
INDEPENDENT REGULATORY BOARD FOR AUDITORS
COMMITTEE FOR AUDITING STANDARDS

**Consultation Paper - Enhancing Disclosures in the Auditor's Reports in South Africa:
Addressing the Needs of Users of Financial Statements**

Invitation to respond to Consultation

Johannesburg / 17 June 2021

The Independent Regulatory Board for Auditors' (IRBA) Committee for Auditing Standards (CFAS) approved the release of the Consultation Paper - *Enhancing Disclosures in the Auditor's Reports in South Africa: Addressing the Needs of Users of Financial Statements* (this Consultation Paper), for public consultation **until 15 September 2021**.

The purpose of this Consultation Paper is for the CFAS to gather perspectives from stakeholders about the need and options for additional disclosures in the independent auditor's report for an audit of financial statements. The information collected will help make informed decisions about possible outcomes that arise from the consultation in the public interest.

Audit quality and the restoration of public confidence in the audit is the focus of the IRBA audit reform strategy. The audit report is a key communication tool between the auditor and stakeholders, and for many stakeholders, an auditor's report may be the only communication with the auditor. Therefore, enhancing the value of the audit report as a communication tool could increase confidence in audits, and contribute to enhancing audit quality. Audit regulators and national standard setters around the world have similar objectives at this time, and some proposals discussed in this Consultation Paper are also being explored in other jurisdictions.

At this stage, the CFAS is not committing to any specific outcomes of this Consultation Paper and is canvassing ideas on how to enhance transparency in auditor reporting and address the needs of stakeholders that may be in the public interest. This research and other strategic considerations will inform the view about the matters that the CFAS or other IRBA structures need to address.

The Consultation Paper discusses additional disclosures that have been drawn from developments in other jurisdictions and auditor's reports that are in the public domain; and it also seeks to explore the usefulness, benefits and drawbacks of the additional disclosures. These include:

- Disclosures about the audit scope and materiality.
- Disclosures about the audit effort related to irregularities, including fraud.
- Disclosures about the audit effort in relation to going concern.
- Disclosures relating to Key Audit Matters.
- Disclosures about fees and non-audit services.
- Disclosures about the entity's classification as a public interest entity.
- Disclosures about prior year misstatements.
- Disclosures about the threshold of unadjusted misstatements.

The IRBA is inviting stakeholders to provide feedback to the Consultation Paper, using the easy to complete form, [which can be accessed by clicking this link](#). We would like to hear from investors, shareholder representatives, directors, preparers, members of audit committees and oversight structures, academics, researchers as well as practitioners and their firms. We would also welcome inputs from professional bodies and other regulators from within South Africa and around the world.

Should stakeholders wish to submit comments through a comment letter and not the form indicated above, they may submit comments in both Word and PDF formats to the Director Standards, Imran Vanker, at standards@irba.co.za and the response template (which can be [accessed by clicking this link](#)) should be used.

This Consultation Paper may be downloaded from the [IRBA website](#). Should you have any further queries, please do not hesitate to contact the Standards Department by emailing standards@irba.co.za.

Imran Vanker

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 statutory responsibility of the CFAS is to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; to consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and to promote and ensure the relevance of auditing pronouncements.