
INDEPENDENT REGULATORY BOARD FOR AUDITORS
COMMITTEE FOR AUDITING STANDARDS

IRBA Staff Audit Practice Alert 9: Guidance on the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities

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Complementary to the Independent Regulatory Board for Auditors (IRBA) [Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities](#) (EAR Rule) published on 15 September 2023, [Staff Audit Practice Alert 9, Guidance on the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities](#) has been published.

This publication has been prepared with the assistance of the IRBA's Committee for Auditing Standards (CFAS) and is for use by registered auditors.

This IRBA Staff Audit Practice Alert contains guidance on how auditors may apply the EAR Rule in their independent auditor's report on the audit of financial statements of public interest entities. An overview of the guidance contained in the Alert is presented below.

Aspect of the EAR Rule	Nature of the Guidance
(a) Final materiality	An explanation of the final materiality disclosed and how the auditor may describe the significant judgements applied in determining materiality, using language that is understandable to all users.
(b) Scope of the audit of group financial statements	This describes considerations in disclosing the scope of the audit in the context of group audits, as defined in the International Standard on Auditing (ISA) 600 (Revised), and the significant judgements applied by auditors in determining the group audit scope.
(c) A description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern, where a material uncertainty related to going concern exists	The Alert uses the existing guidance on Key Audit Matters (KAMs) contained in ISA 701 when describing how the auditor evaluated management's assessment.
(d) KAMs for public interest entities, as well as outcomes and observations for Key Audit Matters	A consideration of existing guidance on KAMs and guidance on avoiding discrete opinions on separate elements of the financial statements by giving examples of how outcomes and/or observations can be described in the KAMs, as well as the wording that can be avoided.
(e) Fee-related matters	The Alert applies the International Ethics Standards Board for Accountants' (IESBA) guidance on fee-related matters,

	including considerations of what defines "fees". It also describes the application of the EAR Rule on fees for group audit and joint audit situations.
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This Staff Audit Practice Alert does not constitute an authoritative pronouncement from the IRBA; nor does it amend or override the ISAs, the South African Auditing Practice Statements (SAAPS), the South African Guides or the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities (collectively called pronouncements). Furthermore, this publication is not meant to be exhaustive. Reading it is not a substitute for reading the abovementioned pronouncements, as they are the authoritative texts.

The IRBA will also publish shortly, the proposed revisions to SAAPS 3 (Revised), *Illustrative Reports*. These revisions will provide practical assistance to operationalise the EAR Rule in the content and format of the auditor's report. When published, these proposed revisions to SAAPS 3 will be available on the IRBA's exposure drafts [webpage](#).

The IRBA Staff Audit Practice Alert is available in PDF format and may be downloaded from the [IRBA website](#). Should you have any further queries, please do not hesitate to contact the Standards Department by emailing standards@irba.co.za.

Imran Vanker

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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 CFAS are 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.