

Standards Department
Independent Regulatory Board of Auditors (IRBA)
Building 2 Greenstone Hill Office Park
Emerald Boulevard
Modderfontein
1616

15 April 2025

Per email: standards@irba.co.za

Exposure Draft: Proposed SAAPS 3 (Revised XX 2025), Updates to Illustrative Auditor's Reports as a Result of the IAASB's Narrow Scope Amendments to ISA 700 (Revised)

To the Standards Department of the IRBA.

Ernst and Young Inc. South Africa welcomes the opportunity to comment on the Exposure Draft – Proposed SAAPS 3 (Revised xx 2025), Updates to Illustrative Auditor's Reports as a Result of the IAASB's Narrow Scope Amendments to ISA 700 (Revised). This comment letter deals with responses to the questions posed in the Exposure Draft and is structured in two parts:


Part 1: General comments

Part 2: Answers to specific questions

The comments and considerations expressed in this comment letter are based on collated views of Ernst & Young Inc. South Africa and do not represent the collective view of the global EY network of firms.

If you wish to discuss these comments further, please contact Warren Pearson (Warren.Pearson@za.ey.com), Michael Schafer (Michael.Schafer@za.ey.com) or Roger Hillen (Roger.Hillen@za.ey.com).

Yours faithfully

DocuSigned by:

BCD8358C90D54E5...

Michael Schäfer
Region Independence Leader & Assurance Technical Leader
Ernst & Young Inc.

4/15/2025

1. General comments

Overall, we are in general agreement with the proposed amendments to SAAPS 3 as well as the updates to the Illustrative Reports.

We believe that these proposed amendments, which are applicable to illustrative reports for audits of financial statements of Public Interest Entities (PIEs), achieve the required disclosure necessary to comply with the new ISA 700 (Revised) as a result of revisions to the IESBA Code which requires a firm to publicly disclose when the firm has applied the independence requirements for PIEs.

We also agree with the conclusions reached regarding the narrow scope amendments potential impact on review engagements, under International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements* and ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. We agree that any revisions to these standards would need to be addressed as part of a broader future project by the IAASB and part of Track 2 of the project.

2. Answers to specific questions

Question 1

Do you agree with the proposed amendments to Illustrative Reports 1 (Pages 18 – 19) and 2 (Page 24 to 26) in *Part A – Guidance and Notes, Illustrative Reports*?

We support the proposed amendments to Reports 1 and 2 of the Illustrative Reports part in SAAPS 3. We agree with the additional documentation proposed to the *Basis for Opinion* paragraphs of these reports and believe that it achieves the required disclosure as a result of the International Auditing and Assurance Standards Board (IAASB) *Narrow Scope Amendments to ISA 7 (Revised) as a Result of the Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirements for PIEs*.

Question 2

Do you agree with the proposed amendments to Note 6 (Page 38) in *Part A – Guidance and Notes, Notes to the Illustrative Reports (denoted as N1-N16)*?

We support the proposed amendments to Note 6 of the Notes to the Illustrative Reports part in SAAPS 3. We agree with the additional documentation proposed in the note and believe that it adequately guides and informs the reader of the Narrow Scope amendments to the Relevant Ethical Requirements for the audit report.

Question 3

Do you agree with the proposed amendments to Illustrative Reports 5 (Pages 49-50), 11 (Pages 73-74) and 12 (Pages 79-81) in *Part B – Illustrative Reports*?

We support the proposed amendments to Reports 5, 11 and 12 of the Illustrative Reports part in SAAPS 3. We agree with the additional documentation proposed to the *Basis for Opinion* paragraphs of these reports and believe that it achieves the required disclosure as a result of the International Auditing and Assurance Standards Board (IAASB) *Narrow Scope Amendments to ISA 7 (Revised) as a Result of the Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirements for PIEs*.

Question 4

Do you agree with the proposed amendments to the circumstances box in each of the illustrative auditor's report of non-PIEs?

We support the proposed amendments to the circumstances box in each of the non-PIE illustrative reports in SAAPS 3. We agree with the additional documentation proposed and believe it is clear and guides the reader to the correct disclosure for when the Narrow Scope amendments are not applicable i.e. the company is not a PIE, as defined in the IRBA Code.

Question 5

Are there any additional illustrative reports in SAAPS 3 (Revised March 2024) that should be updated to disclose when a firm has applied the independence requirements for PIEs in an audit of an entity's financial statements?

We do not believe that there are any additional illustrative reports in the extant SAAPS 3 (Revised March 2024) that need to be updated for the new Narrow Scope amendments, for audits of financial statements of PIEs.

Question 6

Other than the illustrative Regulatory Reports of auditors of specific industries listed in paragraph 17, are there any other illustrative Regulatory Reports of auditors of specific industries that should also be updated to disclose when a firm has applied the independence requirements for PIEs in an audit of an entity's financial statements?

We do not believe that there are any other illustrative Regulatory Reports of auditors of specific industries that should also be updated to disclose when a firm has applied the independence requirements for PIEs in an audit of a PIE's financial statements.

Question 7

Do you agree with the proposed effective date of SAAPS 3 (Revised) Final Pronouncement?
(Refer to paragraphs 21 and 22 of the Explanatory Memorandum.)

We support the proposed effective date of SAAPS 3 (Revised) Final Pronouncement, as it is in conformity with the effective dates of the revisions of the definitions of listed entity and public interest entity in the IRBA Code and the narrow scope amendments to ISA 700 (Revised) as a result of the revisions to the IESBA Code.