

**2023**

**PUBLIC INSPECTIONS REPORT  
ON AUDIT QUALITY**



## REGULATORY OVERSIGHT

The Independent Regulatory Board for Auditors (IRBA) – established by the Auditing Profession Act 26 of 2005, as amended (APA) – is mandated to regulate all registered audit firms and individual registered auditors (registered auditors) in South Africa. The Act<sup>a</sup> mandates the IRBA to perform inspections, meaning at any time it may inspect or review the practice of a registered auditor (RA). Furthermore, for these purposes, it may inspect and make copies of any information, including but not limited to any working papers, statements, correspondence, books or other documents in the RA's possession or under their control. In addition, the APA requires the IRBA to inspect/review the practice of a registered auditor that audits a public company, as defined in Section 1 of the Companies Act 71 of 2008, at least once every three years. Our regulatory oversight of RAs includes the inspection of completed audits of financial statements and quality management systems.

## INSPECTIONS LANDSCAPE

Our inspections landscape includes all registered audit firms and RAs that issue audit reports. As at end-March 2023, a total of 1 672 audit firms and 3 649 individuals were registered with the IRBA (2 782 assurance RAs and 867 non-assurance RAs).

## INSPECTIONS SCOPE

### How Firms and Files are Selected for Inspection

The risk-based inspections approach is the cornerstone of the IRBA's inspections programme, in line with the International Forum of Independent Audit Regulators Core Principles. Accordingly, we continue to focus mostly on audits with a higher public interest exposure and the audit firms that audit public interest entities<sup>b</sup>. That means, our inspections scope is not intended to select a representative sample of all firms, their quality control (management) elements or all assurance work throughout the year. As such, the results cannot be extrapolated across the entire population. Also, we only inspect portions of assurance files, in terms of our risk-based approach.

<sup>a</sup>Section 47(1)(a) and (b) of the APA (as amended by the Auditing Profession Amendment Act No. 2 of 2015 and the Auditing Profession Amendment Act No. 5 of 2021).

<sup>b</sup>IRBA Code - Revisions to the Definitions of Listed Entity and Public Interest Entity (Revised April 2023)  
IRBA Code (Revised November 2018) – Refer to page 22 for the definition of a PIE



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# FOREWORD

Audit quality remains at the centre of our strategy and is critical in restoring confidence in our profession. Our efforts to achieve this contribute towards reducing the risk of possible audit failures that could further taint the profession's reputation. Admittedly, such reputational damage would result in a loss of confidence among investors and make the profession unattractive to young people, because of the negative publicity created.

We recognise that audit failures are caused by a handful of auditors and that investors and users of financial statements continue to place significant reliance on the work of audit professionals. However, we cannot ignore the devastating impact that even a single audit failure on a public interest entity (PIE) can have on investors, the public, the audit firm, the reputation of the registered auditor brand and our profession.

In an ever-evolving business environment, the role of auditors in safeguarding the interests of investors, creditors and the general public remains paramount. Public trust in financial reporting and the integrity of the auditing profession is essential for the functioning of capital markets and the broader economy. This trust is built on a foundation of robust and high-quality audit practices – and the Inspections Department plays a pivotal role in upholding it. Through its diligent and rigorous inspection process, it assesses the compliance of registered auditors and audit firms with applicable standards and regulations.

During the 2022/2023 inspection period, the Independent Regulatory Board for Auditors (IRBA) continued with its commitment to fostering excellence in the auditing profession. We did this by further refining the inspection methodologies and embracing advancements in technology, to enhance the effectiveness and efficiency of our processes. Also, we have been unrelenting in our efforts to align our processes with international best practices and standards.

Therefore, I am pleased to present the IRBA's 2023 Public Inspections Report. This report represents a critical component of our commitment to transparency, accountability and the continuous improvement of audit quality in South Africa. It also provides insights into the outcomes of the Inspections Committee on the audit inspections conducted

by our dedicated Inspections Department during the past year. The report not only summarises the results of these inspections, but also offers valuable observations on the state of audit quality in South Africa.

