

22 March 2023

Mr. I Vanker
Director Standards
Independent Regulatory Board for Auditors
PO Box 8237
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Email: standards@irba.co.za

Dear Mr Vanker

COMMENT LETTER ON THE PROPOSED DUE PROCESS POLICY FOR THE DEVELOPMENT, ADOPTION AND ISSUE OF QUALITY MANAGEMENT, AUDITING, REVIEW, OTHER ASSURANCE AND RELATED SERVICES PRONOUNCEMENTS

1. Thank you for the opportunity to share our views on the proposed due process policy for development, adoption and issue of quality management, auditing, review, other assurance and related service pronouncements.
2. We have structured this submission, in terms of the questions asked in the Exposure draft (ED) (November 2022) for comment by 31 March 2023.

Yours faithfully



Maryke van Deventer

Director

Question 1

Do respondents agree with the proposed due process followed for making limited modifications to the final IAASB Standard, in whole or in part, in particular:

- i. The Compelling Reasons Test and the criteria that should be met before any modification is made to the final IAASB Standard, in whole or in part; and
- ii. The impact of the modifications made on the effective date of the final IAASB Standard?

Response

Question	Answer	Comments
i (Test)	Yes	Agree with Compelling Reasons Test per paragraph 22. However, it is not clear how the IRBA will identify existing conflicts, inconsistencies and/or emerging principles and practices that are specific to South Africa as it currently relates to IRBA's legal and/or regulatory requirements and how these principles and practices will be communicated to registered auditors (see comments on evidence-based principle in question 4 below).
i (Criteria)	Yes	Agree with the Criteria (paragraph 23).
Ii	Yes	Agree that effective date should be aligned to the effective date of the final IAASB standard, with the modifications becoming effective at a later stage.

Question 2

Do respondents agree with the view that the scope of the amendments and/or deletions that may be made to the final IAASB Standard should be limited to inconsistencies/conflicts with only the IRBA's legal and/or regulatory requirements?

Response

Comments
No, it is not clear what is meant by the IRBA's legal and/or regulatory requirements.
Agree that amendments and deletions must be limited to legal and regulatory conflicts/inconsistencies. The modifications should be determined by the legislative or regulatory requirements of the relevant industry regulators, and/or IRBAs constituting documents.

Question 3

Are there additional significant aspects that should be included in this proposed Revised Due Process Policy?

Response

Comments
<p>Due process must be based on specific principles, which should include the following:</p> <ol style="list-style-type: none">1. Public interest focus – modifications to be made considering public interest;2. Transparency – timely notification of decisions and intended modifications;3. Evidence-based – the decision to make modifications or deletions must be based on relevant and reliable information and evidence;4. Independence – modifications without influence or bias towards specific industries of special interest groups or political pressures;5. Consultation – consultation in timely manner with all interested and affected groups;6. Information-sharing – the potential impact of modifications must be analysed and explained to interested and affected groups.

Question 4

Are there any further matters that should be considered in the finalisation of this proposed Revised Due Process Policy?

Response

Comments
<p>The Compelling Reasons Test suggests that modifications may be compelled due to emerging principles and practices that are specific to South Africa.</p> <p>However, question 2 indicates that amendments and/or deletions should be limited to inconsistencies/conflicts with only the IRBA's legal and/or regulatory requirements.</p> <p>It is unclear whether the emerging principles and practices referred to in the compelling reasons test will be based on the legislative and/or regulatory requirements of the relevant industry, regulators and/or IRBA's constituting documents.</p>