



# ISQC1 What's New

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## 1. Introduction

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An ongoing and challenging issue facing firms today is remaining up to date and compliant with the International Standards on Auditing which are continually changing. The purpose of the ISQC1 standard is to establish standards and guidelines around policies and procedures toward continued compliance while providing insight to improvements involving firms' systems of quality control. To facilitate a smoother path to ISQC1 compliance, the Quality Control templates have been designed to streamline processes involved in meeting compliance demands and making quality control a less complex undertaking.

The aim is that the CaseWare Quality Control Templates will keep your ISQC1 Quality Control Methodology relevant by continuously updating it to include the most recent amendments, as well as the latest in best practice guidelines.

The CaseWare Quality Control Templates were updated with compliance changes, content improvements and corrections based on feedback from SARE Consulting and our customers.

## 2. Compliance changes

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The International Ethics Standards Board for Accountants has completely rewritten the code of ethics into the International Code of Ethics for Professional Accountants.

- In addition to the structural revisions made to the entire Code, the substantive revisions include:
- An enhanced conceptual framework, which includes extensive revisions to “safeguards” throughout the Code that are better aligned to threats;
- Strengthened independence provisions regarding long association of personnel with audit clients;
- Strengthened provisions relating to offering and accepting of inducements, including gifts and hospitality that apply to both PAs in business (“PAIBs”) and PAs in public practice (“PAPPs”);
- Strengthened provisions dedicated to PAIBs, including:
  - A new section relating to pressure to breach the fundamental principles; and
  - Revised provisions relating to the preparation and presentation of information.
- Clarifications about the applicability of PAIB provisions to PAPP;
- New material to emphasize the importance of understanding facts and circumstances when exercising professional judgment; and
- New material to explain how compliance with the fundamental principles supports the exercise of professional scepticism in an audit or other assurance engagement.

The effective dates of the International Code of Ethics for Professional Accountants, as revised, can be summarised as follows:

### Parts 1 and 3

- Parts 1 and 3 are effective as of June 15, 2019.

### International Independence Standards (Parts 4A and 4B)

- Part 4A relating to independence for audit and review engagements will be effective for audits and reviews of financial statements for periods beginning on or after June 15, 2019.
- Part 4B relating to independence for assurance engagements with respect to subject matter covering periods will be effective for periods beginning on or after June 15, 2019; otherwise, it will be effective as of June 15, 2019.

### Long Association Provisions

The effective date of the restructured Code does not override the effective date of the revised Long Association provisions in extant Sections 290 and 291 (as set out in the January 2017 long association close-off document), which is as follows:

1. Subject to the transitional provision in (c) below, paragraphs 290.148 to 290.168 are effective for audits of financial statements for periods beginning on or after December 15, 2018.
2. For assurance engagements covering periods, paragraphs 291.137 to 291.141 will be effective for periods beginning on or after December 15, 2018; otherwise, they will be effective as of December 15, 2018.
3. Paragraph 290.163 shall have effect only for audits of financial statements for periods beginning prior to December 15, 2023. This will facilitate the transition to the required cooling-off period of five consecutive years for engagement partners in those jurisdictions where the legislative body or regulator (or organization authorized or recognized by such legislative body or regulator) has specified a cooling-off period of less than five consecutive years.

The Independence Regulatory Board for Auditors (IRBA) adopted the amendments made to the International Ethics Standards Board for Accountants' (IESBA), The International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

To facilitate the quality control policies and procedures during the transitional period of the different effective dates, the quality control policies and procedures regarding financial periods on or before 15 June 2019 have been documented in a transitional document containing the policies and procedures.

## 2.1. Definitions and Abbreviations

Key content improvements include:

Document reference	Applicable ISQC 1 licence	Type of change	Change description
DEFINE	All	Definition added	A definition of assurance engagement was added.
DEFINE	All	Definition added	A definition of audit was added.
DEFINE	All	Definition added	A definition of audit client was added.
DEFINE	All	Definition added	A definition of audit engagement was added.
DEFINE	All	Definition added	A definition for audit report was added.
DEFINE	All	Definition amendment	Definition of assurance team was changed to “audit team”.
DEFINE	All	Definition amendment	Definition of “Audit team” was amended.
DEFINE	All	Definition added	A definition of key audit partner was added.
DEFINE	All	Definition added	A definition of partner was added.
DEFINE	All	Definition added	A definition of safeguards was added
DEFINE	Yes	New acronym added	An acronym IIS added to be used when referring to the International Independence Standards
DEFINE	All	Amended term reference	The term: “Code of Professional Conduct” was to IESBSA International Code of Ethics for Professional Accountants (including International Independence Standard). This amendment was made based on the revise Code’s naming convention.
DEFINE	All	Amended term reference	The term “Gift register responsibility” was changed based on the procedures that were added setting out the firm policies and procedures regarding inducements.
DEFINE	All	Amended term reference	The term “Gift value threshold” was changed to ‘Threshold of inducements’ based on the procedures that were added setting out the firm policies and procedures regarding inducements.

