

Imran Vanker
Director Standards
Independent Regulatory Board for Auditors
PO Box 8237
GREENSTONE
1616

Per Email: standards@irba.co.za

30 November 2023

Dear Mr Vanker

SNG Grant Thornton's Comment letter on the Proposed South African Auditing Practice Statement (SAAPS) 3 (Revised)

We welcome the opportunity to comment on the Proposed South African Auditing Practice Statement (SAAPS) 3 (Revised)

Response to request for Specific Questions

1. Do you agree with the proposed amendments to illustrative report 1 and illustrative report 3 in Part A?

Response:

We agree with the proposed amendments to illustrative report 1 and illustrative report 3 in Part A, however we are seeking an understanding as to why we sometimes refer to company and sometimes to entity. For example, the heading refers to "Listed Company" and the circumstances to "entity".

2. Do you agree with the new illustrative report 2 in Part A?

Response:

We agree with the addition of the new illustrative report as it assists with the differences between a listed and unlisted PIEs audit reports. We would like to bring the following for your consideration:

- The heading refers to "Fair Presentation Framework" and the report refers to IFRS. This appears inconsistent and should this not be an example of a fair presentation framework as IFRS is not the only fair presentation framework.
- The following bullet refers to listed entity which is not consistent with this report, "The auditor has disclosed the number of years which the audit firm has been the auditor of the *listed* entity (audit tenure)." We believe this should read as unlisted.
- We note that we do not include the year of the Companies Act and we would like to confirm if this should not be included. We acknowledge that in the SAAPS 3 the Companies Act year is included in the explanation and so it may be correct not to include the year when the report is within SAAPS 3. However, the year may need to be included when an audit report is issued for clarity to the users.
- We note that the basis of opinion states that "We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) *and other independence requirements applicable to performing audits of financial statements in*

South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa [N6]. We also note the explanations in Note 6, however it is not clear whether these additional requirements/ responsibilities should be included in the basis of opinion when applicable or the IRBA code is sufficient to cover all these additional responsibilities.

- For final materiality disclosure may you consider specifying group and company for this type of illustrative report where both the consolidated and separate financial statements are presented together in the entity's annual financial statements report. We do acknowledge that the examples in the Staff Audit Practice Alert, however we believe that it will be easier if included in the SAAPS 3.
 - In the other information section consider adding "*and separate*" after consolidated financial statements italicised in the following sentence, "In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the *consolidated financial statements* or our knowledge obtained in the audit, or otherwise appears to be materially misstated."
 - In the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section consider adding "/or") on bullet #4 after "and" "... *group and company's*....." This is for consistence with the last sentence of this bullet point.
3. **Do you support the proposal to delete illustrative report 4, the Auditor-General of South Africa's (AGSA's) Report on a Complete Set of General Purpose Financial Statements, in Part A of extant Updated SAAPS 3 (Revised May 2019)?**

Response:

We agree with the deletion of the AGSA's illustrative report. However, we note that some notes give guidance on the public sector, and we would like to confirm if these should not be deleted as the report has been deleted from SAAPS 3.

4. **Are the proposed amendments to the Notes in Part A sufficiently clear and comprehensive?**

Yes, the proposed amendments to the Notes in Part A clearly reflect the EAR rule prescribed additional disclosures in the independent auditor's report. The amendments in N13 are aligned with the proposed changes in ISA 600 (Revised). Please refer to question 3 above with regards to public sector guidance in the notes.

5. **Do you agree with the approach to only include introductory wording of the enhanced auditor reporting requirements?**

We agree with the approach to only include introductory wording of the enhanced auditor reporting requirements.

6. **Do you agree with the proposed amendments to the relevant illustrative reports in Part B?**

We agree with the proposed amendments as they all relate to changes/ updates that are coming in the following year and the removal of the two options in the basis of opinion is appropriate as the other one is no longer applicable.

7. **Are the illustrations in Parts A and B of the SAAPS complete, or is there a scenario that needs to be added? Please motivate why adding such an illustration will be beneficial.**

We are satisfied with the scenarios in the SAAPS 3. We would like to suggest the following for your consideration, Consolidated and separate financial statements presented together with different opinions for the company and consolidated annual financial statements e.g., disclaimer and unmodified. This is because the different opinions have

different requirements on other information i.e. Other matter for disclaimer (ISA 720.A58) vs Other information for any other opinion.

8. Do you agree with the proposed effective date of SAAPS 3 (Revised)?

We agree with the proposed effective date of periods ending on or after 15 December 2024 as it aligns with ISA 600 (Revised) and the EAR rule.

We hope you find the above information useful.

Yours faithfully,



Georgia Diedericks CA (SA) RA
Director

For and on behalf of SizweNtsalubaGobodo Grant Thornton Inc