**INDEPENDENT REGULATORY BOARD FOR AUDITORS**

**COMMITTEE FOR AUDITING STANDARDS**

**Proposed South African Auditing Practice Statement (SAAPS) 6**

**External Confirmations from Financial Institutions**

Johannesburg / 27 March 2013

The Committee for Auditing Standards (CFAS) a statutory committee of the Independent Regulatory Board for Auditors (IRBA) approved the release of this *Proposed SAAPS 6 (Revised) External Confirmations from Financial Institutions* (proposed SAAPS 6) in March 2013, for exposure for public comment by **15 May 2013**.

The proposedSAAPS 6 replaces the extant SAAPS 1100 *Bank Confirmations* *(*December 2000*)* which will be withdrawn on issue of the final SAAPS 6. This proposed SAAPS 6 addresses and updates matters previously dealt with in SAAPS 1100. This proposedSAAPS 6 may be modified in light of comments received before being issued in final form.

Since the issue of the extant SAAPS 1100 *Bank Confirmations* in 2000, significant changes have occurred globally in the type and diversity of account balances and information for which external confirmations are sought by auditors. In addition rapid technological developments in the financial institutions sector, has led to the increasing use of electronic transacting by financial institutions and their clients. Web-based electronic audit confirmations have been developed that are provided by external service providers, independent of auditors, clients and financial institutions’ computer systems.

This proposed SAAPS 6 provides implementation guidance on an auditor’s use of external confirmation procedures to obtain audit evidence from financial institutions that meets the requirements of the International Standard on Auditing (ISA) 505 *External Confirmations.* The objective of this proposed SAAPS is to assist an auditor when obtaining such external confirmation certificates, either manually or electronically, from a financial institution in South Africa.

The proposed SAAPS 6 includes the following changes:

* The change in the name of the proposed SAAPS 6 reflects the broader nature of financial instruments held by entities, for which an auditor may seek external confirmations.
* Introduces the method for obtaining electronic external confirmations from financial institutions that will ensure that the request is directed immediately to the relevant department / individuals at the financial institution responsible for providing the manual or electronic confirmation certificate that eliminates postal and other delays;
* Replaces the existing Bank Confirmation Request form in SAAPS 1100 with a Confirmation Request Template having nine different categories of Form Types that enable an auditor to complete only those relevant to the balances or information requested for the entity, which is expected to enhance the efficiency and effectiveness of the external confirmation process; and
* **Appendix A**: that contains Illustrative external *Confirmation Request Templates* that include nine different categories of *Form Types* relating to a variety of account balances and financial instruments of an entity that an auditor is most likely to encounter. The *Confirmation Request Templates* are suitable for both manual and electronic confirmation requests and enable flexibility for the auditor in selecting only those forms that are relevant to the external confirmation sought.

**How to Comment**

To ensure that all relevant stakeholders are consulted and to streamline the consultation process, interested and affected stakeholders are invited to submit written comments to the IRBA. All comments will be considered a matter of public record.

Written comments should be submitted to the IRBA by **15 May 2013** preferably byemail to standards@irba.co.za, or on computer disk in MS **Word** format to:

|  |  |
| --- | --- |
| **Ms SD van Esch** Tel: +27 87 940 8871 Fax: +27 86 575 6535  Email: [svanesch@irba.co.za](mailto:svanesch@irba.co.za) This e-mail address is being protected from spambots. You need JavaScript enabled to view it | **Ms N Simons** Tel: +27 87 940 8862  Fax: +27 86 578 0146 E-mail: [nsimons@irba.co.za](mailto:nsimons@irba.co.za) This e-mail address is being protected from spambots. You need JavaScript enabled to view it |

A copy of the exposure draft is available in PDF format and may be downloaded from the IRBA [website](http://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/exposure-drafts-and-comment-letters). Should you have any other queries or experience any technical difficulties in downloading the documents please do not hesitate to contact the Standards Department at phone +27(0)87-940-8800 or email: [standards@irba.co.za](mailto:standards@irba.co.za).

**Sandy van Esch**

**Director: Standards**

***About the IRBA***

*The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.*

*The CFAS assists the IRBA to develop and maintain auditing pronouncements which are internationally comparable.*