

Template for Respondents

Respondent Information

Respondent type <i>Please select the capacity in which you are responding.</i>	Firm
Organisation Name <i>If you answered "Individual", please write "Private".</i>	Standard Bank Group (SBG)
Full Name	Desmond Oosthuizen
Job Title	Head: Group Financial Accounting and Control
Email Address	Desmond.Oosthuizen@standardbank.co.za

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 type="checkbox"/>	<input type="checkbox"/>	✓
<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>					
While, we agree 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 and don't foresee any drawbacks of such disclosure to us as preparers of financial statements, it is important to not clutter the financial statements and to ensure information disclosure is relevant and useful to the understanding of users of financial statements.					

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.

We disagree that disclosing the materiality threshold applied would be useful in enhancing the understanding of the audit that was performed. We agree however that an explanation of significant judgements made by the auditor in determining materiality for the audit in the auditor's report could potentially be useful in enhancing the understanding of the audit that was performed.

We did not identify additional benefits and drawbacks of disclosures that provide an explanation of significant judgements made by the auditor in determining materiality for the audit in the auditor's report to us as preparers of financial statements.

Should the auditor's materiality threshold be disclosed, auditors would be applying International Standards on Auditing (ISA) in determining this materiality threshold, while preparers of financial statements would be applying the principles of International Financial Reporting Standards (IFRS), including the application of management's judgement, in determining materiality. Management materiality could therefore differ from audit materiality.

From an IFRS perspective, there is no requirement for preparers to disclose the IFRS materiality utilised in the financial statement preparation. Disclosing the materiality threshold applied by the auditor could result in unattended consequences, such as the differences between ISA materiality and IFRS materiality needing to be explained.

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"/>
<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>					
We disagree that disclosure of performance materiality in the auditor's report would be useful in enhancing the understanding of the audit that was performed in line with points raised in our response to question 2 above.					

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<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>					
We agree 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. We don't foresee any drawbacks of such disclosure to us as preparers of financial statements. However, it is important to not clutter the financial statements and to ensure information disclosure provide is relevant and useful to the understanding of users of financial statements.					

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.

Internally management performs an in depth and detailed going concern assessment with regards to the annual financial statements and this assessment is audited by our external auditor. Therefore, we don’t foresee any drawbacks of providing a summary how the external auditor evaluated managements assessment. It is important to note that management’s going concern assessment may in certain instances contain non-public price sensitive information and as such any key observations made by the external auditors on the evaluation align to disclosures and observations already made by the management team about business prospects.

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 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.

We agree 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 may provide valuable information. It is however important that the user of the financial statements understands the external auditors obligations surrounding the testing of the going concern assumption and that this positive statement does not indicate that the external audit firm is giving a commitment to the entities 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 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.

Whilst we have no objections to, where there is a material uncertainty related to going concern, procedures specific to the auditor's response to the material uncertainty related to going concern being disclosed in the auditor's report, as mentioned in Question 5, there may be price sensitive information provided in the going concern assessment and it is important that the disclosure only provide additional information surrounding the additional procedures undertaken by external audit rather than any specifics about the actual going concern assessment.

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?

	Very useful	Useful	Somewhat useful	Not useful	No particular view
A statement that the auditor has not identified a material uncertainty	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>

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. Refer to section C					
--	--	--	--	--	--

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.

Where the auditor concludes that no material uncertainty related to going concern has been identified, we believe that the proposal to add a requirement that a statement to such effect may be disclosed in the auditor's report. It is however important that the user of the financial statements understands the external auditors obligations surrounding the testing of the going concern assumption and that this additional statement does not indicate that the external audit firm is giving a commitment to the entities ability to continue as a going concern.

Question 9

Are there any other matters related to going concern that you believe should be disclosed in the auditor's report?

	Yes	Maybe	No	No particular view
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.

There are no other matters related to going concern that we believe should be disclosed in the auditor's report.

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"/>	<input checked="" type="checkbox"/>
<i>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.</i>				
We don’t have a specific view on this requirement, since KAMs are already included in the auditor’s report in our annual financial statements, as SBG is a listed entity.				

