

IRBA Releases Its Second Audit Quality Indicators Report, Placing Actionable Information in the Hands of Stakeholders

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The IRBA has launched its second Audit Quality Indicators (AQIs) Report, placing critical actionable information in the hands of stakeholders. The report, which is aimed at audit committees, those charged with governance (TCWG) and audit firm leadership, provides feedback on a set of measures that audit firms reported on to the regulator, as well as insights that are relevant to the appointment, performance, independence and reappointment of the auditor.

AQIs refer to a portfolio of quantitative measures provided by an audit firm to an audit committee or other constituents of TCWG of their client or future client, for use in transparency reports and for regulatory purposes. The AQIs cover the following thematic areas: independence; tenure; internal firm quality review processes; workload of partners and audit managers; span of control; technical resources; training; and staff turnover.

This second AQIs Report continues to break ground by placing the IRBA at the forefront of driving initiatives that are aimed at promoting improved audit quality and accountability which forms part of the IRBA strategy to restore confidence in the profession.

These indicators can be used to compare and benchmark current audit service offerings with other firms, and to set meaningful and relevant milestones for discussions around quality. If audit committees emphasise matters such as training hours, supervision, review time and experience in their interactions with their auditors, then auditors will respond appropriately.

The IRBA is focused on driving significant improvements in audit quality and therefore encourage firms and users of audits to sharpen their collection and analysis of AQIs. A focus on this dashboard of indicators will help create a tool to enhance audit quality, thereby, ensuring better management of risks of audit failure and an enhancement of public confidence in the audit profession.

This tool will be continuously improved upon as we embark on this journey of optimising the use of AQIs and how to anticipate the consequences of measuring, reporting and monitoring these indicators. To that effect, the IRBA plans to conduct a separate user survey that will assist in refining the AQI process and reporting.

Collating, analysing and presenting this data is a formidable exercise that would be almost impossible without the cooperation of firm leadership and personnel. We, therefore, thank them for continuing to enhance their systems and data collection tools, and recognising the value of this information, especially with the benefit of two years of data.

The AQI Report can be downloaded on the IRBA website at www.irba.co.za

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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.