

2. (untitled)

1. From which perspective are you providing this feedback? [* Required where indicated]

Other, please specify:: Professional body

Please provide the following contact information:

First Name

Juanita

Last Name

Steenekamp

Job Title/Role

Project Director

Email Address

Juanitas@saica.co.za

Organization Name (if applicable)

South African Institute of Chartered Accountants

2. In which country or jurisdiction do you or your organization work or serve? (If international, please indicate so; if a region of the world, please indicate which region)

If country, please select country?

South Africa

OR if a region of the world, please indicate which region:

OR if international, please indicate by ticking the box:

3. (untitled)

B.1 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

In our view the topic of dealing with data and social media should be prioritized.

Professional accountants are employed in the work environment and are surrounded by technology and social media.

The use of technology and improved assurance capability and coverage creates both risks as well as opportunities. The risks arise from use of new technology like Block chain and other artificial intelligence that clients and firms begin to use. The new Technology needs to be understood and managed, and where auditors are not skilled or capable of auditing these new technologies – ethical problems may arise.

Social media and technology is used by professional accountants with various backgrounds and education and therefore they do not always have a similar approach to the ethics when using these technologies.

SAICA believes that guidance on the ethics of social media usage is necessary and already relevant. In South Africa the South African government has also identified the importance of data protection and the Protection of Personal Information Act, No 4 of 2013 is awaiting promulgation with the Regulator being appointed and established. The General Data Protection Regulation in Europe from 2018 will be able to impose large fines of up to 4% of worldwide Turnover for serious data breaches – contingent liabilities and going concern risks for clients and data breach risks for firms will increase. Accountants have client databases and keep and protect highly sensitive data, as regulators become more active, brand damage exposure with the immediate and quick flow of information will increase exposure and possible reputational damage – this has the potential to impact perceptions and trust in profession. Trust being a cornerstone of the Audit profession. We have also seen an increase in the risk of Hacking and stealing information off servers, with this increased Cyber Crime, and data compromises, the integrity of the profession is at stake, and embarrassing scandals where firms are implicated are being leaked and rumours and complaints of incompetence and inaction spread on social media.

Data analytics is also usually performed by personnel in the information technology departments who has no or limited ethical knowledge resulting in questionable data integrity.

Other threats include privacy and confidentiality breaches due to negligence or errors. Due care and competence may be raised as important requirements with the need to employ a different skills to audit effectively and understand highly technical safeguards and the reliability of these. By not understanding the new landscape and potential reputational consequence the fundamental principle of Professional behaviour may be breached.

New legal, IT and public relations capability will be required by firms.

We believe this is indeed an essential part of the new IESBA strategy

B.2 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

As the world is forever changing and innovation is part of how businesses will continue to operate, professional accountants have to think of new smarter ways to operate. This topic would be important for the professional accountant of the future.

B.3 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

In South Africa the Independent Regulatory Board for Auditors (IRBA) has released guidance on this topic. In dealing with the comments and questions on this in South Africa we have accepted the IRBA's guidance. We agree it may be an important topic for other parts of the globe.

B.4 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

In SAICA's view we believe that Collective Investment Schemes topic may be of importance to professional accountants and the accounting profession as a whole as this is again dealing with other people's money, this is definitely in the public interest with reference to the various Ponzi schemes where the public has been defrauded of money. We do feel it is an area that is already highly regulated and possibly less relevant than the other topics raised in this survey.

B.5 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

In SAICA's view this is an important topic as professional accountants perform tax services to clients and are also responsible for their own tax affairs. The ethics of this is sometimes questionable and guidance would be helpful. In implementation of the recent NOCLAR amendments the ethics of tax and tax practitioners have again been put under the spotlight as structuring of affairs or assisting clients in dealing with tax affairs might not always be seen as ethical. New regulations to counter terrorism has highlighted new scandals involving people and by implications the accountants working for them (e.g. Panama papers) as hidden assets surface that were never taxed or not appropriately taxed making this a very current and relevant area that the profession should focus on.

