

---

## INDEPENDENT REGULATORY BOARD FOR AUDITORS

### COMMITTEE FOR AUDITING STANDARDS

---

#### **IRBA Board Adopts Narrow Scope Amendments to ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements, and ISA 260 (Revised), Communication with Those Charged with Governance**

Johannesburg / 13 February 2023

The Independent Regulatory Board for Auditors' (IRBA) Board, at its meeting in January 2024, approved the International Auditing and Assurance Standards Board's (IAASB) narrow scope amendments to International Standard on Auditing (ISA) 700 (Revised), Forming an Opinion and Reporting on Financial Statements, and ISA 260 (Revised), Communication with Those Charged with Governance as a Result of the Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirements for Public Interest Entities (PIEs) for adoption, issue and prescription by registered auditors in South Africa.

The recent changes to the International Ethics Standards Board for Accountants (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) require firms to publicly disclose when the independence requirements for PIEs have been applied in an audit of financial statements. These amendments to the ISAs provide a clear mechanism to action this new requirement.

In essence, the narrow scope amendments to these two IAASB standards operationalise changes to the IESBA Code in relation to listed and public interest entities.

#### **The IRBA Code**

The IRBA adopted the IESBA Code, published in 2018, together with South African enhancements. Since then, the *IRBA Code of Professional Conduct for Registered Auditors (Revised April 2023)* (IRBA Code) tracks changes in the IESBA Code and is updated for those developments, following a local due process and adoption by the IRBA Board. Local adaptations of the IESBA Code are reflected in the IRBA Code as underlined and *in italics*.

Additionally, the IRBA Code includes local amendments to the definition of public interest entity. The IRBA published revisions to the definitions of listed entity and public interest entity in November 2023.

#### **Effective Date**

The narrow scope amendments are effective for audits of financial statements for periods beginning on or after 15 December 2024, in line with the effective date of the revisions to the definitions of listed entity and public interest entity in the IRBA Code.

## **IAASB Other Narrow Scope Amendments**

Furthermore, the IAASB has issued an Exposure Draft: *Proposed Narrow Scope Amendments to International Standards on Quality Management, International Standards on Auditing and International Standard on Review Engagements 2400 (Revised), Engagements to Review Historical Financial Statements as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code*. The IRBA will issue a communique soon, to invite comments on that Exposure Draft.

Should you have any further queries, please do not hesitate to contact the Standards Department by emailing [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; 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.*