

Imran Vanker  
Director Standards  
Independent Regulatory Board for Auditors  
PO Box 8237  
GREENSTONE  
1616

Per Email: [standards@irba.co.za](mailto:standards@irba.co.za)

14 June 2024

Dear Mr Vanker

**COMMENT LETTER ON THE PROPOSED SOUTH AFRICAN PRACTICE STATEMENT (SAAPS 7)  
Transparency reports of firms that Audit Financial Statements of Public Traded Entities**

Thank you for the opportunity to share with the audit regulator our views of the proposed Transparency reports of firms that Audit Financial Statements of Public Traded Entities (SAAPS 7). We have structured our comment based on the questions asked in the Exposure draft.

Broadly we support the principles behind the proposals and believe they will enable the IRBA in its objective of endeavouring to protect the financial interests of South Africa through the effective and appropriate regulation of assurance services conducted by registered assurance providers in accordance with internationally recognised standards and processes.

Our comments are set out as follows:

- A. Request for specific comments
- B: Detailed comments on the proposed SAAPS

**Question 1:**

<b>Do you agree the proposed SAAPS includes sufficient information to support external parties' understanding of the firm's system of quality management? If no, please provide the additional aspects that the SAAPS should cover.</b>	<b>Comment</b> Yes, we agree that the SAAPS includes sufficient information to support external parties' understanding of quality management.  We do however request that input from business is obtained that there is an understanding of the requirements of ISQM 1 from external parties
---	---

**Question 2:**

<b>Do you agree with having this proposed SAAPS focus on the eight components of a system of quality management, as per ISQM 1 (and ISQM 2)? If no, please provide an alternative approach, or additional areas</b>	<b>Comment</b> Yes, we agree with the approach taken in the SAAPS to focus on the eight components of a SoQM. There however is certain information requested to be disclosed that does not appear to be directly linked to a firm's SoQm.
---	--

**Question 3:**

<b>Do you agree with the proposed effective date of this proposed SAAPS?</b>	<b>Comment</b> Yes.
--	------------------------

**Question 4:**

<b>Are there any other aspects that should be considered by CFAS in finalising this SAAPS?</b>	<b>Comment</b> All references to "Where applicable" and "a firm considers." Should be re-evaluated as the language is confusing and consistency in different firm's transparency reports will not be obtained.
--	---

**Detail comments on the SAAPS:**

1. Par 27 – We agree with this statement in par 27 however is this something that the IRBA is considering for the future? We do not believe it will add any value to the process as the transparency report will be inspected by the inspections department.
2. Par 29 refers –
  - a. "A description of the financial resources in relation to the firm's investment in maintaining and/or improving its system of quality management;" – The wording is unclear on what the requirement or content of a financial resource will be.
  - b. "The firm's reporting on performance against key performance indicators, for assessing the effectiveness of the system of quality management" - Please provide further details on whether this reporting pertains to the Balanced Scorecard (BSC) items related to quality, or if it involves individual key performance indicators used in performance evaluations? Any additional context or examples that could be shared would be greatly appreciated.
  - c. "How the firm ensures a consistent approach to audit quality from all members within the structure." - This would only be possible if the firm is the international / lead entity? How would a member firm in SA ensure consistent quality? Only Global Leading Audit Firms can do this?

3. Par 30 – “The firm’s criteria to identify engagements with entities other than publicly traded entities, where it applies the elevated independence requirements as applicable to these entities” – Please confirm if this is for PIEs if not please provide clarity on which specific entities.
4. Par 32 - How the firm directs, supervises and reviews the work performed by the engagement teams. – Clarity should be provided if this means the responsible engagement director or the firm itself.
5. Par 33
  - a. A description of the firm’s intellectual resources; for example, written policies or procedures; the audit and assurance methodologies applied; industry or subject matter-specific guides; accounting guides; standardised documentation; or access to information sources. – Guidance should be given to clarify if this is all or only significant policies and / procedures? All could be a lot and maybe not all relevant.
  - b. Whether a firm has adequate resources (particularly financial resources) to sustain its operations into the future; - Clarity is needed if this is in line with a going concern analysis? How detail should be provided and how far forward looking and for which period should be covered (12 months / 2 years / 5 years?)
  - c. A description of the firm’s service providers in relation to its human, technological and intellectual resources. - Will the service providers need be named or just described e.g. external EQ reviewers, etc?

We hope you find the above information useful.

Yours faithfully,



Georgia Diedericks CA (SA)  
**Registered Auditor**  
**Director: Risk and Quality**  
SizweNtsalubaGobodo Grant Thornton Inc