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**INDEPENDENT REGULATORY BOARD FOR AUDITORS**  
**COMMITTEE FOR AUDITING STANDARDS**

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**IAASB Issues Guidance on the Impact of the IAS 1 Amendments on the ISAs**

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On 16 November 2022, the International Auditing and Assurance Standards Board (IAASB) published [new guidance](#) to help users understand the impact of the [narrow-scope amendments made to International Accounting Standard \(IAS\) 1, \*Presentation of Financial Statements\*](#), on International Standards on Auditing (ISAs). These IAS 1 amendments were recently issued by the International Accounting Standards Board.

The narrow-scope amendments require preparers to disclose their material accounting policy information, instead of a summary of significant accounting policies. These changes will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

According to the IAASB, these narrow-scope amendments to IAS 1 do not impact the principles-based requirements of the ISAs. However, the IAASB's [Amendments to IAS 1 and the Impact on the ISAs: Disclosure of Material Accounting Policy Information](#) publication provides users with guidance on how to address the effect of the amendments on a number of illustrative auditor reports throughout the ISAs that assume, as part of the fact pattern, that the financial statements are prepared by management of the reporting entity in accordance with International Financial Reporting Standards.

The new guidance also offers an illustrative example of an independent auditor's report that has been updated for the narrow-scope amendments, but does not amend or override the ISAs, the texts of which alone are authoritative. Therefore, reading the guidance is not a substitute for reading the ISAs.

In view of the new guidance, registered auditors may need to consider the following:

- The impact on audit engagement letters.
- The impact on the communication of deficiencies in internal control to management and/or those charged with governance, where relevant.
- The impact on written representations to be requested from management and/or those charged with governance, where relevant.
- The impact on the identification and assessment of risks of material misstatements related to disclosures in the financial statements, and the auditor's responses to the assessed risks.
- Alerting their audit clients on the possible impact of the IAASB's new guidance.

As the Independent Regulatory Board for Auditors (IRBA), we are in the process of considering the implications of this new guidance on our reporting templates and guides.

**Imran Vanker**

**Director: Standards**

***About the IRBA***

*The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.*

*The statutory responsibilities of the Committee for Auditing Standards are to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information, where requested; and promote and ensure the relevance of auditing pronouncements.*