

28 February 2019

Imran Vanker
Director: Standards
Independent Regulatory Board for Auditors
standards@irba.co.za

Dear Imran

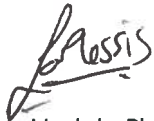
DELOITTE RESPONSE TO REQUEST FOR COMMENTS ON THE PROPOSED SOUTH AFRICAN AUDITING PRACTICE STATEMENT (SAAPS) 3 (REVISED 2019), ILLUSTRATIVE REPORTS

We appreciate the opportunity to provide our comments on the proposed revised guide.

We include one annexure to this letter, Annexure A: Response to request for specific comments.

We would be pleased to discuss our letter with you or your staff at your convenience. If you have any questions, please do not hesitate to contact Liezl du Plessis at 012 482 0126 or 082 374 2765.

Yours faithfully



Liezl du Plessis
Deloitte & Touche
Partner

Annexure A: Response to request for specific comments

The Explanatory Memorandum requests for comments on specific aspects of the proposed SAAPS. These comments are provided in the table below.

Reference to the proposed SAAPS	Comments
1. Do you agree with the recommended effective date?	Yes, there is no requirement for an implementation period.
2. Do you believe that the new format of this proposed SAAPS enhances navigation and ease of use? If not, why? Please suggest an alternative approach.	Yes, the contents page relocated to the front of SAAPS makes it easier to navigate.
3. Do you agree with the new or amended illustrative auditor's reports included in this proposed SAAPS?	Yes, except for the comment to report 26 below, we agree with the amendments to the reports. We have a comment to the following report: - Amended – Illustrative auditor's report 26, an ' <i>other matter</i> ' paragraph should be added to inform the user that the corresponding figures are unaudited, in accordance with ISA 710 paragraph 19.
4. Do the illustrative auditor's and independent reviewer's reports contained in this proposed SAAPS provide adequate examples of illustrative auditor's and independent reviewer's reports that provide practical assistance to auditors when reporting on financial statements in accordance with the requirements of the International Standards on Auditing (ISAs) and the International Standards on Review Engagements (ISREs) in compliance with South African jurisdictional requirements? If not, why? Please provide details of any further illustrative auditor's and independent reviewer's reports you believe should be deleted, amended and/or added to Part B of this proposed SAAPS.	Yes, the examples are adequate.
5. Do you believe that the guidance provided in Note 8 to Part A of this proposed SAAPS provides helpful guidance on determining other information as defined in ISA 720 (Revised) in the South African context? If not, why? Please suggest what further guidance is necessary in the South African context.	Yes, the guidance is clear and comprehensive.
6. Do you agree that the IRBA Staff Practice Alert can be withdrawn by the IRBA when the final SAAPS 3 (Revised 2019) becomes effective? If not, why?	Yes, all the guidance that was previously included in the Staff Audit Practice Alert has now been included in SAAPS 3.

<p>7. Considering the requirements of ISA 720 (Revised), do you believe the practice of the Auditor-General of South Africa is appropriate? If not, why?</p>	<p>We do not entirely agree with the practice/interpretation of the Auditor-General of South Africa. We understand from the Auditor-General of South Africa that it is able to prescribe how ISA 720 (Revised) is to be applied by auditors in audits of public sector entities in South Africa. We do not express a view regarding this particular aspect, and are guided by the Auditor-General of South Africa in this regard. However, solely considering the requirements of ISA 720 (Revised), our view is that the selected performance objectives included in public entities' annual performance report constitute 'other information' in terms of the auditing standard. We are further of the view that it is not desirable to have differing practices in the public and private sectors, due to the heightened risk of misunderstandings by users of audit reports regarding auditors' responsibilities relating to 'other information'.</p>
<p>8. Because of the different effective dates of the parts in both the IRBA Code and IESBA Code, do you agree with the conclusion reached by the CFAS to provide for two options (transitional period and period going forward) for the wording to be included in this proposed SAAPS?</p>	<p>Yes, we agree that this approach would provide better guidance to auditors.</p>
<p>9. Do you agree with the wording used to describe the periods to which each of the options relate, as follows:</p> <ul style="list-style-type: none"> • <i>Transitional period</i>: For auditor's reports issued on or after 15 June 2019 in respect of audits of financial statements for financial periods beginning before or on 14 June 2019; and • <i>Period going forward</i>: For audits of financial statements for financial periods beginning on or after 15 June 2019? 	<p>Yes, we agree with the wording.</p>
<p>10. Do you agree with the wordings and the descriptions of the parts of both the extant IRBA and IESBA Codes and the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) used in the Basis for Opinion section of the illustrative auditor's reports?</p>	<p>Yes, we agree with the wording.</p>
<p>11. Do you agree with the conclusion reached by CFAS on not requiring a reference to the FRPs in the auditor's and independent reviewer's reports? If not, please provide your views, including your reasons for disagreement.</p>	<p>Yes, we agree with this conclusion.</p>