As we navigate through an environment characterised by change and complexity, our regulatory responsibilities are becoming more critical than ever. The IRBA is fully dedicated to nurturing a culture of constant improvement, and we are working closely with audit firms to discuss, continuously, areas of concern and promote a culture of high audit quality. We, therefore, cannot stress enough the critical role of leadership within audit firms in setting the “tone at the top” and that it remains the responsibility of the audit firm to ensure that the highest levels of audit quality are upheld. Firm leadership is expected to establish a culture of professional ethics, integrity and compliance with auditing standards. This tone at the top creates an environment where high-quality audits are prioritised and auditors are dedicated to upholding the public interest.

Our unwavering commitment to instilling confidence and trust in the profession and the regulator is at the forefront of our endeavours. Through our “right-touch” regulatory activities and intensified engagements with stakeholders, we aim to seize new opportunities and address the challenges confronting our profession, both locally and globally. Since we commenced with our restoring confidence drive, it is encouraging to see more stakeholders embracing the IRBA's broader stakeholder approach, showing their full commitment to our collective goal of restoring trust and integrity in the broader financial reporting and governance ecosystem, including the auditing profession. Also, there has been an increase in the number of stakeholders that are joining hands with us on this journey, and we appreciate the efforts and support by the leadership of audit firms, auditors, professional bodies, those charged with governance as well as other relevant regulators and stakeholders.

It remains vital for the IRBA to listen and respond to feedback, as we work collectively to nurture, sustain and restore confidence in the profession, while upholding objectivity and our independence in executing our mandate to protect the public interest. The collective efforts of all our stakeholders are starting to bear fruit. There is a clear sense of working together to achieve our collective goals for



the profession. Furthermore, the importance of all stakeholders in the financial reporting ecosystem cannot be ignored and is of utmost importance, to ensure that investors have access to accurate and reliable financial information. In our commitment to jointly find solutions to address the challenges, this year we published three critical annual reports – including this Public Inspections Report – that map out the key themes and trends we have observed and that have an impact on promoting audit quality. The other two reports are the 2023 Survey Report: Audit Quality Indicators (issued in November 2023) and the recently introduced Annual Enforcement Report 2022 (published in April 2023).

I would like to extend my gratitude to the Inspections Committee and the Inspections Department for their unwavering commitment and contribution to the work they do. Their respective members and staff's expertise, dedication and tireless efforts have contributed significantly to this report. I would also like to thank the auditing profession, audit firms and other stakeholders for their ongoing collaboration and engagement. We recognise that achieving our objectives depends on a collective effort, and your insights and feedback are invaluable in our endeavours to enhance audit quality. It is important that we continue to work together, to create awareness about the value that we bring to the financial markets and the economy of our country. After all, protecting the public interest is at the centre of all that we do as auditors and the regulator.

We encourage all stakeholders to carefully review the themes or findings and outcomes presented in this report and engage with us in a constructive dialogue that can drive positive change in the profession.

In conclusion, the IRBA remains steadfast in its mission to protect the interests of the investing public and maintain the highest standards of audit quality in South Africa. We are confident that this report will contribute to our collective efforts to build a stronger, more resilient and trustworthy auditing profession.

**Imre Nagy**

Chief Executive Officer



# 1

## INSPECTIONS APPROACH

The Inspections Department continued with the hybrid approach in performing inspections during 2023, balancing the remote working environment with face-to-face interactions with the audit firms and registered auditors.

Despite the success of this approach, the significance of in-person interactions with the audit firms and registered auditors inspected cannot be underestimated. This is partly because robust discussions are a critical part of the inspections process. As a result, we have started to increase visibility at firms, to encourage face-to-face interactions with the firm leadership and registered auditors. The results of the inspections performed are discussed in Sections 2 and 3 of this report, with information technology (IT) developments and inspection results in Section 4.