## 2.2. System of Quality Control Policies and Procedures

Key content improvements include:

Document reference	Applicable ISQC 1 licence	Type of change	Change description
S1	All	Revised Code of Ethics Structure and Requirements	References to the previous Code(s) removed and replaced with rewritten Code(s) references, being International Independence Standards (Part 4A and 4B)

## 2.3. Relevant Ethical Requirements

Key content improvements include:

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E0	Yes	New Code of Ethics Structure and Requirements	<p>The description of the categories of threats to the fundamental principles have been amended to be consistent with the amendments as per rewritten Code of Ethics.</p> <p>Threats to compliance with the fundamental principles fall into one or more of the following categories:</p> <ul style="list-style-type: none"> <li>• Self-interest threats - the threat that a financial or other interest will inappropriately influence a professional accountant's judgement or behaviour;</li> <li>• Self-review threats - the threat that a professional accountant will not appropriately evaluate the results of a previous judgement made; or an activity performed by the professional accountant, or by another individual within the professional accountant's firm or employing organisation, on which the professional accountant will rely when forming a judgement as part of performing a current activity</li> <li>• Advocacy threats - the threat that a professional accountant will promote a client's, or employing organisation's position to the point that the professional accountant's objectivity is compromised;</li> <li>• Familiarity threats - the threat that due to a long or close relationship with a client, or employing organisation, a professional accountant will be too sympathetic to their interests or too accepting of their work; and</li> <li>• Intimidation threats - the threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the professional accountant.</li> </ul>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E0  Content  E9		New procedure	<p>The previous policies and procedures have been deleted and replaced with new policies and procedures relating to inducements, including gifts and hospitality.</p> <p>Personnel have declared and recorded all inducements, including gifts and hospitality received from, and provided to clients in excess of R 500.</p> <ul style="list-style-type: none"> <li>i. All inducements are recorded in the register of inducements, including gifts and hospitality.</li> <li>ii. The inducements recorded in the register of inducements, including gifts and hospitality is evaluated by the CEO to determine the intent and significance thereof.</li> <li>iii. The register of inducements, including gifts and hospitality is maintained and files by the R XXX.</li> <li>iv. The directors or personnel shall not offer or accept cash under any circumstance.</li> <li>v. The directors or personnel shall not offer or encourage others to offer, any inducement with the intent to improperly influence the behaviour of the recipient or of another individual.</li> <li>vi. The directors or personnel shall not accept or encourage others to accept, any inducement with the intent to improperly influence the behaviour of the recipient or of another individual.</li> </ul>
E0	All	Amendment of sub-procedure	<p>The reference to the partner's consideration expanded to specifically include consideration of the independence requirements</p> <p>The partner's consideration of the engagement team's compliance with relevant ethical requirements, including independence, of the team's has been is required to be recorded documented throughout the engagement (i.e. during the planning and completion for every assurance engagement).</p>
E0	Yes	Amendment of sub-procedure	<p>The reference to non-compliance considerations have been expanded to specifically refer to the independence requirements.</p> <p>Change to:</p> <p>The partner, in consultation with the CEO will determined the appropriate action for the matter identified where the member of the engagement team has not complied with the relevant ethical requirements, including independence.</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
EO	Yes	Amendment of sub-procedure	<p>The reference to non-compliance considerations have been expanded to specifically refer to the independence requirements.</p> <p>Personnel are made aware that failure to adhere to the relevant ethical principles requirements, including independence, or failure to comply with firm's policies and procedures, may result in disciplinary action.</p>
EO	Ye ISQC1 Assurance, ISQC1 Assurance Plus, and ISQC1 Assurance Premiums	Amended sub-procedure	<p>The references to the Code of Ethics have been updated to be consistent with rewritten Code of Ethics.</p> <p>All personnel are required provide XXX annual with written confirmation that the understand and will comply with Section 290 and 291 Part 4 of the IRBA Code of Professional Conduct. A copy of this annual declaration is files and maintained by the ORP.</p>
EO	All	Amended Code references	References to par 291.104 to 291.156, par 290.102 to 290.226 amended to refer to the International Independence Standards (Parts 4A and 4B).
EO	All	Removed procedure	<p>The procedure below was removed as employees are required to review the list of assurance and review engagements as part of the procedures when completing their independence declaration.</p> <p>As part of the annual training for independence, a list of all the assurance and review engagements are provided to all employees to identify possible threats to independence.</p>
EO	All	Amended Code references	<p>Reference updated to reflect changes in the rewritten Code of Ethics.</p> <p>ISQC1.25(b), ISQC 1.A14</p> <p>ISQC 1.259b), ISQC1. A12 – A14 R540.5 – 540.20A1</p>



