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**INDEPENDENT REGULATORY BOARD FOR AUDITORS**  
**INSPECTIONS DEPARTMENT**

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**IRBA Inspections Report shows recurring themes that require improvement**

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The Independent Regulatory Board for Auditors (IRBA) today released its 2017 Public Inspections Report which reflects on key inspection findings and themes recorded during the year. The report is aimed at registered auditors, including those responsible for quality control within the firms, and other stakeholders, such as audit committees, investors, company directors and financial accountants, who are collectively responsible for the integrity of reported financial information.

The objective of the report is to promote improvement in audit quality at a broader level by providing a thematic analysis of key inspection themes arising from firm and assurance engagement (audit) inspections performed by the IRBA.

During the year, 23 (2016: 20) firm inspections and 197 (2016: 237) file inspections were performed and reported on to the Inspections Committee, with the majority showing one or more significant deficiencies that require improvement. The Inspections Department follows a risk-based approach, selecting audits with a higher public interest exposure, such as audits of public interest entities (PIE), listed entities and state-owned companies. It also selects any statutory audits where risks could potentially expose the public and the profession.

The nature and extent of the findings reported do not significantly differ from what was reported in the prior two years, and this highlights a pressing need for audit firms to analyse, remediate and monitor reported deficiencies more effectively.

Inspections is a crucial regulatory function that gives effect to the IRBA's mandate and strategy to protect the public interest by influencing auditors in pursuing consistent, sustainable high-quality audits that adhere to the highest standards. Further to this, all relevant stakeholders are encouraged to read the report and to focus on the principles behind the findings to help identify areas where the integrity of financial information and the quality of audits require improvement.

Auditors are encouraged to communicate openly with their clients and audit committees on matters affecting audit quality and to be transparent with their inspection results.

The IRBA Inspections report can be downloaded at [www.irba.co.za](http://www.irba.co.za).

**Imre Nagy**  
**Director: Inspections**

***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.*