### Quality Management

We proactively planned to start with inspections of the new suite of Quality Management (QM) standards, specifically International Standard on Quality Management (ISQM) 1, that became effective on 15 December 2022 and managed to do this early in 2023. As previously communicated, the initiative followed included discussing the design and implementation of the System of Quality Management (SOQM) with all firms that were inspected from the beginning of 2021, to understand their implementation strategies, processes and preparation to meet the requirements of the QM standards. The results of the SOQM survey conducted in 2022 were published in the quarterly IRBA News<sup>1</sup>. The survey results indicated that most firms were in the process of designing and implementing their SOQM, with a concerning 25% of the respondents having not yet started with the process as of August 2022. As noted below from the results of the ISQM inspections performed in 2023, our concerns about the firms that had not yet started the process materialised, as we identified a number of firms with significant deficiencies. We also noted the commitment and investment required

by the firms that commenced with the process, both in resources and systems, and commend them on their efforts and dedication.

Our inspection of the SOQM during 2023 was limited to the audit firms' design and implementation, as well as the processes they followed. From 2024 onwards, our focus will be on the inspection of the operating effectiveness of the SOQM and the audit firms' monitoring of these systems. The scope for the inspection of the design and implementation of the SOQM included:

- Obtaining firms' documented assessment of the design and implementation.
- Understanding the risk assessment process.
- Assessing the completeness of the risk assessment (analysing historic inspections results, client portfolio, industry-specific risk, size, etc.).
- Evaluating the design and implementation of the SOQM components.
- Assessing the appropriateness of the responses and performing walkthroughs, where required.

The results of these inspections, though, do not form part of this publication. However, the firms and registered auditors that were not visited should note the following are some of the key areas and deficiencies identified:

- We were pleased to see that most firms visited, specifically those involved in the audit of listed and other public interest entities, had designed systems and implemented the new suite of QM standards by the effective date. We noted a significant effort and commitment by these firms to be ready by the effective date and prepared for the next phase in the QM systems, which will be to test the effectiveness of the controls implemented in terms of the firms' systems of quality management.
- Of great concern was that some smaller firms had not designed systems and implemented any of the new suite of QM standards by the effective date, nor were they in the process of doing this at the time of our visits.

### Deficiencies noted

- The SOQM was not appropriate to the firm (nature, circumstances, clients, etc.) and was boilerplate rather than a QM system tailored for the firm.

<sup>1</sup> IRBA News (Issue 59).

Some of these QM systems were obtained from services providers, without being tailored for the audit firm's specific circumstances.

- In terms of the firm's risk assessment process, the following was observed:
  - Insufficient documentation to evidence the process followed.
  - All requirements/areas not included in the risk assessment.
  - No evidence of additional risk considerations.
- With regard to responses to quality risks:
  - Policies and procedures not established.
  - Quality risks not addressed.
  - Information not available for inspection.
- Other observations:
  - General lack of support/documentation.
  - Lack of evidence on the implementation of the QM process at the firm.
  - Judgement – level of documentation to support the design and implementation not sufficient.

## 8<sup>th</sup> Inspections Cycle Initiatives

The Inspections Department kept its focus on addressing the recurring deficiencies identified in the 8<sup>th</sup> Inspections Cycle, with the practical initiatives introduced being the theme-based inspections and the proactive monitoring initiative.

These initiatives aim to assess the extent to which audit firms/auditors took appropriate or effective remedial action to address deficiencies in audit quality. Additionally, their intention is to evaluate whether those actions appropriately addressed the audit quality deficiencies on a firm-wide basis and across engagements, rather than only focusing on those assurance engagements where deficiencies were identified.

## Theme-based Inspections<sup>2</sup>

This approach with inspections is important in addressing recurring deficiencies, as it delves deeper into specific and selected areas of concern. During this period, theme-based inspections were performed at most firms visited on selected engagements, based on themes previously identified at the firms and/or industry themes or themes identified across engagement inspections performed. The results of theme-based inspections have an impact on the assessment of the firm's outcome. In certain instances, significant deficiencies may be identified through the themed inspections, resulting in the individual registered auditor being subjected to a referral for investigation (more information on the theme-based inspections and the results are included in Figure 1 on page 6).

## Proactive Monitoring<sup>3</sup>

The proactive monitoring process provided auditors with an opportunity to commence with the remediation of the IRBA-identified deficiencies at an earlier stage in the inspections process. Once completed for a specific auditor, the department inspected the evidence compiled to confirm the sufficiency of the remediation. The expectation is that this process will enable the IRBA to provide further insights to relevant stakeholders on the remediation steps taken by the audit firms, and whether those are appropriate, considering the findings initially identified, thereby addressing the risk of repeat findings. The detailed processes can be found on our website.