B.6 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We do not believe that this needs to be prioritized as there is adequate guidance provided on the calculation of materiality for different companies. Calculation is usually performed by senior person in the audit and the head of the audit will be involved in determining the final figure before audit starts.

B.7 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We don't believe that this need to be prioritized as we are not aware of issues raised with regards to Communication with Those Charged with Governance

B.8 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

This needs to be prioritised as documentation is an essential element of engagement quality. Although documentation alone does not guarantee quality, the process of preparing sufficient and appropriate documentation contributes to the quality of an audit or other services being provided.

Documentation is the only way professional accountants can prove to outsiders that an effective engagement was performed as agreed. There are a number of areas of the Code like documenting the conceptual framework and professional judgement considerations where new guidance with practical application material would add value.

B.9 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

This is an area that may be important given the new NOCLAR standard and the increased scrutiny of PAIB that work for organisations where embarrassing self-enrichment schemes were utilised, and people seemingly did not act due to being too familiar with guilty parties.

4. (untitled)

B.10 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We do not believe that this need to be prioritized as we assume that issues raised with regards to breach of the Code are more of a regulatory nature and are dealt with by the relevant accounting body / regulator.

B.11 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We do not believe that this need to be prioritized as we are not aware of issues raised with regards to definitions and descriptions of terms. It is always a good idea to achieve convergence if the board has time and capacity to address.

B.12 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We believe this will be important given the time and resources expended on re writing the code – it should not take a lot of time and hopefully there will not be many unintended consequences after the new code is adopted at the end of the year.

B.13 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

In SAICA's view this is an important topic albeit very difficult to come to an answer. Public interest in various countries is also not the same.

In South Africa we are battling with the concept of public interest as our Companies Act refers to the calculation of a public interest score to identify companies that must be audited. There are various views on when a company is in the public interest and guidance on that would be helpful. This is also important as the Code specifically states that professional accountants act in the public interest.

This is an area where the board should provide further guidance.

Are there any trends, developments or issues not otherwise covered in this section that you would rank in your top six priorities? If so, please explain why.

Please rank your top six priorities among items B.1 to B.13 above (1 being highest and 6 being lowest).

1. B.1 Trends and developments in technology and innovation
2. B.2 Emerging or newer models of service delivery
3. B.13 Meaning of public interest in the global context
4. B.5 Tax planning and related services
5. B.8 Documentation
6. B.9 Familiarity threat in relation to extant Part C

5. (untitled)

C.1 Do you have any comments on any of the above activities or initiatives? In particular, do you believe any of them should not be a strategic priority for the IESBA and, if so, why? Please be as specific as possible.

We believe the strategy for outreach is positive. We value the staff publications and also find the communication of value. There should however be more communication on general implementation and not just on specific sections of the Code. With the NOCLAR implementation we have also found that we would have appreciated more information on what other countries are doing and what adoption guidance they are providing and also what feedback professional accountants are giving.

The progress report would be most informative and also assist in motivating the implementation and also gaging where the rest of the bodies are in terms of implementation.

C.2 Are there any specific activities or initiatives you believe the IESBA should undertake to promote further adoption and more effective implementation of the Code? If so, please explain why.

We would value more articles or implementation guidance, this assist in our understanding of the issues as well as us providing assistance to our constituency.

6. (untitled)

D.1 Are there any particular matters you believe the IESBA should consider in

relation to any one of these pre-existing commitments? Please be as specific as possible and explain your reasoning.

We do not have any further matters to add.

7. (untitled)

Section E: Any Other Strategic Matters

E.1 Are there any other matters of strategic importance not covered elsewhere in this survey or your earlier responses that you believe the IESBA should consider as it positions the Code for 2025? Please be as specific as possible.

We do not have any further matters to add.

8. (untitled)

3. Please confirm that you have completed all your responses?

Yes