
INDEPENDENT REGULATORY BOARD FOR AUDITORS

MAFR rotations of listed entities is almost complete

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The Independent Regulatory Board for Auditors (IRBA) has released the latest statistics on mandatory audit firm rotations (MAFR) in accordance with its rule that audit firm tenure may not exceed 10 years after 1 April 2023, which is the effective date of the rule that was passed on June 5, 2017.

The five-year lead time into the effective date of the rule has allowed early adopters to complete their audit firm rotations ahead of time and only 74 listed Public Interest Entities (PIEs), across five South African stock exchanges, must still rotate audit firms to comply with the April deadline.

This represents less than one-third of listed PIEs on the five exchanges in South Africa at 27,51 percent and of this, 68 entities on the largest stock exchange, the Johannesburg Stock Exchange (JSE), must still rotate audit firms.

The IRBA has also completed a study of non-listed Public Interest Entities (PIEs) which are also subject to the provisions of MAFR. These include licensed insurers, pension funds, and medical schemes that meet the definition of a PIE in terms of the IRBA Code of Professional Conduct.

Overall, of the 404 entities we identified as PIEs to which MAFR applies, 170 are due for audit firm rotation, with 52% already in compliance with tenure below the 10-year limitation.

We have engaged with the audit firms and have had assurances that they are aware of the effective date and on track to rotate off audits for which they will no longer be eligible, come 1 April 2023.

We will continue to engage proactively with key stakeholders and do our part as the audit regulator to help ensure that the number of contraventions will be negligible come 1 April.

South Africa joins several jurisdictions with audit firm tenure limitations, which either require rotation or mandatory audit tendering, with the maximum tenure allowed ranging between 5 and 20 years.

Imre Nagy

Chief Executive Officer

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.