



15 September 2021

Imran Vanker  
Director: Standards  
Independent Regulatory Board for Auditors  
Building 2, Greenstone Hill Office Park,  
Emerald Boulevard,  
Modderfontein

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

Dear Imran,

**SUBMISSION ON THE ENHANCED DISCLOSURES IN THE AUDITOR'S REPORTS IN SOUTH AFRICA CONSULTATION PAPER**

Thank you for the opportunity to provide comments on the proposed enhancements to disclosures in the auditor's reports in South Africa consultation paper.

In general, we believe the proposed enhancements, if disclosed simply and concisely, can narrow elements of the expectation gaps that currently exist between the users of the financial statements and auditors. However significant consideration must be given to the level and type of detail requested to avoid the information becoming boiler plate and technical, thereby losing its intended value to the users of the financial statements.

Below are responses to the specific questions raised on the proposals, should there be any further questions please feel free to contact Simonet Terblanche at [Simonet.Terblanche@firstrand.co.za](mailto:Simonet.Terblanche@firstrand.co.za).

**Respondent Information**

<b>Respondent type</b> <i>Please select the capacity in which you are responding.</i>	Firm
<b>Organisation Name</b> <i>If you answered "Individual", please write "Private".</i>	FirstRand
<b>Full Name</b>	Simonet Terblanche
<b>Job Title</b>	Group Finance Head
<b>Email Address</b>	<a href="mailto:Simonet.Terblanche@firstrand.co.za">Simonet.Terblanche@firstrand.co.za</a>

**Question 1**

Do you believe that additional disclosures in the auditor’s report about the scope of the audit would be useful in enhancing the understanding of the audit that was performed?

	Very useful	Useful	Somewhat useful	Not useful	No particular view
Scope of the audit. Refer to section A	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.

The majority of the proposed enhancements have the potential to provide valuable insights to the users of the financial statements if it is explained simply and concisely. Complex, long and technical explanations would not be understood by many readers.

If done simply, it can assist to narrow the significant expectation gap that currently exists between what the parameters are within which an audit is conducted, and an audit opinion arrived at, versus what certain users of financial statements think/expect an audit covers and the type of assurance provided. Providing more disclosure around the scope of the audit should serve to decrease this expectation gap.

Further as an audit can never provide 100% substantiation for all balances on the annual financial statements, this disclosure may provide useful insight to stakeholders and can assist in understanding the depth and breadth of the audit whilst highlighting to the reader the “risk-based approach” used.

Potential drawbacks are as follows:

It’s unclear how much more value detailed scoping information would provide without formal assurances provided on those. For example, scoping debates on control vs. substantive approaches without a formal opinion on control effectiveness doesn’t naturally increase level of confidence in the audit work. Therefore, guidance on the level of detail required to be disclosed is critical to avoid getting into this level of detail, which would be very time consuming and would probably not be understood by readers that do not have a finance and audit background.

The appropriateness of the audit process is already discharged to the audit committee for oversight and without an appropriate level of detail and context accompanying further disclosure may impair the

overall purpose of the financial statements. The governance process should be relied upon to discharge the required responsibility and disclosure should not attempt to duplicate the governance processes.

Audit standards although applied specifically to individual entities, should have minimum quality assurances and guidelines that can be applied consistently which is not a matter for individual financial statements and which are regulated by oversight bodies. Again, disclosure should not be used to duplicate regulation or to address ineffective oversight.

### Question 2

Do you believe that disclosing the materiality threshold applied, and an explanation of significant judgements made by the auditor in determining materiality for the audit in the auditor's report, would be useful in enhancing the understanding of the audit that was performed?

	Very useful	Useful	Somewhat useful	Not useful	No particular view
Materiality threshold applied, and an explanation of significant judgements made by the auditor in determining materiality for the audit. Refer to section A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.

The materiality level is a relative measure of the size and risk of a specific entity and not comparable in absolute terms. It can also be different and influenced by subjective matters as well as factors that audit do not express a specific opinion on.