<sup>2</sup> Theme-based Inspections.

<sup>3</sup> Proactive Monitoring.



# 2

## FIRM-LEVEL INSPECTIONS

In assessing the risk at each audit firm, the firm size as well as the level and extent of public interest entities (PIEs) in its assurance portfolio are taken into consideration.

With that in mind, in the past year the IRBA continued to issue the following two types of firm reports:

- A firm-wide inspections report, where a full International Standard on Quality Control (ISQC) 1 inspection was performed – and this happens once in a three-year cycle for larger firms.
- A second type of firm inspection report is issued after a firm visit where the scope of the inspection was limited only to the inspection of engagement files. In this case, the nature and extent of reportable deficiencies identified at an individual engagement file level may be escalated to a firm level, if they affect an element of ISQC 1, resulting in an outcome at that level.

Worth noting is that during this period, 93% (358) of listed entities<sup>4</sup> were audited by 10 of the larger audit firms/networks of firms in South Africa. Nine of these 10 larger audit firms/networks were subject to inspections during the year, either in the form of full firm inspections or engagement file inspections.

### Theme-based Inspections Results

The IRBA introduced theme-based inspections as part of its initiatives in the 8<sup>th</sup> Inspections Cycle, to assess the effectiveness of the audit firms' corrective measures or remedial actions. This was also to address previously reported deficiencies or weaknesses and evaluate whether the firms are achieving their quality objectives. In 2022/2023, in addition to the firm and engagement inspections performed at the firms visited during the year, we also completed 15 theme-based inspections at

eight audit firms. These inspections are designed to address specific areas of concern within the auditing profession, enabling a more targeted evaluation of relevant practices. The deficiencies identified and reported from these inspections are relayed back to the audit firms, and the nature and extent of findings influence the outcome of the inspections at firm level. The firm is therefore responsible for taking the appropriate remedial action for the specific engagement partners, where deficiencies were identified; and the IRBA monitors this through its Remedial Action Process.

The themes inspected, the results of the theme-based inspections and a summary of the findings are set out in Figure 1 below. These findings were also included in the detailed discussions on the firm-wide deficiencies included in Section 2 under the applicable elements of ISQC 1.

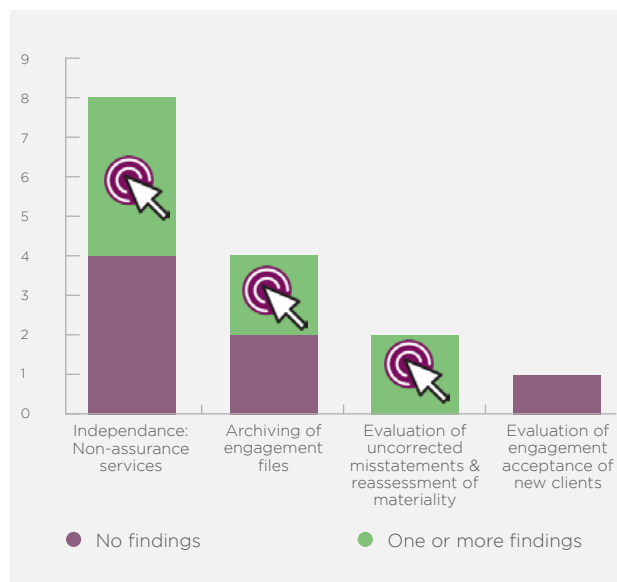


Figure 1: Outcomes of the theme-based inspections. (Click on the buttons for more details on the findings identified.)

<sup>4</sup> Information as of July 2023.

It should be noted that in three of the theme-based inspections, reportable deficiencies that did not relate to the theme inspected were identified, but were of such a nature that they had to be included in the firm-level report. Those deficiencies reported to the firms are also discussed under the elements of ISQC 1 deficiencies in Figure 4.

