
INDEPENDENT REGULATORY BOARD FOR AUDITORS

COMMITTEE FOR AUDITING STANDARDS

IRBA Staff Audit Practice Alert 7: Content of a Transparency Report

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The increasing need for auditors to communicate with users of audit means it is critical that the data being communicated is relevant, reliable and of high quality. To achieve this, a transparency report becomes a key tool that audit firms can use. In South Africa, for instance, the Independent Regulatory Board for Auditors (IRBA) is of the view that transparency reporting is one of the keys that will help restore confidence in the auditing profession. To that end, the IRBA has issued the IRBA Staff Audit Practice Alert 7: *Content of a Transparency Report* (IRBA Staff Audit Practice Alert), for use by registered auditors. This publication, which has been prepared with the assistance of the IRBA's Committee for Auditing Standards, seeks to enhance current practice, as some firms already have about four years of experience in preparing transparency reports.

While transparency reports are not currently mandatory in South Africa, they may become mandatory for certain firms, in terms of the IRBA exposure draft published on 14 June 2022 and in Government Gazette 46649 (Board Notice 302 of 2022). Therefore, this staff alert should be read in conjunction with these abovementioned notices and any final rule that might be published by the IRBA in the future.

International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, requires that a firm communicates relevant and reliable information to external parties. This is informed by an increased need for external parties to understand a firm's system of quality management. Transparency reports may be an appropriate tool to achieve that objective of ISQM 1 for certain firms.

This IRBA Staff Audit Practice Alert, therefore, serves to provide auditors with a framework that describes the content of a transparency report that may be used to communicate relevant and reliable information to external parties, as envisioned by ISQM 1. It covers the following topics:

- Content of a transparency report;
- Alignment to the requirements and terminology in the Quality Management standards;
- Applicability of the IRBA Staff Audit Practice Alert;
- Timing of the transparency report;
- Name of the transparency report;
- Relevance and reliability of the disclosures in the transparency report;
- Accountability for the transparency report;

- Firms merging or separating before a transparency report is issued; and
- Publication of a transparency report.

It should be noted that this IRBA Staff Audit Practice Alert **does not constitute an authoritative pronouncement** from the IRBA; nor does it amend or override the International Standards on Auditing, South African Auditing Practice Statements or South African Guides (collectively called pronouncements). **Also, this IRBA Staff Audit Practice Alert is not meant to be exhaustive.** Reading this IRBA Staff Audit Practice Alert is not a substitute for reading the abovementioned pronouncements, as they are the authoritative texts.

However, this IRBA Staff Audit Practice Alert supersedes the IRBA communique that was issued on 27 July 2018 and titled "*Transparency reports will strengthen confidence in audit firms*".

The IRBA Staff Audit Practice Alert is available in PDF format and may be downloaded from the IRBA website at www.irba.co.za. Should you have any further queries, please do not hesitate to email the [Standards Department](#).

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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.

The statutory responsibilities of the Committee for Auditing Standards are to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information, where requested; and promote and ensure the relevance of auditing pronouncements.