There is potential risk that users perceive materiality as an absolute comparability and a level of inherent risk which might not be the case. Information that should be included such as factors that influence the determination of materiality, could however be useful and should be linked to qualitative scope factors. This can evidence and articulate the adaptability of the audit process to relevant matters impacting the financial statements.

There is also a challenge between quantitative materiality vs. qualitative materiality with the latter far more difficult to standardise and evidence through disclosure alone and may require non-public relevant information to make it meaningful and understandable.

### Question 3

Do you believe that the disclosure of performance materiality in the auditor's report would be useful in enhancing the understanding of the audit that was performed?

	Very useful	Useful	Somewhat useful	Not useful	No particular view
Performance materiality. Refer to section A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

A key concept for using performance materiality is to ensure that the scope of the audit is such that the auditor performs sufficient testing to reduce the aggregation risk of undetected misstatements to an appropriate level.

An auditor can also apply specific performance materiality to classes of transactions, account balances or disclosure. In principle the value in performance materiality is the allocation of values to all segments/units of audit across the entity or group. The user of the financial statements will therefore need exhaustive context and detail to be able to draw insights from the information. This level of disclosure will require significant volume that in turn will reduce the usability of the financial statements as a whole.

### Question 4

Do you believe that additional disclosures in the auditor's report that explain the extent to which the audit was considered capable of detecting irregularities, including fraud, would be useful in enhancing the understanding of the audit that was performed?

	Very useful	Useful	Somewhat useful	Not useful	No particular view

Explanation of the extent to which the audit was considered capable of detecting irregularities, including fraud. Refer to section B	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>Please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as any suggestions you may have.</u></p> <p>It would be useful to address the expectation gap that currently exist in this regard as the auditor will be able to explain the scope of the audit with regards to irregularities, including fraud (those that impact the financial statements) to the user to provide full context.</p> <p>The enhancements proposed only disclose the methodology applied in terms of the approach. The customisation of disclosure in relation to procedures performed for the detection of irregularities, including fraud might become boilerplate and not achieve the objective.</p> <p>In a highly regulated industry, there are often regulatory breaches and ongoing remediation. It might be valuable to consider a concept similar to the Financial Controls Attestation around disclosure by management to the audit committee and auditors where irregularities took place and remedial action are ongoing and therefore only requiring omissions to be highlighted by the auditors.</p> <p>Alternatively, this could be provided as a positive type of attestation instead of explaining specific matters, this may achieve the same result with less content for the users to consume, resulting in the insight being concise and valuable.</p> <p>There are however significant drawbacks around the practicality of this disclosure. When considering larger entities where there are numerous laws and regulations that are applicable, the proposed disclosures will require information that may result in lengthy reports that the user cannot be reasonably expected to consume. The disclosures proposed require a fair amount of sensitive information that will not necessarily serve the users or the organisation.</p> <p>Further all these matters will have to be assessed for materiality as it is only material information that is relevant in the user's decision making; this could result in the finalisation of the audit process being delayed as management and the auditor grapple with these issues.</p>					

Consideration must also be made on how parity will be achieved across different organisations should this proposal be implemented.

**Question 5**

Do you believe that disclosures in the auditor’s report about how the auditor evaluated management’s assessment of the entity’s ability to continue as a going concern and, where relevant, key observations arising with respect to that evaluation would be useful in enhancing the understanding of the audit that was performed?

	Very useful	Useful	Somewhat useful	Not useful	No particular view
How the auditor evaluated management’s assessment of the entity’s ability to continue as a going concern and, where relevant, key observations. Refer to section C	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>

Please provide your reasons and indicate where applicable, what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.

The auditor completes work around going concern as part of their audit already and one of the most important aspects of the audit opinion is the auditor’s view on the going concern assumption of an organisation. Additional disclosure would enable a user of financial statements to assess whether this very important aspect has been appropriately considered by the auditor in a robust manner.

