



16 April 2025

The Standards Department
Independent Regulatory Board for Auditors

standards@irba.co.za

Dear Standards Department

Comments on the Proposed SAAPS 3 (Revised)

Updates to Illustrative Auditor's Reports as a result of the IAASB's narrow-scope amendments to ISA 700 (Revised)

We appreciate the opportunity to provide comments on the Proposed SAAPS 3 (Revised), Updates to Illustrative Auditor's Reports as a result of the IAASB's narrow-scope amendments to ISA 700 (Revised) ("the Proposed SAAPS 3").

We are supportive of the view that the proposed SAAPS 3 has been updated to incorporate the International Auditing and Assurance Standards Board's (IAASB) *Narrow Scope Amendments to the International Standard on Auditing (ISA) 700 (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 Public Interest Entities* into the illustrative auditor's reports on audits of financial statements of public interest entities (PIEs).

We have provided our views on each question included in the Exposure Draft. In providing our views, we considered the content included in the Proposed SAAPS 3 (Revised). In addition, we have included general comments on the proposed changes, and observations on SAAPS 3 (Revised) – matters that extend beyond the narrow-scope amendments.

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

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 agree with the proposed amendments to Note 6.

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 agree with the proposed amendments to Illustrative Reports 5, 11 and 12 in Part B – Illustrative Reports.

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

We agree with the proposed amendments to the circumstances box in each illustrative auditor's reports of non-PIEs.

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 identified no additional illustrative reports in SAAPS 3 (Revised March 2024) that require updating to disclose when a firm has applied the independence requirements for PIEs in an audit of an entity's financial statements.

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 believe that an assessment should be conducted by the IRBA to determine which other types of regulatory reports could necessitate the application of the independence requirements for PIEs. This assessment may need to consider reporting frameworks beyond ISA 700 (Revised), and potentially extend to reports issued under ISA 800 (Revised) and ISA 805 (Revised), where the subject matter meets the definition of "financial statements" in terms of the IRBA Code.

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), being periods beginning on or after 15 December 2024, with early adoption permitted. As noted in paragraph 22, early adoption would entail adopting the revised definitions of "listed entity" and "public interest entity" in the IRBA Code ahead of the effective date.

We seek clarity on the practical implications of early adoption. Specifically, we request that the IRBA provide guidance on scenarios where early adoption may be appropriate, and clarify which additional requirements (if any) must be adopted alongside the revised definitions if SAAPS 3 (Revised) is adopted early.

General comments

KPMG comments on the exposure period of 30 days as set out in the Introduction paragraph 2, “CFAS approved this proposed SAAPS 3 (Revised) for exposure in March 2025, for a period of 30 days.”

While we acknowledge that this is a narrow-scope amendment, we believe the 30-day exposure period is too short. The release in March coincided with a particularly busy period, limiting the opportunity for a thorough review. To support meaningful stakeholder engagement and high-quality feedback, we recommend a minimum exposure period of 60 days for future amendments.

SAAPS 3 (Revised) – matters that extend beyond the narrow-scope amendments

We have included the following comments on SAAPS 3 (Revised) that fall outside the scope of the current narrow-scope amendments but which we believe would enhance the overall quality of the guidance. While we understand these may not be addressed as part of this update, we respectfully request that the IRBA consider them in future revisions:

1. In respect of Illustrative Report 2, we note that the “Opinion” paragraph, begins with “*We have audited the consolidated and separate financial statements of ABC Limited and its subsidiaries (the group and company)..*” and continues in the second paragraph with “*...in all material respects, the consolidated and separate financial position of ABC Limited and its subsidiaries...*”

We request the removal of the references to “and its subsidiaries” as highlighted above, due to an inconsistency between Illustrative Report 2 and Illustrative Report 11 in SAAPS 3 (Revised). In our view, the wording in Illustrative Report 11 is correct and should be applied consistently across all relevant examples.

2. Illustrative Report 25, the “Other matter” paragraph concludes with the sentence: “*Our opinion is not modified in respect of this matter*”

We request the removal of this sentence, as it aligns with the wording typically used for *Emphasis of Matter* paragraphs under ISA 706 (Revised), but not for *Other Matter* paragraphs. If its inclusion is intentional, we request clarification from the IRBA on the rationale.

3. We note that all templates within SAAPS 3 (Revised) reference the “Registered Auditor” as part of the signing convention, but do not include the CA(SA) designation. While we understand that holding the CA(SA) designation is a prerequisite for registration as a Registered Auditor, we are concerned that its omission may inadvertently diminish the recognition of the CA(SA) qualification. We therefore request that the IRBA consider including the CA(SA) designation in the signing convention to reflect its importance. This would also apply to the ACCA qualification.

We would like to take the opportunity to thank the IRBA and the task group members for the Proposed SAAPS 3 (Revised).

If you would like to discuss our comments further, you may contact Fatima Khan (Fatima.khan@kpmg.co.za) or Lee-Anne Coetzee (Lee-Anne.coetzee@kpmg.co.za).

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