

Reference #776461

15 April 2025

The Acting Director: Standards
Independent Regulatory Board for Auditors (IRBA)
PO Box 8237
Greenstone, 1616
South Africa

By e-mail: standards@irba.co.za

Dear Saadiya,

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 IAASB's Narrow Scope Amendments to ISA 700 (Revised)

We appreciate the opportunity to provide comments on the proposed revised SAAPS 3.

Our comments are set out as follows:

- A. Request for specific comments
- B. Other editorial comments

The SAICA Assurance Guidance Committee has approved this submission.

Please do not hesitate to contact us should you wish to discuss any of our comments. You are welcome to contact Thandokuhle Myoli (thandokuhlem@saica.co.za) or Annerie Pretorius (AnnerieP@saica.co.za).

Kind regards
Thandokuhle Myoli



Executive: Audit and Assurance
The South African Institute of Chartered Accountants



A: Request for Specific Comments

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?
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Yes, we agree.

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)?
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Yes, we agree with the amendments to Note 6, but suggest the following addition to clarify the applicability of the statement regarding the application of independence requirements that are specific to audits of financial statements of PIEs when the subject matter of an audit is not an entity's financial statements:

“N6. The Basis for Opinion paragraph identifies the jurisdiction of origin of the relevant ethical requirements and requires the auditor to further indicate when the independence requirements that are applicable only to audits of financial statements of certain entities were applied. In South Africa, this is the IRBA Code and it requires the auditor to indicate when the independence requirements that are applicable to audits of financial statements of PIEs were applied.

The statement regarding the application of the independence requirements that are specific to audits of financial statements of PIEs does not apply to the auditor's reports for audits of financial statements of non-PIEs. The statement also does not apply to the auditor's reports for audits of historical financial information other than financial statements of PIEs.

...”

We acknowledge the proposed communication regarding the applicability of the narrow scope amendments, explained in paragraph 18 of the exposure draft:

“18. For other Regulatory Reports for auditors of specific industries that are not affected by the narrow scope amendments to ISA 700 (Revised), clarity will be provided in the communicate that will announce the publication of the SAAPS 3 (Revised) Final Pronouncement. That will include that the statement regarding the application of independence requirements that are specific to PIE financial statement audits does not apply to these reports, which relate to a regulatory return.”

We however suggest that an explanation regarding the scope of the narrow scope amendments should also be reflected in Note 6 in SAAPS 3 to ensure that practitioners have ready access to this guidance – the guidance might be missed or might get “lost” if it only resides in a communicate. Further deliberation regarding the scope of the narrow scope amendments may be necessary.

In drafting the guidance on the scope of the narrow scope amendments, we suggest that the following should be addressed:

- Whether practitioners should apply the definition of “financial statements” as per the IRBA Code or as defined in the IAASB Glossary when assessing whether or not the subject matter of an audit engagement is “financial statements”;

- Whether or not regulatory returns are regarded as being “specific elements, accounts or items of a financial statement”, as referred to in the IRBA Code’s definition of “financial statements”; and
- Clarification on the application of IRBA Code paragraphs R800.5 and R800.7, read with paragraphs 800.2 and R800.3, in this regard.

“R800.5 When the firm performs an eligible audit engagement, any modifications to Part 4A shall be limited to those set out in paragraphs R800.7 to R800.14. The firm shall not apply these modifications when an audit of financial statements is required by law or regulation.”

“R800.7 When the firm performs an eligible audit engagement, the firm does not need to apply the independence requirements set out in Part 4A that apply only to public interest entity audit engagements.”

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? Page 9 of 154
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Yes, we agree.

Question 4	Do you agree with the proposed amendments to the circumstances box in each of the illustrative auditor’s reports of non-PIEs?
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Yes, we agree.

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?
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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 SAAPS 3 should be revised when the IAASB’s PIE Track 2 project has been finalised.

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?
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We agree that the illustrative reports listed in paragraph 17 of the Exposure Draft would need to be updated insofar as the reports apply to the financial statements of PIEs. Please refer to our response to Question 2. Depending on the outcome of further deliberation on the scope of the narrow scope amendments, other illustrative auditor’s reports may also need to be updated.

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.)
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Yes, we agree with the proposed effective date.

B: Other editorial comments

1. Illustrative report 7 – Ongemodifiseerde Mening – Finansiële State (IFRS for SMEs Accounting Standard): Ouditeur se Verantwoordelikhede is Ingesluit in 'n Bylaag tot die Verslag

We suggest the following edits to one of the bullets in the circumstances block:

- “ ...
- Die maatskappy is nie 'n openbare belang entiteit (“PIE”)-nie, soos gedefinieer in die “IRBA KodeCode”, nie. Die ~~ouditeur~~ ouditeursverslag sluit daarom die volgende uit:
- ...”

2. Illustrative report 12 - Ongemodifiseerde Mening en Verslag oor Ander Regs- en Regulatoriese Vereistes – Gekonsolideerde Finansiële State en Afsonderlike Finansiële State Tesame Voorgelê (“IFRS Accounting Standards as issued by the International Accounting Standards Board”) en Rapporteerbare Onreëlmatigheid: Redelike Voorstellings Nie Beïnvloed Nie

We suggest that reference to the “IRBA Code” should be consistently made by using double quotation marks. The inconsistency in illustrative report 12 has been indicated with yellow highlights in the extract below.

A similar comment applies to the “Grondslag vir Mening” paragraph in illustrative report 7.

“Onafhanklike Ouditeur se Verslag

...

Grondslag vir Mening

Ons het ons audit ooreenkomstig “International Standards on Auditing (ISAs)” uitgevoer. Ons verantwoordelikhede ingevolge daardie standaard word verder beskryf in die Ouditeur se Verantwoordelikhede vir die Oudit van die Finansiële State-afdeling van ons verslag. Ons is onafhanklik van die maatskappy in ooreenstemming met die “Independent Regulatory Board for Auditors” se “Code of Professional Conduct for Registered Auditors (IRBA Code)”, soos van toepassing op die audits van finansiële state van openbare belang entiteite en ander onafhanklikheidsvereistes wat van toepassing is op audits van finansiële state in Suid-Afrika. Ons het ons ander etiese verantwoordelikhede ooreenkomstig die “IRBA Code” en ooreenkomstig ander etiese vereistes wat van toepassing is op audits in Suid-Afrika vervul. Die “IRBA Code” is konsekwent met die ooreenstemmende artikels van die “International Ethics Standards Board for Accountants” se “International Code of Ethics for Professional Accountants (including International Independence Standards)”. ...”