Document reference	Applicable ISQC 1 licence	Type of change	Change description
E0	All ISQC1 Assurance, ISQC1 Assurance Plus, and ISQC1 Assurance Premium	Procedure amended	<p>The directors' engagement partner, EQCRs and other key audit partners assigned to the financial audit of public interest entities (other than listed entities those described in 6b above) create a familiarity and self-interest threat and should be rotated after every 7-year period. After the expiration of the 7 year period, the director will not be a part of the member of the engagement team or be a key audit partner for the client for two years. During that period, the director will not participate in audit of the entity, provide quality control for the engagement, consult with the engagement team or the client regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the engagement.</p> <p>After the expiration of the 7-year period, that individual will be subject to the following cooling-off periods:</p> <ul style="list-style-type: none"> <li>a) Where the individual acted as engagement partner as 7 cumulative years, the cooling-off period will be 5 consecutive years;</li> <li>b) Where the individual acted as the person responsible for quality control for 7 cumulative years, the cooling-off period will be 3 consecutive years; and</li> <li>c) If the individual acted as a key audit partner for 7 cumulative years, the cooling-off period shall be 2 consecutive years.</li> </ul>
E0	All ISQC1 Assurance, ISQC1 Assurance Plus, and ISQC1 Assurance Premium	New procedure	<p>Procedures were added to describe the required cooling-off period for the different roles.</p> <p>Where partners were assigned to the audit of public interest entities to act in a combination of roles, the partners will be subject to the following cooling-off periods:</p> <ul style="list-style-type: none"> <li>a) If the partner acted in combination of key audit partner and engagement partner for 4 or more cumulative years, the cooling-off period will be 5 consecutive years;</li> <li>b) If the partner acted in combination of key audit partner and EQCR reviewer for 4 or more cumulative years and was engagement partner for 3 or more years, the cooling off period will be 3 consecutive years;</li> <li>c) If the partner acted in combination engagement partner and EQCR reviewer for 4 or more cumulative years, the cooling off period will be 5 years;</li> <li>d) If the partner acted in any other combination of roles for 4 or more cumulative years, the cooling off period will be 3 consecutive years; or</li> <li>e) If the partner acted in combination of key audit partner and any other role than addressed above, the cooling-off period will be 2 consecutive years.</li> </ul>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E0	All ISQC1 Assurance, ISQC1 Assurance Plus, and ISQC1 Assurance Premium	New procedure	<p>Procedures were added to describe how the years are calculated to determine the rotation period.</p> <p>In calculating the 'time-on' period, the count of the years will not be restarted unless the partner ceased to act as engagement partner, EQCR reviewer or other key audit partner for a minimum period. This minimum period is the consecutive period equalled to at least the cooling-off period described above as applicable in the role that the partner acted as before ceasing such involvement.</p>
E0	All ISQC1 Assurance, ISQC1 Assurance Plus, and ISQC1 Assurance Premium	New procedure	<p>Procedures were added to describe how the years are calculated to determine the rotation period when the entity becomes a public interest entity.</p> <p>If an audit client becomes a public interest entity, the firm shall include the length of time that the partner served the client as key audit partner before the entity become a public interest entity in the calculation of the rotation period.</p> <p>If the partner acted as a key audit partner for five cumulative years or less when the client become a public interest entity, the number of years the partner may continue to act as key audit partner before rotating off is the 7 years less the number of years already served. However, if the partner served as key audit partner for a period of 6 or more cumulative years when the entity become a public interest entity, the partner may continue to act in the capacity of key audit partner for an additional 2 years, if it has been agreed to with those charged with governance.</p>
E0	All ISQC1 Assurance, ISQC1 Assurance Plus, and ISQC1 Assurance Premium	New procedure	<p>Procedures were added to describe how the years are calculated.</p> <p>In calculating the number of years that a partner has been a key audit partner, the length of the relations served shall include those that were performed at a prior firm.</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E0	All ISQC1 Assurance, ISQC1 Assurance Plus, and ISQC1 Assurance Premium	New procedure	<p>Procedures were added to describe the function the partner is prohibited from providing.</p> <p>The partner is prohibited from performing the following during the cooling-off period:</p> <ul style="list-style-type: none"> <li>i. Be an engagement team member or provide quality control for the audit engagement;</li> <li>ii. Consult with the engagement team or client regarding technical or industry-specific issues, transactions or events affecting the engagement (other than discussions with the engagement team limited to the work performed and conclusions reached in the last year of the partner's 'time-on' period where it remains relevant to the audit);</li> <li>iii. Be responsible for leading or coordinating the professional services provided by the firm or a network firm to the client, or overseeing the relationship of the firm or network firm with the client; or</li> <li>iv. Undertake any other role or activity not referred to above with respect to the client including the provision of non-assurance services that would result in the partner having significant or frequent interaction with senior management or those charged with governance or exerting direct influence on the outcome of the audit engagement.</li> </ul>
E0	All ISQC1 Assurance, ISQC1 Assurance Plus, and ISQC1 Assurance Premium	New procedure	<p>Inserted procedure that includes further items to be considered when assessing long-term association with audit clients.</p> <p>When the firm evaluate the threats created by a partner's long association with an audit engagement, the firm will take consideration of the roles undertaken and the length of the partner's association with the audit engagement prior to the partner becoming a key audit partner.</p>
E0.0	All	Transitional arrangements	Due to the different effective dates contained with revised Code of Ethics, an annexure has been included to the policies and procedures of the relevant ethical requirements to detail the policies and procedures during the transitional period.
E5	All	Updated explanation for threat to independence for changes in the revised Code of Ethics	<p>The explanation of a self-interest threat has been amended for consistency with the revised Code of Ethics.</p> <p>When XXX or member of the engagement team could be inappropriately influenced from a financial or other interest.</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E5	All	Wording for consistency and compliance with new Code structure	<p>The explanation of a self-review threat has been amended for consistency with the revised Code of Ethics.</p> <p>When the results of a previous judgement from a previous engagement or non-assurance client's position of opinion needs to be re-evaluated in reaching conclusion on the assurance engagement judgement made might not be appropriately evaluated; or an activity performed by the practitioner, or by other individual within XXX on which the practitioner intends to rely on as part of his/her current engagement.</p>
R5	All	Updated procedure	<p>The explanation of an advocacy threat has been amended for consistency with the revised Code of Ethics.</p> <p>Where XXX or a member of the engagement team promotes an assurance client's position or opinion to where the objectivity of XXX, the engagement partner or an employee's objectivity could be compromised.</p>
E5	All	Updated procedure	<p>The explanation of a familiarity threat has been amended for consistency with the revised Code of Ethics.</p> <p>When, by virtue of a close or long (business / activities) with a client, its directors, officers or employees. XXX or a member of the engagement team becomes too sympathetic to their interests or accepting of their work.</p>
E5	Yes	Updated procedure	<p>The procedure has been expanded to include an additional safeguard permitted by the revised Code of Ethics.</p> <p>Determine whether or not to report the threat / breach to any relevant party.</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E6	Yes	Consistency of wording	<p>The document has been amended with the structure and references to be consistent with the revised Code of Ethics.</p> <p>Compliance with relevant Ethical Requirements of the Code</p> <p>The amendments can be summarised as:</p> <ul style="list-style-type: none"> <li>• Professional Appointment (Section 210) (Section 320)</li> <li>• Conflict of interest (Section 220) Section 310</li> <li>• Responding to Non-Compliance with Laws and Regulations (Section 225) (Section 360)</li> <li>• Second opinion (Section 230) (Section 360)</li> <li>• Fees and other types of Remuneration (Section 240) (Section 330)</li> <li>• Fees and other types of Remuneration (Section 240) (Section 330)</li> <li>• Marketing Professional Services (Section 250)</li> <li>• Inducements, including Gifts and Hospitality (Section 260) (Section 340)</li> <li>• Custody of client monies (Section 270) (Section 350)</li> <li>• Objectivity (Section 280)</li> </ul>
E6 E6.2	Yes	New Code Structure	<p>Add new WP E6.2: New PDF document:</p> <p>“E6.2 – Responding to Non-Compliance with Laws and Regulations (Detail)”</p>
E7	Yes	Amendment of procedure	<p>The revised Code of Ethics requires that the firm include specific consideration when providing second opinion. The procedure provides an explanation of the second opinion has been expanded upon.</p> <p>Details of the nature, relevant facts and assumptions of the second opinion requested:</p>
E7	Yes	Amendment of procedure	<p>The safeguards to be considered when compliance with the fundamental principle cannot be reduced to an accepted level has been amended to be consistent with the guidance per the revised Code of Ethics.</p> <p>The following two safeguards were removed.</p> <ul style="list-style-type: none"> <li>- Keep team member; or</li> <li>- Continue with the engagement but institute safeguards</li> </ul>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E7	Yes	Amendment of procedure	<p>The safeguards to be considered when compliance with the fundamental principle has been identified has been expanded to be consistent with guidance per the revised Code of Ethics.</p> <p>Insert an addition safeguard, being providing a description of the limitations surrounding any opinion in communications with the client.</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E8.1	All	Revised Code of Ethics Structure and Requirements	<p>The structure and references have been amended to be consistent with those per the International Independence Standards – Part 4A – Independence for Audit and Review Engagements</p> <p>Independence Standards: Applying the conceptual framework to independence for audit and review engagements (400)</p> <ul style="list-style-type: none"> <li>• Fees (290.215) (410)</li> <li>• Compensation and Evaluation Policies (290.223) (411)</li> <li>• Gifts and Hospitality (290.225) (420)</li> <li>• Actual and Threatened Litigation (290.226) (430)</li> <li>• Financial interests (290.102) (510)</li> <li>• Loan and Guarantees (290.177) (511)</li> <li>• Business Relationship (290.123) (520)</li> <li>• Family and Personal Relationships (290.126) (521)</li> <li>• Recent Services with Audit / Assurance Client (290.141) (522)</li> <li>• Serving as a Director of Officer of an Audit / Assurance Client (290.144) (523)</li> <li>• Employment with an Audit / Assurance Client (290.132) (524)</li> <li>• Temporary Personnel staff assignments (290.140) (525)</li> <li>• Long Association of Senior Personnel (including Partner Rotation) with an Audit / Assurance Client (290.148) (540)</li> <li>• Provision of Non-Assurance Services to an Audit / Assurance Client (290.164) (600)             <ul style="list-style-type: none"> <li>○ Accounting and bookkeeping Services (601)</li> <li>○ Administrative Services (602)</li> <li>○ Valuation Services (603)</li> <li>○ Tax Services (604)</li> <li>○ Internal Audit Services (605)</li> <li>○ Information Technology Systems Services (606)</li> <li>○ Litigation Support Services (607)</li> <li>○ Legal Services (608)</li> <li>○ Recruiting Services (609)</li> <li>○ Corporate Finance Services (610)</li> </ul> </li> <li>• Reports on Special Purpose Financial Statements That Includes Restrictions on Use and Distribution (Audit and Review Engagements) (800)</li> </ul>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E8.1	All	Revised Code of Ethics Structure and Requirements	The structure and references have been amended to be consistent with those per the International Independence Standards – Part 4B– Independence for Audit and Review Engagements
E8.2	All	Revised Code of Ethics Structure and Requirements	<p>Independence Standards: Part 4B – Independence for Assurance Engagements Other Than Audit and Review Engagement</p> <ul style="list-style-type: none"> <li>• Applying the Applying the conceptual Framework to Independence for Assurance Engagements other than Audit and Review Engagements. (900)</li> <li>• Gifts and Hospitality (291.155) (905)</li> <li>• Actual and Threaten Litigation (2901.156) (907)</li> <li>• Financial Interests (291.104) (910)</li> <li>• Loans and Guarantees (291.11) (911)</li> <li>• Business Relationships (291.118) (921)</li> <li>• Family and Personal Relationships (291.120) (921)</li> <li>• Recent Service with an audit/ Assurance Client (291.130) (922)</li> <li>• Serving as a Director or Officer with an Audit/ Assurance Client (291.133) (923)</li> <li>• Employment with an Assurance Client (924)</li> <li>• Long association of Senior Personnel with an audit of Non-Assurance Services to Assurance Clients (291.137)</li> <li>• Provision of Non-Assurance Services to audit / Assurance Clients other than Audit or Review Engagements</li> <li>• Fees (291.148)</li> <li>• Reports that include Restriction of Use and Distribution (Assurance engagements other than Audit or Review Engagements)</li> </ul>
E11.0	All	Revised Code of Ethics Structure and Requirements	<p><u>The decision tree regarding rotation has been amended based on the revised Code of Ethics requirements. tree 1</u></p> <p>The heading was amended to Decision Tree 1: Familiarity and Self-Review Threat as well as Rotation - Companies</p>
E11.0	All	Revised Code of Ethics Structure and Requirements	<p>The decision tree 1 section reference has been amended to reflect the revised section reference.</p> <p>Is it a public interest entity (PIE) by another regulation (other than a listed entity)? (IESBA Code of Ethics 290.25, 26, 149 Glossary of Terms)</p>



