

Ref#770060

4 August 2021
Imran Vanker
Director: Standards
Independent Regulatory Board for Auditors
Building 2, Greenstone Hill Office Park,
Emerald Boulevard,
Modderfontein

Email: ivanker@irba.co.za

Dear Imran

SAICA SUBMISSION ON THE CONFORMING AND CONSEQUENTIAL AMENDMENTS TO IRBA PRONOUNCEMENTS ARISING FROM THE QUALITY MANAGEMENT STANDARDS

Thank you for the opportunity to provide comments on the proposed conforming and consequential amendments arising from the International Audit and Assurance Standards Board's (IAASB) Quality Management Standards relating to the IRBA's pronouncements.

SAICA's Assurance Division was extensively involved in the preparation of the exposure draft through our participation in the IRBA Task Group. Furthermore, we requested members of the SAICA Assurance Guidance Committee (AGC) whether they have any additional comments or input, rather than establishing a specific working group to inform our comment letter.

It is in this context that we respond to the request for specific comments in the explanatory memorandum to the exposure draft.

Please feel free to contact Michelle Vermeulen at MichelleV@saica.co.za should you require any further information.

Yours sincerely,



Jeanne Viljoen
Acting Senior Executive: Audit and Assurance

Specific comments:

- a) **Are there any aspects of the proposed conforming and consequential amendments contained in this Exposure Draft with which respondents disagree? Please provide details and suggestions for correction and/or improvements.**

No, we believe all proposed conforming and consequential amendments contained in this Exposure Draft are necessary and appropriate.

- b) **Are there any aspects of the proposed conforming and consequential amendments contained in this Exposure Draft that are unclear and require further clarity? If so, please list those aspects and the clarification required.**

No, we believe the proposed conforming and consequential amendments are clear and do not require further clarification.

- c) **Given the abovementioned scope, are there further aspects that should be included in this Exposure Draft? If so, please list those aspects and the details thereof.**

We don't believe there are further aspects that should be included.

- d) **Do the respondents support the effective date?**

We support the alignment of the effective date to that of the Quality Management Standards. We also agree that early adoption should be permitted.

General comments:

For ease of reference, we would like to suggest:

- Including the text of the relevant sentence / paragraph to which proposed changes to a footnote relates, where the relevant sentence / paragraph is not dealt with in the exposure draft, for example footnotes 12 and 19 relating to the Joint Audit Engagements Guide.
- Including the page numbers for all footnotes as included in point 1.25 of the Exposure Draft.

In addition, we would like to suggest the following editorial changes:

Ref.	Proposed Changes	Suggested changes	Comments
1.9	<p>System of Quality Control System Management ISA 220 (Revised), <i>Quality Control Management for an Audit of Financial Statements</i>, presumes that audit engagements are conducted by a firm that is subject to the requirements of International Standard on Quality Control Management (ISQCM) 1, Quality Control for Firms that Perform Audits and/or Reviews of Financial Statements, and/or Other Assurance and/or Related Services Engagements.</p>	<p>System of Quality Control System Management ISA 220 (Revised), <i>Quality Control Management for an Audit of Financial Statements</i>, presumes that audit engagements are conducted by a firm that is subject to the requirements of International Standard on Quality Control Management (ISQCM) 1, Quality Control Management for Firms that Perform Audits and/or Reviews of Financial Statements, and/or Other Assurance and/or Related</p>	Change the name of ISQM 1.

	<p>Therefore, prior to the acceptance or continuance of a joint audit engagement, the joint auditors, based on their professional judgment, need to satisfy themselves that there are sufficient appropriate systems of quality control systems management in place at each firm(s) that is party to the joint audit engagement.¹⁰ For this purpose, the joint auditors may need to agree on access to the relevant firm records, resources or information. Consequently, the joint auditors document how they have satisfied themselves to achieve the abovementioned purpose with respect to sufficient appropriate <u>systems of quality control systems management</u> of the other joint auditor(s), for example, through firm monitoring and inspection <u>remediation</u> results.</p>	<p>Services Engagements. Therefore, prior to the acceptance or continuance of a joint audit engagement, the joint auditors, based on their professional judgment, need to satisfy themselves that there are sufficient appropriate systems of quality control systems management in place at each firm(s) that is party to the joint audit engagement.¹⁰ For this purpose, the joint auditors may need to agree on access to the relevant firm records, resources or information. Consequently, the joint auditors document how they have satisfied themselves to achieve the abovementioned purpose with respect to sufficient appropriate <u>systems of quality control systems management</u> of the other joint auditor(s), for example, through firm monitoring and inspection <u>remediation</u> results.</p>	
1.32	<p>Although the shared auditor must have the competencies and capabilities, including time and resources to perform the outsourced work (ISQCM 1.26(30)(a)(ii) and ISQM 1.32), the engagement auditor may be involved in transferring skills to the shared auditor by for example, involving the shared auditor in more complex or higher risk areas.</p>	<p>Although the shared auditor must have the competencies and capabilities, including time and resources to perform the outsourced work (ISQCM 1.26(30)(a)(ii) and ISQM 1.32), the engagement auditor may be involved in transferring skills to the shared auditor by for example, involving the shared auditor in more complex or higher risk areas.</p>	Paragraph number deleted in error.
5.3	<p><i>Audit file</i> is defined in the in the Glossary of Terms <u>relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements (as updated) (as updated)</u> (the Glossary).</p>	<p><i>Audit file</i> is defined in the in the Glossary of Terms <u>relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements (as updated) (as updated)</u> (the Glossary).</p>	Delete repetition.
5.5	<p>As defined in the APA. It should be noted that the definition of auditing pronouncements includes the Standards of the IAASB. The Auditing and Assurance Standards Board of the PAAB, the predecessor to the CFAS, adopted the original</p>	<p>As defined in the APA. It should be noted that the definition of auditing pronouncements includes the Standards of the IAASB. The Auditing and Assurance Standards Board of the PAAB, the predecessor to the CFAS, adopted the original</p>	Add a “d” to the last sentence.

	<p>text of the IAASB’s handbooks on International Standards on Quality Control, Auditing, Assurance and Related Services as the standards to be applied by all auditors in South Africa from 1 January 2005. Following the promulgation of the APA, effective from 1 April 2006, the IRBA confirmed the adoption by the PAAB of the International Engagement Standards issued by the IAASB, as published in the successive IAASB Handbooks of International Quality Control, Auditing, Assurance, and Ethics Pronouncements, under copyright from the International Federation of Accountants (IFAC). <u>In March 2021, the IRBA approved the ISQM 1, ISQM 2 and ISA 220 (Revised) for adoption, issue and prescription for use by registered auditors in South Africa. ISQM 1 and ISQM 2 replaced ISQC 1. ISA 220 (Revised) replace ISA 220.</u></p>	<p>text of the IAASB’s handbooks on International Standards on Quality Control, Auditing, Assurance and Related Services as the standards to be applied by all auditors in South Africa from 1 January 2005. Following the promulgation of the APA, effective from 1 April 2006, the IRBA confirmed the adoption by the PAAB of the International Engagement Standards issued by the IAASB, as published in the successive IAASB Handbooks of International Quality Control, Auditing, Assurance, and Ethics Pronouncements, under copyright from the International Federation of Accountants (IFAC). <u>In March 2021, the IRBA approved the ISQM 1, ISQM 2 and ISA 220 (Revised) for adoption, issue and prescription for use by registered auditors in South Africa. ISQM 1 and ISQM 2 replaced ISQC 1. ISA 220 (Revised) replaced ISA 220.</u></p>	
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