However, these levels of disclosure may only be relevant in some entities, for banks and other regulated financial entities these are technically complemented through assurances already provided under separate regulatory oversight.

A notable drawback is that these are often very technical, and information provided will be targeted only to specific users.

**Question 6**

Do you believe that a conclusion (i.e. a positive statement) that management's use of the going concern basis of accounting in the preparation of the entity's financial statements is appropriate should be included in the auditor's report?

	Yes	Maybe	No	No particular view
Conclusion (i.e. a positive statement) that management's use of the going concern basis of accounting is appropriate. Refer to section C	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.

As going concern is predictive it may be challenging to expect the auditor to give a separate opinion on this matter. Despite appropriate increased disclosure on the scope, procedures and judgements applied by the auditor in the process to conclude an opinion on the financial statements, it cannot be expected to provide sub-opinions on certain elements as the financial statements should be read as a whole and that is what the auditor should opine on.

The uncertainty of going concern is well captured in the example provided.

'Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant section of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or Group's ability to continue as a going concern.'

### Question 7

Where there is a material uncertainty related to going concern, do you believe that procedures specific to the auditor's response to the material uncertainty related to going concern should be disclosed in the auditor's report?

	Yes	Maybe	No	No particular view

Procedures specific to the auditor's response to a material uncertainty related to going concern. Refer to section C	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p><u><i>please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.</i></u></p> <p>Making a statement of material uncertainty is one that the auditor will not make lightly and likely to be contested by the organisation if they disagree with the audit opinion on this matter. Describing the procedures performed will not add to the flagging of this risk to users of the financial statements, unless the organisation disagrees with the assessment.</p> <p>Further, if the procedures and judgements as suggested in the audit scope and materiality section is included in sufficient detail, then there would be no need for this additional disclosure. There would be sufficiently clear disclosures relating:</p> <ol style="list-style-type: none"> <li>1) There is uncertainty that the entity is a going concern.</li> <li>2) There is already disclosure around how the auditor got to this conclusion.</li> </ol> <p>With the above items the stakeholders would therefore have been sufficiently informed that the auditor has performed procedures described and concluded that there is uncertainty around the entity continuing as a going concern. Therefore, any additional disclosure will not, and should not, provide any further comfort to shareholders.</p>				

**Question 8**

Where the auditor concludes that no material uncertainty related to going concern has been identified, would a statement that the auditor has not identified a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue be useful to you as a user?					
	<b>Very useful</b>	<b>Useful</b>	<b>Somewhat useful</b>	<b>Not useful</b>	<b>No particular view</b>
A statement that the auditor has not identified a material uncertainty related to events or conditions that, individually or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>



collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue. Refer to section C					
<p><u><i>please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.</i></u></p> <p>Disclosures relating to an entity's ability to continue as a going concern, whether an uncertainty has been identified or not, must remain the responsibility of the directors for reasons mentioned above.</p>					

**Question 9**

Are there any other matters related to going concern that you believe should be disclosed in the auditor's report?				
	<b>Yes</b>	<b>Maybe</b>	<b>No</b>	<b>No particular view</b>
Any other matters related to going concern that you believe should be disclosed in the auditor's report. Refer to section C	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Please provide the details and where applicable, the benefits and drawbacks of disclosure of such matters, as well as any suggestions you may have.

None.

### Question 10

Do you believe that auditor's reports, other than on listed entities and where law or regulation requires the application of ISA 701, should disclose KAMs?

	Other PIEs	All Entities	No	No particular view
KAMs in auditor's reports other than on listed entities and where law or regulation requires the application of ISA 701. Refer to section D	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

please explain your reasons for the answer to this question and where applicable, specify the type of entity for which you believe the auditor's reports should disclose KAMs, as well as any suggestions you may have.