Document reference	Applicable ISQC 1 licence	Type of change	Change description
E11.0	All	New Code of Ethics Structure and Requirements	The decision tree 1 reference has been amended to reflect the revised section reference as per the revised Code of Ethics regarding long association with client.  (IESBA Code of Ethics Section 290.148 540)
E11.0	All	New Code of Ethics Structure and Requirements	The decision tree 1 reference has been amended to reflect the revised the new requirements reference as per the revised Code of Ethics regarding the required cooling-off periods.  Rotation of partner engagement partner, individual for engagement quality review, other key audit partners or combination of roles as per the required cooling-off period every 7 years.  (IESBA Code of Ethics Section 290.154 940.5)
E11.0	All	New Code of Ethics Structure and Requirements	The decision tree 1 reference has been amended to reflect the revised Code of Ethics structure.  (IESBA Code of Ethics Section 290.148 940.3 A1, 940.3 A3 and R540.4)
E11.0	All	New Code of Ethics Structure and Requirements	The decision tree 2 reference has been amended to reflect the revised Code of Ethics structure.  Is it a public interest entity (PIE) by another regulation (other than a listed entity)?  (IESBA Code of Ethics 290.25, 26, 149 Glossary of Terms)
E11.0	All	New Code of Ethics Structure and Requirements	The decision tree 2 reference has been amended to reflect the revised Code of Ethics requirements and structure.  Rotation of partner engagement partner, person responsible for quality review, other key audit partner or combination of roles  Rotation of engagement partner, individual for engagement quality review, other key audit partners or combination of roles. every 7 years.  (IESBA Code of Ethics Section 290.149 940.5)
E11.0	All	New Code of Ethics Structure and Requirements	The decision tree 2 reference has been amended to reflect the revised Code of Ethics structure.  Consider long association with client  (IESBA Code of Ethics Section 290.148 940.3 A1, 940.3 A3 and R540.4)

