amends made to the IRBA Code relating to *Registered Candidate Auditors (RCA)* include:

The IRBA Code addresses the definition and role of a registered auditor, and this includes both the individual and the firm. It, however, does not specifically consider the definition and role of an RCA.

The RCA is also a chartered accountant (CA(SA)) and will be required to comply with both the SAICA Code and the IRBA Code.

These amendments are effective for engagement commencing 1 January 2021. It is important to note that the changes as per the IRBA Code are effective for engagements commencing 15 January 2020.

3. Changes to Part 4B of the SAICA Code to align with to International Standard on Assurance Engagements (ISAE) 3000 (Revised) include:
 - Changes in key terminology, including a revised definition of the term *assurance client*;
 - Amendments to certain independence requirements in light of the revised assurance client definition;
 - Greater clarity as to the parties to an assurance engagement, their roles and responsibilities, and the related independence requirements that apply; and
 - A clearer distinction between the types of assurance engagement covered in Parts 4A (addressing independence for audit and review engagements) and 4B of the Code. Changes to Part 4B of the SAICA Code to align with to International Standard on Assurance Engagements (ISAE) 3000 (Revised) include:

These amendments become effective for periods beginning on or after 15 June 2021; otherwise, it will be effective as of 15 June 2021. Early adoption is permitted.

In terms of the year ahead, projects that are underway at the IESBA, the outcome of which is expected to impact the SAICA Code include:

- - Role and Mindset. The purpose of this project is to ensure that the IESBA Code promotes the role, mindset and behavioral characteristics expected of all professional accountants when performing their professional activities. The final pronouncement was issued by the IESBA on the 5th of October 2020 with amendments effective from 31 December 2021, with early adoption permitted.
 - The objective of the IESBA's Fees project is to review the provisions in the IESBA Code pertaining to fee-related matters. The IESBA indicated that this project is responsive to a public interest need for IESBA to deal with fee-related matters, including those that impact or are perceived to impact auditor independence – both independence of mind and independence in appearance.
 - Non-assurance services (NAS). The project is intended to evaluate and make recommendations on the clarity, appropriateness and effectiveness of the current overview of safeguards in Sections 100 and 200 of the IESBA Code and those safeguards that pertain to NAS in Section 290 of the IESBA Code.
 - Engagement quality reviewer (EQR). The objective of this project is to develop provisions for the IESBA Code addressing threats that may be created when an individual who was previously involved in an audit or other assurance engagement (whether as the engagement partner or as another member of the engagement team) is appointed as the EQR on the same engagement. The project is focused on audit and other assurance engagements for which an engagement quality review is determined to be an appropriate response to an assessed quality risk pursuant to International Standard on Quality Management (ISQM) 1. The final pronouncement was issued on 14 January 2021 with an effective date of 15 December 2022 for changes relating to Part 4A, Part 4B and Part 3.

A project underway at the IRBA's Committee for Auditor Ethics (CFAE), the outcome of which is expected to impact the SAICA Code include:

- - Subsection 115, *Professional Behaviour: Signing Conventions for Reports or Certificates: Electronic Signature*. The project is intended to serve the public interest in that it allows for the use of electronic signatures in an ethical, professional and responsible manner when signing any audit review or other assurance report.

In light of these changes, it is important to note that **all SAICA members and associates** are required to undertake relevant continuing professional development (CPD) activities on an annual basis and demonstrate the maintenance and development of relevant competence through an annual CPD reflective plan.

A reminder to members and associates that the reflective plan should include specific competencies relating to **each of the following areas**:

- - Professional values and attitudes (ethics, lifelong learning and citizenship);
 - Enabling competencies (decision-making, digital and relational acumen); and
 - Technical competencies in the value-creation process.