This consideration should be broader than only KAMs. It is unclear if all the above and below questions will be applicable to all entities or only listed entities or PIEs. It would be inappropriate to have all this additional disclosure for private entities or all entities.

There is value in assessing improved disclosures for entities other than listed entities (medical schemes being a great example of relevant additional disclosure), but not for all entities. The cost associated with this level of disclosure for simple entities will far outweigh the benefit of such onerous disclosure. Principles should be defined that guide the auditor around the extent to which the users of the financial statements are at risk and therefore will benefit from additional disclosure.

### Question 11

In your view, are descriptions of the outcome of audit procedures or key observations with respect to Key Audit Matters useful in understanding the KAM?

	Very useful	Useful	Somewhat useful	Not useful	No particular view
Descriptions of the outcome of audit procedures or key observations with respect to Key Audit Matters. Refer to section D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><i><u>please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.</u></i></p> <p>It would be useful for the user of the financial statements to understand what the outcome of the audit procedures were, however, there should be caution around overloading the users with excessive information. There is a real concern about the usability of the financial statements if these become too detailed and as such a suggestion is to provide some guidance around material adverse outcomes of procedures rather than all procedures.</p>					

**Question 12**

Do you believe it is beneficial to stakeholders to have visibility of the professional relationships between an audit firm and the audit client for audits of entities that are <b>not</b> PIEs?				
	Yes	Maybe	No	No particular view
Visibility of the professional relationships between an audit firm and the audit client for audits of entities that are not PIEs. Refer to section E.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please provide your reasons. Where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder and specify for which types of entities should the disclosure of such professional relationships be. Also indicate any suggestions you may have.

This provides users with specific information to independently inform auditor independence and allows for transparency in the audit committees' governance standards with respect to this. Although, it must be noted that the bar for PIE entities is so low that it really is only very small entities that are referred to as not PIEs. The number of stakeholders is limited, and the risk is therefore reduced.

To assist in reducing the reporting burden on those PIEs where the costs of disclosure would outweigh the benefit, a metrics may be introduced where the disclosure is only required from PIEs with a certain score or level.

**Question 13**

If the answer to question 12 is "yes" or "maybe", do you believe this should be disclosed in the auditor's report?

	Yes	Maybe	No	No particular view
Disclosure of professional relationships in the auditor's report. Refer to section E.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Please provide your reasons. Where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder or provide alternative mechanisms for such disclosure.

It should not be disclosed as part of the auditor's report but can be included in the financial statements and referenced in the audit report.

**Question 14**

Do you believe the auditor's report is an appropriate mechanism to disclose the matters described in (a), (b), (c) and (d) in paragraph 65 in relation to fees?

	Yes	Maybe	No	No particular view
Auditor's report an appropriate mechanism to disclose the matters described in (a), (b), (c) and (d) in paragraph 65. Refer to section E	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i><u>please provide your reasons. Where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder or provide suggestions on other possible mechanisms to achieve such disclosure, including the benefits and the drawbacks.</u></i>				
It should not be disclosed as part of the auditor's report but can be included in the financial statements and referenced in the audit report.				

**Question 15**

Do you believe the auditor's report is an appropriate mechanism to disclose whether an entity has been classified as a PIE or not?				
	Yes	Maybe	No	No particular view
Disclosure of whether an entity has been classified as a PIE or not in the auditor's report. Refer to section F	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i><u>please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.</u></i>				
<i><u>If not, please provide reasons and suggestions on other appropriate mechanisms:</u></i>				
The entity should perform this assessment (for example to understand the need for auditor rotation etc.) and could disclose it as such. The auditor report should be to indicate audit scope, judgements and procedures not to provide information on behalf of the company.				

**Question 16**

Do you believe that when prior period financial statements that are misstated have not been amended and an auditor's report has not been reissued, but the corresponding figures have been properly restated or appropriate disclosures have been made in the current period financial statements, the matter should in all cases be described in the auditor's report?

