
INDEPENDENT REGULATORY BOARD FOR AUDITORS

STANDARDS DEPARTMENT

Updates to IRBA Pronouncements Arising from Narrow-Scope Amendments to International Accounting Standard 1 - SAAPS 3 and other Illustrative Reports

Johannesburg / 23 June 2023

On 25 November 2022, the Independent Regulatory Board for Auditors (IRBA) published a [communiqué](#) on guidance issued by the International Auditing and Assurance Standards Board (IAASB) on narrow-scope amendments to International Accounting Standard (IAS) 1, *Presentation of Financial Statements*. The communiqué indicated that the IRBA was in the process of considering the implications of the IAASB guidance on our reporting templates and guides.

The narrow-scope amendments to IAS 1 now require preparers that use the International Financial Reporting Standards (IFRS) to disclose their "material accounting policy information", instead of "a summary of significant accounting policies". These changes to IAS 1 became effective for annual reporting periods beginning on or after 1 January 2023.

Subsequently, three IRBA pronouncements that contain illustrative auditor's reports have been updated:

No.	Updated Illustrative Report	Reference	Page No.	Website Link
1.	South African Auditing Practice Statement (SAAPS) 3 (Revised May 2019), <i>Illustrative Reports</i>	Illustrative Report 1	13	South African Standards and Practice Statements - IRBA
		Illustrative Report 2	19	
		Illustrative Report 4	26	
		Note 4: Notes to the Illustrative Reports in Part A	33	
		Illustrative Report 5	48	
		Illustrative Report 8	61	
		Illustrative Report 9	65	
		Illustrative Report 10	69	
		Illustrative Report 11	73	
		Illustrative Report 12	80	
		Illustrative Report 13	85	
		Illustrative Report 14	89	
		Illustrative Report 15	94	
		Illustrative Report 16	98	
		Illustrative Report 17	101	
Illustrative Report 18	107			

		Illustrative Report 19	111	
		Illustrative Report 20	116	
		Illustrative Report 21	121	
		Illustrative Report 22	125	
		Illustrative Report 23	130	
		Illustrative Report 24	134	
		Illustrative Report 25	140	
		Illustrative Report 26	145	
		Illustrative Report 28	149	
2.	Revised Guide for Registered Auditors (Revised November 2018), <i>Assurance Engagements on the Annual Financial Statements and Annual Statutory Returns of a Medical Scheme</i>	Appendix 5 - Report on the Financial Statements (ISA 700 (Revised) Report)	65	Medical schemes engagements - IRBA or Guides and Circulars for Auditors - IRBA
3.	Auditor's report template: Audit of the Financial Statements of a Large Retirement Fund (Schedule D)	Auditor's report template: Audit of the Financial Statements of a Large Retirement Fund (Schedule D)	2	Retirement Fund Reports - IRBA or Guides and Circulars for Auditors - IRBA

The key updates made to the illustrative auditor's reports are as follows:

1. The Illustrative Reports (in SAAPS 3 and Appendix 5 of the Revised Guide for Registered Auditors (Revised November 2018), *Assurance Engagements on the Annual Financial Statements and Annual Statutory Returns of a Medical Scheme*) that assume the application of IFRS have been updated to reflect the IAS 1 amendments by replacing the phrase "a summary of significant accounting policies" with "material accounting policy information".

Independent Auditor's Report

To the Shareholders of ABC Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of ABC Limited (the group and company) set out on pages to , which comprise the consolidated and separate statements of financial position as at 31 December 20X1, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and

notes to the consolidated and separate financial statements, including a **summary of significant accounting policies/material accounting policy information**.

2. The Illustrative Report 4: *Illustrative Auditor-General of South Africa's report on a complete set of general purpose financial statements* in SAAPS 3 (the audits conducted in terms Section 4(3) of the Public Audit Act 25 of 2004) will not only include IFRS financial statements. As a result an option to cater for IFRS and other frameworks has been added as follows:

Independent Auditor's Report

To [the appropriate addressee] [N1] on the [name of entity]

Report on the Audit of the [Consolidated and Separate] Financial Statements⁶

Opinion

We have audited the [consolidated and separate] financial statements ^[N2] of the [name of entity] [and its subsidiaries (the group)] set out on pages to ^[N3], which comprise the [consolidated and separate] statement of financial position as at 31 March 201X, the [consolidated and separate] statement of [financial performance / profit or loss and other comprehensive income], statement of changes in [net assets/equity] [,] [and] [cash flow statement/statement of cash flows] [and] [insert title of the statement of comparison of budget information with actual information⁷] for the year then ended, as well as notes to the [consolidated and separate] financial statements, including [a summary of significant accounting policies/material accounting policy information] ^[N4].

3. For consistency, Illustrative Reports contained in SAAPS 3 that assume the use of a special purpose financial reporting framework have been updated to include an option similar to the one mentioned in paragraph 2 above. Likewise, an option has been included in the Schedule D Auditor's report template: *Audit of the Financial Statements of a Large Retirement Fund*.
4. Note 4 in SAAPS 3 has been updated as follows:

Identification of the Title of Each Statement that Comprises the Financial Statements

- N4. The introductory paragraph in the Opinion section of the auditor's report identifies each statement that comprises the complete set of financial statements.¹³ A complete set of financial statements is identified by the applicable financial reporting framework¹⁴ and may also include legal and regulatory requirements. For instance, the illustrative reports on financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) identify the statement of financial position as at the end of the period; statements of profit or loss and other comprehensive income; changes in equity for the period and cash flows for the period; and notes to the financial statements, including **material accounting policy information (where the financial reporting framework is IFRS)** or a summary of significant accounting policies (**where the financial reporting framework is IFRS for SMEs**).

Effective Date

The updated IRBA pronouncements are effective for audits and reviews of financial statements ending on or after 31 December 2023, with early adoption permitted.

Should you have any further enquiries, please do not hesitate to contact the Standards Department by emailing 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.