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| **INDEPENDENT REGULATORY BOARD FOR AUDITORS****A few bad auditors have cost many good people their reputations****IRBA takes steps to mitigate collateral damage**Johannesburg/ 04 May 2018A few errant auditors have wreaked havoc on the auditing profession. It is time to draw a line in the sand so that the profession can start to rebuild trust and confidence. In a recent address at a senior partners′ forum I engaged with the broader profession around all accountants and all audit firms taking responsibility for restoring confidence in the profession. While the current crisis is because of the conduct of a few auditors and decisions some firms made, the IRBA must also respond proactively and appropriately with measures to address those areas which remain a concern or need further regulation. The IRBA concedes that the crisis in the profession precipitated by the revelations of the last 11 months has been a testing time for the profession, including many audit firms that continue to serve their clients with integrity. The IRBA as regulator can only do so much within our mandate, so when auditor conduct is under question, it is the auditors themselves who must counter the misperceptions. In the current socio-political climate, auditing is receiving far more media attention than ever before and when something goes wrong the level of public interest is far higher than ever before. This is not going to change, but what we do need immediately from all stakeholders is a rational and measured response.We have seen in recent developments how actions by just a few auditors have caused significant impact and collateral damage to many other committed professionals. While the public′s reaction is understandable given the current socio-political environment and the damage wrought by the proponents of state capture, we must ensure that we continue to make decisions in a rational framework.In our capacity as custodian of the profession, I met with the acting CEO of Nkonki Inc, who advised that the company had taken the decision to enter into voluntary liquidation so, to our regret, there is not much else that the IRBA can do to provide support to the firm.That Nkonki was one of the black-owned success stories with a significant and respectable history laid down by its founders, wiped out by one individual, makes its loss a blow to transformation. The reality facing our black-owned auditing firms is that corporate South Africa must create opportunities for them, and without the opportunity to grow black firms, increase staff levels and take on larger clients, this risk, when there is little diversity in their client base, will persist.Similarly, reputational risk has been cited in the case of KPMG and its loss of the Barclays Africa audit, despite the firm having indicated it was taking significant steps to turn around its operations and rebuild its reputation. An unprecedented crisis also calls for unprecedented measures. As a result, the IRBA has taken the unusual step of mobilising a specialised team specifically to do a review of KPMG′s turnaround strategy and the initiatives it is implementing internally to address any identified weaknesses in its operations. The independent review and assessment will commence during next week and form part of a continuous process to monitor improvements to the firm′s operations.A crisis is necessary sometimes, to make everyone take a good a look at themselves. We believe that it has refocused the broader profession to look at ethics, policies, and quality so there would be positive changes emanating from the crisis. **Bernard Peter Agulhas****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.* |

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