	Yes	Maybe	No	No particular view
Description in the auditor's report when prior period financial statements that are misstated have not been amended and an auditor's report has not been reissued, but the corresponding figures have been properly restated or appropriate disclosures have been made in the current period financial statements. Refer to section G	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.

The disclosure provided by the company in the financial statements should provide sufficient information on the restatement. It is important to note that the primary responsibility for disclosure to shareholders and other stakeholders remains the responsibility of the company and not that of the auditors. If the information disclosed is not sufficient then the auditor should amend its report, but the audit report cannot become the primary source of disclosure.

Where such disclosure is made in the auditor's report, whether mandated or not, do you believe that tailored descriptions of the audit procedures performed, and key observations made by the auditor regarding prior year material misstatements, would be useful in enhancing the understanding of how the auditor addressed the matter?

No, the purpose of financial statements or integrated reporting is not to provide a platform to assess whether the procedures completed by auditors are sufficient/appropriate.

**Question 17**

Where such disclosure is made in the auditor's report, whether mandated or not, do you believe that tailored descriptions of the audit procedures performed, and key observations made by the auditor regarding prior year material misstatements, would be useful in enhancing the understanding of how the auditor addressed the matter?

	Very useful	Useful	Somewhat useful	Not useful	No particular view
Tailored descriptions of the audit procedures performed, and key observations made by the auditor regarding prior year material misstatements. Refer to section G	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

*please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.*

No, the purpose of financial statements or integrated reporting is not to provide a platform to assess whether the procedures completed by auditors are sufficient/appropriate.

### Question 18

Do you believe the disclosure of the threshold of unadjusted misstatements in the auditor's report would be useful in further enhancing transparency by auditors?

	Very useful	Useful	Somewhat useful	Not useful	No particular view
Do you believe the disclosure of the threshold of unadjusted misstatements in the auditor's report would be useful in further enhancing transparency by auditors? Refer to section H	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

*Please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.*

In line with the reasoning to not disclose the value of materiality, the threshold of unadjusted misstatements should likewise not be disclosed. These disclosures have the potential to be

misunderstood as the users of the financial statements may be biased towards the view expressed by the auditor without managements views being given equal audience. The consequences can be significant as users base their decisions on information that does not necessarily depict a complete view. This is further exacerbated by the fact that the distinction between judgemental and factual misstatements no longer exists, this disclosure has the potential to be misunderstood by the users of financial statements. It may also the lack the correct amount of detail to reach informed conclusions.

**Question 19**

In relation to the matters described in sections A, B, C, G and H in the Consultation Paper, if applicable, would you please indicate for which types of entities these disclosures should be made? Your response should be in the format set out below (tick where appropriate and provide your reasons, including benefits and drawbacks, in the comment box).

Details	All entities	PIEs only	Listed entities only	Other (Please explain)	Disclosure should not be made at all (Please explain)
<b>Extending the disclosures of the audit scope</b>  <i>Refer to section A</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Comments:</u>  To assist in reducing the reporting burden on those PIEs where the costs of disclosure would outweigh the benefit, a metrics may be introduced where the disclosure is only required from PIEs with a certain score or level.					
<b>Materiality</b>  <i>Refer to section A</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Comments:</u>  Materiality level is a relative measure of the size and risk of a specific entity and not comparable in absolute terms. It can also be different and influenced by subjective matters as well as factors that audit do not express specific an opinion on.  There is potential risk that users perceive materiality as an absolute comparability and a level of inherent risk which might not be the case. Information that should be included such as,					



