



Ms Saadiya Adam
The Acting Director: Standards
The Independent Regulatory Board for Auditors

Email: standards@irba.co.za

16 April 2025

Dear Ms Adam,

Comments on the Proposed South African Auditing Practice Statement (SAAPS) 3 (Revised xx 2025), *Updates to Illustrative Auditor's Reports as a result of the IAASBs Narrow Scope Amendments to ISA 700 (Revised)* (the "Proposed SAAPS 3")

We appreciate the opportunity to comment on the Proposed SAAPS 3. This response summarises the views of PricewaterhouseCoopers Incorporated.

We have provided our views on the matters on which comments were specifically requested.

If you would like to discuss our comments further, please do not hesitate to contact Natalie Terblanche on (011) 797 5723 or Mohammed Adam on (011) 797 4837.

Yours sincerely,

Natalie Terblanche

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Director

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The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



REQUEST FOR SPECIFIC COMMENTS ON THE PROPOSED SAAPS 3

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?**

Yes, we agree with the proposed amendments to the Circumstance boxes and Basis for Opinion sections in illustrative reports 1 and 2.

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)?**

Yes, we agree with the amendments to Note 6. However, we believe that Note 6 should be enhanced to provide clarity to registered auditors on when the independence requirements that are specific to audits of financial statements of PIEs will NOT apply. It is unclear from paragraphs 17 and 18 of the explanatory memorandum as to the reasons why the other Regulatory Reports are not subject to these requirements. While paragraph 18 of the explanatory memorandum implies that the reason is that these are not audits of financial statements, our view is that regulatory returns do meet the definition of 'financial statements' in the IRBA Code. However, a possible reason that the incremental independence requirements for PIEs may not apply could be that the Regulatory Reports fall within the scope of section 800 of the IRBA Code. Note 6 should be enhanced to clarify this point.

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?**

Yes, we agree with the proposed amendments to the Circumstances boxes and Basis for Opinion sections in illustrative reports 5, 11 and 12.

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

Yes, we agree with the proposed amendments to the circumstances box in each of the non-PIE illustrative reports, subject to the considerations provided in question 2 which have an impact on the amendments.

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, we have not identified additional illustrative reports in SAAPS 3 that should be updated as a result of the IAASB's PIE Track 1 project. We agree with the sentiment expressed in paragraph 16.1 of the explanatory memorandum that the illustrative independent review reports in the Proposed SAAPS 3 will be revised when the IAASB's PIE Track 2 project has been finalised.

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?**



As indicated under question 2, we suggest that the IRBA provide further clarity in the Proposed SAAPS 3 on when the specific independence requirements for PIEs are not applicable. In the event that this clarification references section 800 of the IRBA Code, we agree that there are no further Regulatory Reports that would require amendment. Furthermore, if the clarification does reference section 800, the Schedule D report for retirement funds would also be excluded as this report contains a restriction on use. However, if the clarification provides alternative reasons, our recommendation would be to relook at the Regulatory Reports and make a determination as to which, if any, require further updates.

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.)

Yes, we agree with the proposed effective date, subject that this is limited for auditor's reports issued for audits of financial statements for periods beginning on or after 15 December 2024, with early adoption permitted. This aligns with the effective dates of the revisions to 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.

We note that the effective date provided in the explanatory memorandum still makes reference to 'independent reviewers' reports which are not impacted by the proposed amendments.