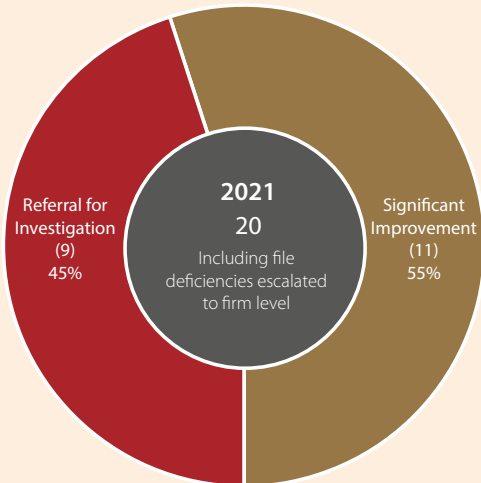


# 2021 PUBLIC INSPECTIONS REPORT ON AUDIT QUALITY

The [2021 Public Inspections Report](#) highlights areas of audit quality that were identified as being deficient during firm-wide and individual assurance engagement inspections.

## FIRM-WIDE INSPECTIONS

7 ISQC 1 and 13 Firm Observation Reports issued



### COMMON FINDINGS

- Engagement performance (77%)
- Ethical Requirements (13%)
- Leadership Responsibilities (3%)
- Acceptance & Continuance (3%)
- Human Resources (2%)
- Monitoring (2%)

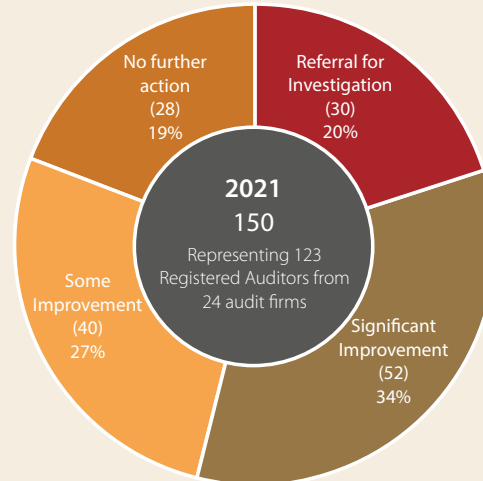
Recurring deficiencies throughout the 7<sup>th</sup> Inspections Cycle remains an area of concern for the IRBA.

Refer to initiatives adopted by the IRBA in the 8<sup>th</sup> Inspections Cycle Manual. ([IRBA Manual of Information \(April 2021\)](#))

### Reasons for referral of firms

- Ethics & Independence
- Overall poor systems of quality control
- Nature and extent of file deficiencies.

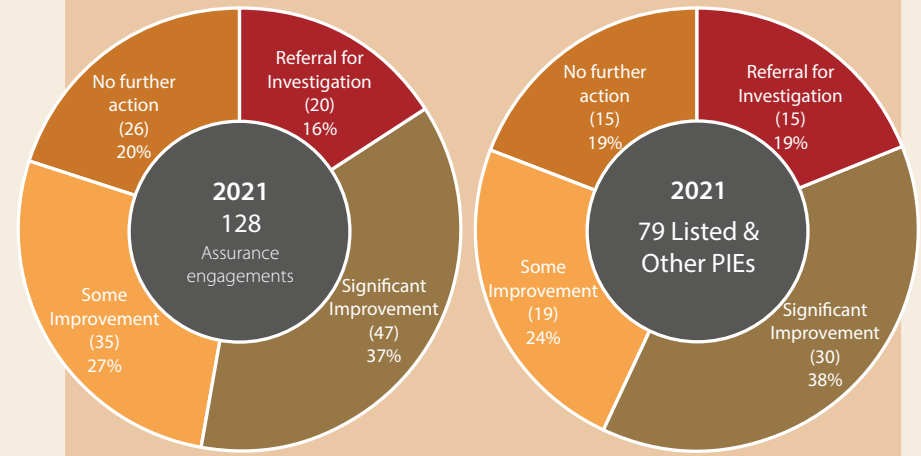
## ASSURANCE ENGAGEMENT INSPECTIONS



### COMMON FINDINGS

- Audit of FSLLI's (54%):
  - Revenue (11%)
  - Goodwill (4%)
  - Trade & other receivables (4%)
  - Audits of Groups (4%)
- Financial Statement Presentation and Disclosure (29%)
  - Material misstatements (3%)
  - Disclosure deficiencies (7%)
  - Review of Financial statements (19%)
- Audit planning (6%)
  - ROMM (3%)
  - Acceptance & continuance (2%)
- Audit Completion (8%)
  - Audit documentation (3%)
  - Evaluation of misstatements & materiality (2%)
- Audit report and auditor's opinion (3%)
  - Content / format (2%)
  - Key Audit Matters (1%)

## JSE ACCREDITED AUDIT FIRMS



In 30% of the inspection findings, there is an underlying deficiency relating to areas requiring auditor judgement and the lack of professional scepticism.

### REASONS FOR REFERRALS OF RAs

- Independence
- Material misstatements, resulting in an inappropriate audit opinion
- Fundamental lack of audit evidence

**Remedial Action Process (RAP)** - A total of 244 RCAs / RAPs were reviewed to be: • 41% Sufficient • 47% Insufficient • 12% Not measurable. The IRBA continues to encourage firms to undertake the remediation process promptly.