



INDEPENDENT REGULATORY BOARD FOR AUDITORS

INSPECTIONS DEPARTMENT

IRBA concludes successful roadshows on Audit Quality

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Last week the Independent Regulatory Board for Auditors (IRBA) successfully concluded its three-city roadshows in Johannesburg where the Director Inspections, Ms Ntlambi Gulwa presented the latest Public Inspections Report on Audit Quality to the key stakeholders. The report provides a comprehensive overview of audit quality in South Africa, recurring themes and findings from both firm-level and engagement-level inspections.

It reflects the IRBA's continued commitment to transparency and the enhancement of audit quality in the public interest. In her opening remarks across all three cities, Ms Gulwa emphasised the critical role of collaboration among all stakeholders within the corporate reporting and governance ecosystem. Audit quality is a collaborative effort. Achieving sustainable audit quality requires continuous commitment and active engagement from regulators, audit firms, auditors and those charged with governance. The roadshows provided a valuable platform for dialogue on inspection outcomes, challenges facing the profession, and initiatives to support continuous improvement in audit quality.

The Johannesburg leg of the roadshow, held in Midrand on May 14, featured a keynote address by the National

Treasury's Accountant-General, and the Minister of Finance's representative on the IRBA Board, Mr Shabeer Khan. His address reinforced the importance of accountability and public confidence in the financial reporting process, highlighting the strategic alignment between the IRBA's mandate and government's financial governance objectives.

He emphasised that audit is not just a compliance tool. It is an enabler of economic stability. Without assurance, markets become volatile, and capital flees uncertainty. Therefore, by building trust in the financial system, audit creates a favourable environment for investment, trade, and entrepreneurship - all of which drive our economy to grow and thus create jobs. As a country, we have lived through painful chapters; chapters where state capture, corporate failures, and financial misconduct, eroded this trust and public confidence in the systems meant to safeguard our democracy. Those failures remind us that audit quality is not just a professional matter; it is a national imperative. And make no mistake; trust is the currency on which economies run. And therefore, at its core, audit is about selling trust.

The value of audit as an economic enabler and the immeasurable value of high-quality audits to deliver growth and investor confidence was a theme at all three events; with a strong emphasis on collaboration among stakeholders to achieve these outcomes.

The roadshow kicked off in Durban on May 6 followed by Cape Town on May 8, where the IRBA Board Chair, Mr Fulvio Tonelli delivered the keynote address, saying that audit quality is not just a professional concern — it's a national priority. By emphasising audit quality, we are also reinforcing our commitment to good governance. Good governance is the cornerstone of a thriving economy, as it ensures that decisions are made in the best interests of the public, resources are managed responsibly, and the rule of law is upheld. Through our collective efforts, we can build a more transparent, accountable, and prosperous society.

The IRBA CEO, Imre Nagy also addressed attendees at the roadshow events, noting a steady improvement in audit quality and that the key deficiencies, themes and trends observed in the 2024 Public Inspections Report

presents an opportunity for audit firms and auditors to implement continuous improvement in quality review processes by focusing on the areas highlighted in the report. He also stressed that results year on year cannot be extrapolated to apply to all audit firms due to the internationally-benchmarked risk-based selection approach employed by the IRBA. He commended firms on the co-operation the IRBA received from the registered auditors that were involved in the critical inspections process in the period under review.

As in previous years, the results indicate a continued focus on improving audit quality, with incremental improvements in several areas. This report reflects the IRBA's unwavering commitment to enhancing audit practices and protecting the public interest through rigorous inspections and proactive remediation efforts with the audit firms. As we look ahead, we remain committed to maintaining high standards of audit quality and collaborating with stakeholders to tackle emerging challenges. The IRBA will continue to support audit firms in their remediation efforts and foster a culture of continuous improvement and excellence, key objectives that will help build a thriving and trusted profession in South Africa.

The roadshow is in its second year and is a key part of the IRBA's stakeholder outreach programme in its drive to increase engagement and collaboration with the profession. We are pleased that interest in these events has grown year on year, we have engaged with more than 350 practitioners in this roadshow up from around 150 in the previous roadshow. Our goal is to build a thriving profession that can be trusted.

In her address, Ms Gulwa reminded attendees that, audit quality is not a checklist. It is a culture, leadership actions and decisions made when faced with challenges and pressures. It is the tone at the top that is embedded in the day-to-day activities of staff during the execution of audits.

The Inspections team provided attendees with a detailed walkthrough of the findings identified including those prevalent in the Small and Medium Practices (SMP) environment. In general, key areas of concern included revenue recognition, application of professional

scepticism and judgement and financial statement presentation and disclosures. Detailed discussions were held around the topic of Information Technology (IT) where common findings included inappropriate risk assessments, inappropriate reliance on IT general and application controls, and information produced by the entity. Key areas of concern for the small and medium practices included insufficient use of scalability on the implementation of the firm's system of quality, lack of standardised methodologies, and the use of inappropriate and insufficient audit evidence such as the overreliance on representation letters. The team also shared key highlights and trends from the latest Audit Quality Indicators (AQI) Survey Report including positive observations from those AQIs related to areas of auditor independence.

The final roadshow event concluded with a panel discussion moderated by Elmarie Goodchild of the University of the Free State, who is also the outgoing Chair of the Inspections Committee, a role she has fulfilled for the last six years. Ms Goodchild led a robust discussion around audit developments and quality improvement initiatives with the panellists. The discussion focused largely on the importance of culture in achieving audit quality, initiatives adopted by firms in dealing with inspection findings, the roll-out of ISQM1 - the International Standard for Quality Management for audit firms - and the lessons learned in adopting these enhanced quality management practices.

The IRBA is appreciative of the enthusiasm showed by all those in attendance. The IRBA would like to extend a special thank you to all the panellists who participated across all three roadshows.

Panellists in Durban: Nishani Sudhoowa (PKF, moderator), Prashant Jivan (EY), Annerie Pretorius (SAICA), Tarryn Pedlar (TL Pedlar Advisory), Carryn Maitland (Maitland and Associates), Agnes Dire (SNG-GT).

Panellists in Cape Town: Elmarie Goodchild (University of Free State, moderator), Karin Ellis (Moore), Angel Sithole (SAICA), Yolanda Ferreira (Forvis Mazars), Sep Vrba (PWC), Waldek Wasowicz (PKF).

Panellists in Johannesburg: Elmarie Goodchild (University of Free State, moderator), Toni Cianfanelli (Nolands), Joyce Mgiba (RSM), Steph Ronander (Deloitte), Bonga Mokoena (BDO), Chwayita Mtebele (FSCA) and Tapiwa Njikizana (W Consulting and Audit Committee chair).

The full report can be accessed here. [Public Inspections Report 2024.pdf](#)

Ntlambi Gulwa
Director: Inspections

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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