

## **IRBA Releases Its Latest Public Inspections Report**

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The Independent Regulatory Board for Auditors' (IRBA) 2022 Public Inspections Report, *With a Commitment to Promote Improvement and Remediation of Audit Quality*, has just been published.

This report covers the first year of the IRBA's Eighth Inspections Cycle and focuses on firm-wide and audit engagement file inspections reported on between 1 April 2021 and 31 March 2022. Its objective is to promote audit quality at a broader level, for key stakeholders to understand the importance of audit quality and its impact on the financial reporting ecosystem.

Audit quality is an important factor in determining the level of confidence that the public has in a country's financial and economic systems. Poor audit quality can lead to serious consequences that include loss of employment, decreased investment and reduced economic growth.

In light of the work we performed over this period, we commend audit firms for their continued efforts and commitment to improve and maintain high audit quality. We also wish to express our appreciation for their co-operation throughout our interactions with them.

### **Summary of Inspections Results**

During this period, 93% (366) of listed entities were audited by 10 of the larger audit firms in South Africa. Eight of these firms are visited for inspections (either full firm or engagement file inspections) annually and two are visited once every two years. The remaining 7% (27) of the listed entities are audited by 14 firms that are visited once every three years. In addition to inspecting larger firms, we also conduct risk-based inspections of audits performed by small and medium practices. In the year under review, the IRBA visited a total of 15 audit firms, and firm-wide inspections were performed at seven of those firms.

Essentially, there has been a significant increase in the number of findings over the past four years relating to ethics and independence. The frequency of inspection findings also remains significantly higher compared to the [2022 global inspections survey](#) results recently released by the International Forum of Independent Audit Regulators.

While inspections and the resulting deficiencies reported are an important measure of audit quality, as discussed in the report, we also envisage these to be part of an initiative that will contribute to deeper discussions among firms, registered auditors and their clients, and other users of the information reported. Ultimately, all parties have a common interest in the continued improvement of the quality and consistency of audits performed, which remains a critical factor in ensuring investor confidence and trust in the country's financial reporting ecosystem.

The Public Inspections Report can be downloaded from the [IRBA website](#).

**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.*