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"/>
<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>					
We agree that descriptions of the outcome of audit procedures or key observations with respect to KAMs are useful in understanding the KAM.					

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 not 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><i>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.</i></p> <p>We agree that it is beneficial to stakeholders to have visibility of the professional relationships between an audit firm and the audit client, regardless of whether the audit client is a PIE or not as this is best practice and in line with requirements of the board for an auditor to be independent and to limit the auditor's self-review, familiarity and other threats to the auditor's independence.</p>				

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 type="checkbox"/>
<p><i>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.</i></p> <p>Yes we agree that this should be disclosed in the auditor's report, in line with points raised in our response to question 12 above.</p>				

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 type="checkbox"/>
<i>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.</i>				
Yes we agree that this should be disclosed in the auditor's report, in line with points raised in our response to question 12 above.				

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 type="checkbox"/>	✓
<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>				
We do not have a specific view on whether the auditor's report is an appropriate mechanism to disclose whether an entity has been classified as a PIE or not, however we do not have any objections to this disclosure being included as part of the auditor's report.				
<i>If not, please provide reasons and suggestions on other appropriate mechanisms:</i>				
N/A				

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.

No, we disagree, this should not be disclosed in the auditor's report.

- a) We have not identified any benefits of this disclosure being included in the auditor's report.
- b) We do not believe including disclosure of misstated prior period financial statements in the auditor's report resolves the underlying issue of why a misstatement has occurred and any resultant non-compliance with IFRS principles. In line with points raised in our response to question 2 above, the disclosure to be provided in the auditor's report are based on ISA, whereas misstatements could occur for various reasons, including non-compliance with IFRS principles.

Where necessary, the IFRS requirements require preparers of financial statements to provide details surrounding restatements. The JSE also has specific requirements surrounding restatements.

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.

We disagree that tailored descriptions of the audit procedures performed, and key observations made by the auditor regarding prior year material misstatements, would be useful in all instances enhancing the understanding of how the auditor addressed the matter, in line with points raised in our response to question 16 above. The audit firm would be required to determine whether the restatement would be a key audit matter for which additional disclosure surrounding the audit procedures would be required.

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.

We disagree that the disclosure of the threshold or details relating to this threshold of unadjusted misstatements in the auditor's report would be useful in further enhancing transparency by auditors.

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)
Extending the disclosures of the audit scope <i>Refer to section A</i>					
	<u>Comments:</u> We do not have a specific view for which types of entities these disclosures should be made.				
Materiality <i>Refer to section A</i>					
	<u>Comments:</u> We do not have a specific view for which types of entities these disclosures should be made.				
Performance materiality <i>Refer to section A</i>					
	<u>Comments:</u> We do not have a specific view for which types of entities these disclosures should be made.				
Enhancing the disclosure of the audit effort related to irregularities, including fraud <i>Refer to section B</i>					
	<u>Comments:</u> We do not have a specific view for which types of entities these disclosures should be made.				
Enhancing the disclosure of the audit effort related to going concern <i>Refer to section C</i>					
	<u>Comments:</u> We do not have a specific view for which types of entities these disclosures should be made.				

Auditor's report disclosures arising from prior year misstatements <i>Refer to section G</i>	<u>Comments:</u> We do not have a specific view for which types of entities these disclosures should be made.
--	--

Disclosure of the reporting threshold unadjusted misstatements <i>Refer to section H</i>						<u>Comments:</u> We do not have a specific view for which types of entities these disclosures should be made.
<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>						
N/A						

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?				
	Yes	Maybe	No	No particular view
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"/>
<u>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.</u>				
In relation to matters, other than those proposals discussed in sections A to I, we do not have a specific view of more matters that should be disclosed in the auditor's report for an audit of financial statements.				

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 checked="" type="checkbox"/>	<input 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.

We believe that prescribed standards or rules on additional disclosures in the auditor's report would provide clarity and guidance and would be a necessity, should the proposals be mandated.

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"/>

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.

Yes, in line with points raised in our response to question 21 above.