	factors that influence the determination of materiality, could however be useful and should be linked to qualitative.				
<b>Performance materiality</b> <i>Refer to section A</i>					✓
	<p><u>Comments:</u></p> <p>A key concept for using performance materiality is to ensure that the scope of the audit is such that the auditor performs sufficient testing to reduce the aggregation risk of undetected misstatements to an appropriate level.</p> <p>An auditor can also apply specific performance materiality to classes of transactions, account balances or disclosure. In principle the value in performance materiality is the allocation of values to all segments/units of audit across the entity or group. The user of the financial statements will therefore need exhaustive context and detail to be able to draw insights from the information. This level of disclosure will require significant volume that in turn will reduce the usability of the financial statements as a whole.</p>				
<b>Enhancing the disclosure of the audit effort related to irregularities, including fraud</b> <i>Refer to section B</i>		✓	✓		
	<p><u>Comments:</u></p> <p>A suggestion is to only include PIEs above a certain level or score.</p>				
<b>Enhancing the disclosure of the audit effort related to going concern</b> <i>Refer to section C</i>		✓	✓		
	<p><u>Comments:</u></p> <p>To assist in reducing the reporting burden on those PIEs where the costs of disclosure would outweigh the benefit, a metrics may be introduced where the disclosure is only required from PIEs with a certain score or level.</p>				
<b>Auditor's report disclosures arising from prior year misstatements</b> <i>Refer to section G</i>					✓
	<p><u>Comments:</u></p> <p>The disclosure provided by the company in the financial statements should provide sufficient information on the restatement. It is important to note that the primary responsibility</p>				

	for disclosure to shareholders remains the responsibility of the company and not that of the auditors. If the information disclosed is not sufficient then the auditor should amend its report, but the audit report cannot become the primary source of disclosure.			
<b>Disclosure of the reporting threshold unadjusted misstatements</b>  <i>Refer to section H</i>				✓
	<u>Comments:</u>  In line with the reasoning to not disclose the value of materiality, the threshold of unadjusted misstatements should likewise not be disclosed. These disclosures have the potential to be misunderstood as the users of the financial statements may be biased towards the view expressed by the auditor without managements views being given equal audience. The consequences can be significant as users base their decisions on information that does not necessarily depict a complete view. This is further exacerbated by the fact that the distinction between judgemental and factual misstatements no longer exists, this disclosure has the potential to be misunderstood by the users of financial statements. It may also the lack the correct amount of detail to reach informed conclusions.			
<u>Please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.</u>				

**Question 20**

Other than those proposals discussed in sections A to I in the Consultation Paper, are there more matters that can be disclosed by auditors in the auditor's report for an audit of financial statements?				
	<b>Yes</b>	<b>Maybe</b>	<b>No</b>	<b>No particular view</b>
More matters that can be disclosed by auditors in the auditor's report.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Please provide your reasons and where applicable, indicate what the benefits and drawbacks would be to you as a stakeholder, as well as any suggestions you may have.

Proposed disclosures agreed to above and those already included in current audit reports are sufficient to provide users of the financial statements with information necessary to enable their decision making.

**Question 21**

Should there be prescribed standards or a rule that will mandate additional disclosures in the auditor's report? If not, please provide your reasons.

	Yes	Maybe	No	No particular view
Prescribed standards or a rule that will mandate additional disclosures in the auditor's report.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please provide your reasons and where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder, as well as any suggestions you may have.

Selected aspects of the detail proposed should be linked to risk. In instances where there has been an emphasis of matter or qualification, then more detail can be provided. For example, to list all the laws and regulations should be required only where a high level of risk has been identified or if there has been significant non-compliance. It is therefore a suggestion to have this disclosure more on exception and risk basis than a standard for all audits.

**Question 22**

Is there a need to develop a structure or framework within which to accommodate currently envisaged but also future changes to auditor's report contents?

	Yes	Maybe	No	No particular view

A need to develop a structure or framework within which to accommodate currently envisaged but also future changes to auditor's report contents.	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>Please provide your reasons. Where applicable, indicate what the benefits and drawbacks of such disclosures would be to you as a stakeholder and explain what the elements of such a framework would be. Also provide any suggestions you may have.</u></p> <p>Not specifically, but there should always be an invitation for public comment which allows for broader engagement.</p>				