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E11.0	All	New Code of Ethics Structure and Requirements	<p>The decision tree 2 reference has been amended to reflect the revised Code of Ethics structure and requirements.</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p><del>Assess</del> Evaluate the relevant factors in determining the level of familiarity or self-interest threats by putting safeguards in place</p> <ul style="list-style-type: none"> <li><del>•</del> Rotation of partner every 7 years</li> <li><del>•</del> Registered auditor (not part of the team, review the work of the team</li> <li><del>•</del> Regular independent internal or external quality review of the engagement</li> </ul> <p>(IESBA Code of Ethics Section 940.3 A3)</p> <p>If firm decides that threat can only be reduce through rotation, determine an appropriate cooling off period</p> <p>(IESBA Code of Ethics Section 940.4)</p> <p>If firm decides other safeguards could be implemented, consider</p> <ul style="list-style-type: none"> <li>• Changing the role of the individual on the engagement team or the nature and extent of the tasks the individual performs;</li> <li>• Registered auditor (not part of the team) review the work of the team</li> <li>• Regular independent internal or external quality reviews of the engagement.</li> </ul> <p>(IESBA Code of Ethics Section 940.3 A6)</p> </div>
E11.0	All	New Code of Ethics Structure and Requirements	<p>The explanatory guidance regarding Companies Act and Public Interest Entities has been amended for the revised Code of Ethics structure.</p> <p>:</p> <p>Does the entity qualify as a Public Interest Entity as defined by section 290.25 and 26(a) of the IESBA / IRBA Code of Professional Conduct below?</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities has been amended to reflect revised definition of a Public Interest Entity.</p> <p>Public Interest Entities are defined as (290.25)</p> <p>(a) All A listed entities; and</p> <p>(b) Any entity:</p> <p>i. Defined by regulation or legislation as a public interest entity; or</p> <p>ii. For which the audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Such regulations may be promulgated by any relevant regulator, including an audit regulator.</p> <p><i>Other entities might also be considered to be public interest entities, as set out in paragraph 400.8.</i></p> <p>(IESBA Code of Ethics Glossary)</p>
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expanded to be consistent with the requirements of the revised Code of Ethics.</p> <p>In addition to the above, the IRBA Code requires that a firm determine whether to treat addition entities, or certain categories of entities as PIEs because they have a large number and wide range of stakeholders.</p> <p>The relevant factors to consider include:</p> <ul style="list-style-type: none"> <li>• The nature of the business;</li> <li>• Number of equity or debt holders;</li> <li>• Size; and</li> <li>• Number of employees.</li> </ul> <p>(IRBA Code R400.8a)</p>
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expanded to be consistent with the requirements of the revised Code of Ethics.</p> <p>The following entities will generally satisfy the conditions in paragraph 290.26 as have a large number and wide range of stakeholder and thus likely to be considered as Public Interest Entities (290.26(a)) have been specifically been defined as Public Interest Entities:</p> <p>(IRBA Code R400.8b SA)</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements of the revised Code of Ethics.</p> <p>Those additional entities, or category of entities, as determined by the firm, because they have a large number and wide range of stakeholder. (Refer to definition of Public Interest Entities regarding factors to be considered.)</p>
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements of the revised Code of Ethics.</p> <p>The reference to (If not recognised as a PIE as defined above, no rotation requirements in terms of 290.140 of the IESBA Code of Professional Conduct – Refer to long association of Non-PIE entities) has been removed.</p>
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements of the revised Code of Ethics.</p> <p>A new paragraph has been inserted.</p> <p>An individual may not service as engagement partner, individual responsible for quality control reviews, other key or audit partner or combination of roles for a cumulative period of more than 7 years.</p>
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements of the revised Code of Ethics.</p> <p>An individual is prohibited to serve as a key audit partner an engagement partner, the individual responsible for engagement quality control reviews or other key or partner for more than 7 cumulative years. This is referred to as the time-on period.</p> <p>(IESBA Code R540.5)</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements of the revised Code of Ethics.</p> <p>A new paragraph has been added.</p> <p>The count of years shall not be restarted unless the individual ceases to act as engagement partner, individual responsible for quality control reviews or other key or audit partner unless the minimum cooling-off period as applicable to the role in which the individual served in the year immediately before ceasing such involvement.</p> <p>(IESBA Code R540.6)</p>
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements of the revised Code of Ethics.</p> <p>A new paragraph has been added</p> <p>.</p> <p>The engagement partner, EQCRs and other key audit partners assigned to the financial audit of public interest entities (other than those described in 6b above) create a familiarity and self-interest threat and should be rotated after every 7 year period. After the expiration of the 7 year period, that individual will be subject to the following cooling-off periods:</p> <ul style="list-style-type: none"> <li>a) Where the individual acted as engagement partner as 7 cumulative years, the cooling-off period will be 5 consecutive years;</li> <li>b) Where the individual acted as the person responsible for quality control for 7 cumulative years, the cooling-off period will be 3 consecutive years; and</li> <li>c) If the individual acted as a key audit partner for 7 cumulative years, the cooling-off period shall be 2 consecutive years.</li> </ul> <p>(IESBA Code R540.11-R540.13)</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements of the revised Code of Ethics.</p> <p>A new paragraph has been added</p> <p>Where partners were assigned to the audit of public interest entities to act in a combination of roles, the partners will be subject to the following cooling-off periods:</p> <ul style="list-style-type: none"> <li>a) If the partner acted in combination of key audit partner and engagement partner for 4 or more cumulative years, the cooling-off period will be 5 consecutive years;</li> <li>b) If the partner acted in combination of key audit partner and EQCR reviewer for 4 or more cumulative years and was engagement partner for 3 or more years, the cooling off period will be 3 consecutive years;</li> <li>c) If the partner acted in combination engagement partner and EQCR reviewer for 4 or more cumulative years, the cooling off period will be 5 years;</li> <li>d) If the partner acted in any other combination of roles for 4 or more cumulative years, the cooling off period will be 3 consecutive years; or</li> <li>e) If the partner acted in combination of key audit partner and any other role than addressed above, the cooling-off period will be 2 consecutive years.</li> </ul> <p>(IESBA Code R540.14 – 540.17)</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements of the revised Code of Ethics.</p> <p>The explanation of the activities an individual is prohibited from performing during the cooling-off period has been amended to the revised Code of Ethics.</p> <p>For the duration of the cooling-off period, as applicable to the individual, the individual is prohibited to:</p> <ul style="list-style-type: none"> <li>• Be a member of the engagement team or provide quality control for the audit engagement;</li> <li>• Consult with the engagement team or client regarding technical or industry-specific issues, transactions or events affecting the audit engagement (other than discussions with the engagement team limited to work undertaken or conclusions reached in the prior year of the individual's time-on period where this remains relevant to the audit);</li> <li>• Be responsible for leading or coordinating the professional services provided by the firm or a network firm to the audit client, or overseeing the relationship of the firm or a network firm with the audit client; or</li> <li>• Undertake any other role or activity not referred to above with respect to the audit client including the provision of non-assurance services that would result in the individual having significant or frequent interaction with senior management or those charge with governance or exerting influence on the outcome of the audit engagement.</li> </ul> <p>(IESBA Code R540.20)</p>

