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

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| **Proposed South African Auditing Practice Statement (SAAPS) 2 (Revised 2017)**  ***Financial Reporting Frameworks and the Auditor's Report***  Johannesburg / 31 August 2017  The Independent Regulatory Board for Auditors' (IRBA) Committee for Auditing Standards (CFAS) approved the release of the Proposed SAAPS 2 (Revised 2017), *Financial Reporting Frameworks and the Auditor's Report* (this proposed SAAPS 2 (Revised 2017)), in August 2017 for exposure for public comment by **30 November 2017**.  This proposed SAAPS 2 (Revised 2017) provides guidance to registered auditors on the application of International Standards on Auditing (ISAs) in determining the acceptability of the financial reporting framework applied in the preparation of a set of financial statements.  **Revisions made to this proposed SAAPS 2 (Revised 2017)**  This proposed SAAPS 2 (Revised 2017) includes:   * Conforming amendments arising from the withdrawal of the application of Statements of GAAP called the 'GAAP Reporting Framework' from 1 April 2018. * Conforming amendments arising from the introduction of the Modified Cash Standard by National Treasury in January 2015. * An update of the reference from the *International Framework for Assurance Engagements* (the Framework) to ISA 210*, Agreeing the Terms of Audit Engagements*, regarding characteristics of suitable criteria for a financial reporting framework. This is as a result of the Framework having been revised to encapsulate assurance engagements other than audits or reviews of historical financial information. * Conforming amendments, where considered necessary, arising from the revision of the following ISAs:   + ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*;   + ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*;   + ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*;   + ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*; and   + ISA 800 (Revised), *Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*.   The abovementioned ISAs are effective for audits of financial statements for periods ending on or after 15 December 2016.  **Proposed effective date**  Depending on comments received, it is anticipated that the final SAAPS 2 (Revised 2017) will be approved by the CFAS in March 2018 and issued in April 2018, with such approval and issue being noted at the subsequent meeting of the IRBA Board.  It is expected that the effective date will correspond with the effective date for the withdrawal of the application of Statements of GAAP, being effective for audits of financial statements for periods ending on or after 1 April 2018. As with early adoption of the new and revised ISAs permitted by the IAASB, early adoption of this proposed SAAPS 2 (Revised 2017) will also be permitted where the auditor has early adopted the underlying suite of new and revised IAASB standards.  **Request for comment**  The CFAS welcomes comments on all matters addressed in this proposed SAAPS 2 (Revised 2017), and seeks responses to one specific question that is set out in the Explanatory Memorandum of this proposed SAAPS 2 (Revised 2017).  We invite registered auditors and other interested parties to submit any comments regarding this proposed SAAPS 2 (Revised 2017) to the IRBA by **30 November 2017**. Comments should be submitted by e-mail to [standards@irba.co.za](mailto:standards@irba.co.za), in Word format. All comments will be considered a matter of public record.  A copy of this exposure draft is available in PDF format and may be downloaded from the [exposure drafts page](http://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/exposure-drafts-and-comment-letters) on the IRBA website. Should you have any other queries or experience any technical difficulties in downloading the documents, please do not hesitate to contact the Standards Department by sending an email to [standards@irba.co.za](mailto:standards@irba.co.za)..  **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 responsibility of the CFAS is to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; to consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and to promote and ensure the relevance of auditing pronouncements.* |