

16 April 2025

Independent Regulatory Board for Auditors

PO Box 8237

1616

Email: standards@irba.co.za

Dear Sir/Madam

**COMMENT LETTER ON THE PROPOSED AMENDMENTS TO THE SOUTH AFRICAN AUDITING
PRACTICE STATEMENT (SAAPS) 3 (Revised)**

1. Thank you for the opportunity to share our views on the proposed amendments to SAAPS 3 (Revised).
2. We have structured our responses to the questions in tabular format below.

Yours faithfully



Nexia SAB&T

Audit. Tax. Advisory.

Chairperson: Mrs A Zange
Chief Executive Officer: Mr MF Sulaman
SAB&T Chartered Accountants Incorporated t/a Nexia SAB&T
Company Registration Number: 1997/018869/21 | IRBA Registration Number: 921297
Offices in: Bloemfontein, Cape Town, Centurion, Durban, Johannesburg, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg
B-BBEE rating: Level 1 Contributor in terms of Generic Scorecard - B-BBEE Codes of Good Practice
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Request for Specific comment

Question	Question	Yes/No	Response
Question 1	Do you agree with the proposed amendments to Illustrative Reports 1 (pages 18-19) and 2 (Page 24-26) in <i>Part A – Guidance and Notes, Illustrative Reports</i> ?	Partially agree	<p>General – Illustrative report 1 and 2</p> <p>“Material uncertainty related to going concern” - We welcome the practice statement in the circumstances box included to clarify when information regarding the EAR rule on “material uncertainty related to going concern” paragraph is required for inclusion in the audit report.</p> <p>“Disclosure of Fee-related matters” – We welcome the practice statement included in the circumstances box to clarify when information regarding the fees earned by the auditors should be included in the audit report.</p> <p>Illustrative report 1</p> <p>No other comments noted on the proposed amendments.</p> <p>Illustrative report 2</p> <p>As part of the “<i>Auditor’s responsibility for the Audit of the Consolidated and Separate Financial Statements</i>” the following paragraph was not included because of the practice statement that indicated that the auditor determined that there are no key audit matters to be reported.</p> <p><i>“We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.”</i></p> <p>If the entity is a listed entity or public interest entity, even if no key audit matter is disclosed, the auditors should still provide a statement that they have complied with relevant ethical requirements regarding independence.</p> <p>From inspection of the March 2024 SAAPS 3, it was noted that it was also omitted from the illustrative example report 2.</p>

Question	Question	Yes/No	Response
Question 2	Do you agree with the proposed amendments to Note 6 (Page 38) in <i>Part A – Guidance and Notes, Notes to the Illustrative Reports (denoted as N1-N16)?</i>	Yes	No response required as we agree with the proposed amendments.
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 <i>Part B – Illustrative Reports</i> ?	Yes	<p>Illustrative report 5 – Agree with proposed amendments</p> <p>Illustrative report 11 – Agree with proposed amendments</p> <p>Illustrative report 12 – Agree with proposed amendments</p>
Question 4	Do you agree with the proposed amendments to the circumstances box in each of the illustrative auditor's reports of non-PIEs?	Yes	<p>We agree with the proposed amendments to the circumstances box for non-PIES, but suggest that the following is considered in addition to the existing illustrations:</p> <ul style="list-style-type: none"> • Illustrative example 21 – the fact pattern to be enhanced to speak to lack of controls over cash donations as illustrated in the basis for qualified opinion. <p>The reason for this, is because often auditors simply include a qualification for fundraising income even though these may be only received through bank transfers and not as cash.</p>
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?	No	<p>From SAAPS 3 (Revised March 2024) it was noted that the only examples that required update to independence requirements for PIEs was the following:</p> <ul style="list-style-type: none"> • Illustrative example 1 • Illustrative example 2 • Illustrative example 5 • Illustrative example 11 • Illustrative example 12 <p>All of these illustrative reports were already addressed as part of the questions above.</p> <p>In addition, we wish to highlight the response to question 1 above where statement of compliance was omitted in illustrative example 2 in both March 2024 SAAPS 3 and this current exposure draft.</p>

Request for Comment: Proposed South African Auditing Practice Statement (SAAPS) 3 (Revised)

Question	Question	Yes/No	Response
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?	Partially agree	<p><u>Condensed consolidated financial statements – JSE</u></p> <p>It is not clear if the templates for condensed consolidated financial statements should be updated with the EAR considerations.</p> <p><u>Insurance industry</u></p> <p>It is noted that the audit report on the financial statements will fall within SAAPS 3. However, it is not clear whether there are amendments to be applied to the assurance reports when doing SAM and SASRIA reporting.</p>
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.)	Agree	<p>It is noted that the revisions to listed entity and public interest entity definition in the IRBA Code are effective for audits of financial statements for periods beginning on or after 15 December 2024.</p> <p>Accordingly, we agree to aligning the proposed effective date of SAAPS 3 (Revised) with the above effective date.</p> <p>The revised SAAPS 3 for incorporating EAR in the audit report was revised in March 2024 which will provide the necessary guidance to the auditors, together with the early adoption of this revised SAAPS 3.</p>