Document reference	Applicable ISQC 1 licence	Type of change	Change description
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements and references of the revised Code of Ethics.</p> <p><b>Exception 2</b></p> <p>When an audit client become a PIE, the individual should take into account the length of time as a key audit partner the individual served as a key audit partner before the client become a PIE in determination of the timing of the rotation. The timing of the rotation shall be calculated as follow (at the point of becoming a PIE): (290.152)</p> <ul style="list-style-type: none"> <li>• Key audit partner for 5 cumulative years or less    Seven years less the number of years already served as audit partner</li> <li>• Key audit partner for 6 or more cumulative years    May continue to serve as the audit partner for a maximum of two additional years. Seven years less the number of years already served with permission obtained from those charged with governance but limited to a maximum of two additional years.</li> </ul> <p>(IESBA Code R540.8)</p>
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements and references of the revised Code of Ethics</p> <p><b>Exception 3</b></p> <p>When a firm has limited people with the necessary knowledge and experience to serve as a key audit partner of a PIE, rotation may not be an appropriate safeguard. Exception from partner rotation can be obtained from an independent regulator to remain key audit partner for a period longer than 7 years. This is provided that the independent regulatory body has specified other requirements which are to be applied, such as length of the time that the key audit partner may be exempted from rotation or a regular independent external review.</p> <p>(290.153) (IESBA Code R540.9)</p>



Document reference	Applicable ISQC 1 licence	Type of change	Change description												
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the requirements of the revised Code of Ethics.</p> <p>An addition paragraph has been inserted based on an addition exception inserted by the revised Code of Ethics.</p> <p><b>Exception 4</b></p> <p>If in rare circumstances due to unforeseen circumstances outside the firm's control and with the concurrence of those charged with governance, a key audit partner whose continuity is especially important to audit quality may serve as key audit partner for an additional year as long as the threat to independence can be eliminated or reduced to an acceptable level. IRBA has not provided such exemptions for partner rotation or specified alternative safeguards.</p> <p>(IESBA Code R540.7)</p>												
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the reference of the revised Code of Ethics.</p> <p>Long association of senior personnel of an audit engagement over a long period should be evaluated and necessary safeguards applied to eliminate the threat to an acceptable level.</p> <p>(290.148) (540.A1 - R540.4)</p>												
E11.0	All	New Code of Ethics Structure and Requirements	<p>Explanatory guidance regarding Companies Act and Public Interest Entities have been expended to be consistent with the reference of the revised Code of Ethics.</p> <p><b>Summary</b></p> <p><i>Every 7 years (or number of years in accordance with your firm's policy for long association) the key audit partner should either rotate or put another safeguard in placed (as listed per 290.148, 540.A1 – R540.4)ISQC1.A14)</i></p>												
E11.1		New Code of Ethics Structure and Requirements	<p>An addition section was included to make provision for the revised requirements of entities other than a Public Interest Entity.</p> <p>Consider whether there are any other public interest entities that should be included in the rotation plan:</p> <table border="1" data-bbox="662 1836 1404 2016"> <thead> <tr> <th>Name of entity</th> <th>Nature of the business</th> <th># of equity and debt holders</th> <th>Size</th> <th># of employees</th> <th>PIE Yes</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Name of entity	Nature of the business	# of equity and debt holders	Size	# of employees	PIE Yes						
Name of entity	Nature of the business	# of equity and debt holders	Size	# of employees	PIE Yes										

## 2.4. Client Acceptance and Continuance

Key content improvements include:

Document reference	Applicable ISQC1 licence	Type of change	Change description
A0	All	Sub-procedures added	<p>Sub-procedures have been included when considering client acceptance and continuance consideration based on the revised Code of Ethics.</p> <p>e. Are we familiar with:</p> <ul style="list-style-type: none"> <li>a) the nature of the client's operations, including its business practices;</li> <li>b) the complexity of its operations;</li> <li>c) the requirements of the engagement; and</li> <li>d) the purpose, nature and scope of the work to be performed.</li> </ul>
A0	Yes	New procedure	<p>A new procedure has been included when considering client acceptance and continuance consideration based on the revised Code of Ethics.</p> <p>Is the prospective client committed to address any questionable issues, for example, through improving corporate governance practice or internal controls?</p>
A0	All ISQC1 Assurance, ISQC1 Assurance Plus, and ISQC1 Assurance Premium	New procedures	<p>The new procedure was included based on the requirements of the revised Code of Ethics.</p> <ul style="list-style-type: none"> <li>a) The firm will during client acceptance assess whether to treat any additional entities as public interest entities based on the following factors:             <ul style="list-style-type: none"> <li>i. The nature of the business, such as holding of assets in fiduciary capacity for a large number of stakeholders, for example financial institutions;</li> <li>ii. Number of equity or debt holders;</li> <li>iii. Size; and</li> <li>iv. Number of employees.</li> </ul> </li> <li>b) In circumstance where the firm concludes that an audit client that meets the definitions of a Public Interest Entity but will not be classified as such, the firm will clearly document the reasoning and its considerations.</li> <li>c) In circumstance where the firm concludes that an audit client that meets the definitions of a Public Interest Entity but will not be classified as such, the approval of the CEO will need to be obtained.</li> </ul>

## 2.5. Human Resources

Key content improvements include:

Document reference	Applicable ISQC1 licence	Type of change	Change description
H0		New procedure	<p>A new procedure has been included when considering client acceptance and continuance consideration based on the revised Code of Ethics.</p> <p>It is the responsibility of the employee to notify the firm or network firm when entering employment negotiations with an audit client.</p>

## 2.6. Engagement Performance

Key content improvements include:

Document reference	Applicable ISQC1 licence	Type of change	Change description
P2	All	Additional items included	<p>Additional EQCR criteria has been included based on revised Code of Ethics</p> <ol style="list-style-type: none"> <li>2) Major Public Entities that directly or indirectly provide essential or strategic services or hold strategic assets for the benefit of the country.</li> <li>3) A public interest entity as defined by the IRBA Code of Professional Conduct (Revised 2018)</li> <li>4) An audit or review engagement, as determined by the CEO, where the threat to independence due to long association of personnel with the client cannot be reduced to an acceptable level except through partner rotation.</li> </ol>

### 3. Content improvements

The focus of the content improvements was to enhance or remove certain information already included in the ISQC1 template to clarify the procedure or working paper in sufficient detail to make compliance easier and to prevent possible non-compliance with applicable standards and legislation.

Due to the different effective dates between the International Code of Ethics for Professional Accountants that was amended, and the renamed the International Code of Ethics for Professional Accountants (including International Independence Standards) (“revised Code of Ethics”) or where applicable, the IRBA Code of Professional Conduct and the IRBA Code of Professional Conduct (Revised November 2018), the quality control policies and procedures includes a documented describing the quality control policies and procedures during this transitional period.

Key content improvements include:

#### 3.1. Definitions and Abbreviations

Key content improvements include:

Document reference	Applicable ISQC1 licence	Type of change	Change description
DEFINE	All ISQC1 Assurance, ISQC1 Assurance Plus, and ISQC1 Assurance Premium	Expanded acronym description	The description of the acronym APA was expanded to include the act reference Auditing Professions Act, 2005 (Act No. 26 of 2005)
DEFINE	All	Definition added	A definition for direct financial interest was added.
DEFINE	All	Definition added	A definition for indirect financial interest was added.
DEFINE	All	Definition added	A definition of a related entity was added
DEFINE	All	Amended term description	The description of the term reference to Companies Act was expanded to include the full act reference being Companies Act No 71 of 2008, (as amended by Companies Amendment Act, No3 of 2011 and the Companies Regulations, 2011, as published in GNR. 351 in GG34239.
DEFINE	All	Clarification of term	The previous reference to “Public Interest Score Act” has been clarified to remove the word “Act”.
DEFINE	All	Clarification of term	The previous reference to “Reportable Irregularity Act” has been clarified to remove the word “Act”.
DEFINE	All	Clarification of term	The legislation reference to Reportable Irregularities has been amended to be consistent with the applicable section in the Companies Act.
DEFINE	All	Clarification of term	The reference to the term “Public Entity” expanded to clarify that reference is made to “Public <u>Interest</u> Entities”.
CONTENT	All	Consistency with changes to WP E5	Name of document E5 amended to Identification, Evaluation and Safeguards for Threats <b>or Breaches</b> of Independence / Fundamental Principles.

### 3.2. System of Quality Control Policies and Procedures

Key content improvements include:

Document reference	Applicable ISQC1 licence	Type change	of	Change description
S1	All	Expanded discussion point		The discussion point expanded to inform employee that they must notify the CEO or person with operation responsibility of any circumstance which could threaten compliance with fundamental principles.

### 3.3. Relevant Ethical Requirements

Key content improvements include:

Document reference	Applicable ISQC1 licence	Type change	of	Change description
E1	All	Additional guidance		The annual independence declaration has been expanded to include the disclosure by employees of financial interests.

## 4. Update your existing ISQC1 manual

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Two options exist to benefit from the changes made by CaseWare Africa to the ISQC1 template:

### 4.1. Create a new ISQC1 manual

You can create a new ISQC1 manual using the latest version of the template. To retain procedures which you added in your previous ISQC1 manual by means of the Insert New Procedures function, you can use the Import procedures function.

You can also use the Import External Data function to import input values stored in the database for documents. Select Options/Import External Data.

### 4.2. Update your existing ISQC1 manual

Update your existing ISQC1 manual by performing the following steps:

- Download and install the latest version of the template
- Open existing ISQC1 Manual
- Perform a clean-up and lock-down
- Perform a year-end close/roll forward
- Update the rolled forward ISQC1 manual

For further information in this regard, read the “ISQC1 Getting ready for next year” guide. Be mindful that when updating your ISQC1 manual using the latest version of the template, some of your data captured will not be retained, for example:

- Responses
- Sign-off
- Content or procedures inserted not using the Insert New Procedures function

# Contact Us

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## Other Important Details

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