### Firm-Level Results

During the year under review, the IRBA visited 22<sup>5</sup> audit firms and at five of them firm-wide inspections were performed (refer to Figure 3). In relation to that, we also issued 22 firm-level reports, as depicted in the results in Figure 2. With 15 December 2022 as the effective date for the suite of new QM standards, the IRBA was limited to full ISQC 1 firm-wide inspections for the period. We opted to also commence with the inspection of the design and implementation of the SOQM at audit firms soon after that effective date. However, we continued to escalate audit quality deficiencies identified at engagement level inspections to a firm level, in as far as they impact the elements of ISQC 1, as represented in Figure 3. The aim was to emphasise the importance of effective quality control systems, encourage audit firms to address deficiencies comprehensively and foster a culture of accountability throughout the audit firm.

The results of the 2023 IRBA public inspections reveal a positive trend in comparison to the previous year. Notably, there has been a decrease in the number of referrals for investigation at the firm level. This improvement signifies a growing commitment among audit firms to uphold ethical standards and deliver high-quality audit services to their clients. In addition, the implementation of robust internal controls and enhanced training programmes seem to be contributing to this positive shift. Out of the three firms referred, two of the referrals were for independence matters and one for the quality of the audits performed, suggesting a failure in the system of quality at the firm.

### Outcomes of the Firm Inspections (Including the Engagement Deficiencies Escalated to the Firm Level)

The IRBA issued 22 firm reports and five of these related to firm-wide inspections. Regarding the other 17, firm-wide inspections were not performed, but deficiencies at the engagement level were elevated to the firm level. Figure 2 shows the combined outcomes for the 22 reports.

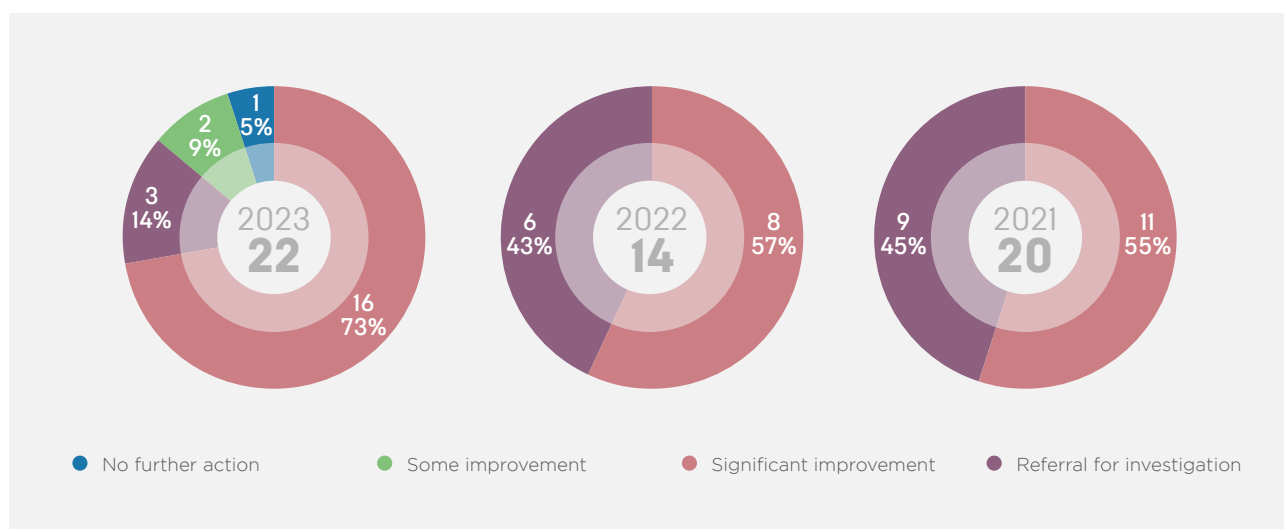


Figure 2: Firm-wide inspections results, including the engagement deficiencies escalated to the firm level.

<sup>5</sup> The 22 firm reports issued include network firms where individual member firms operate under their own names. As a result, these reports relate to a total of 33 audit firms.

The graphic below shows the outcomes of the five firm-wide inspections.

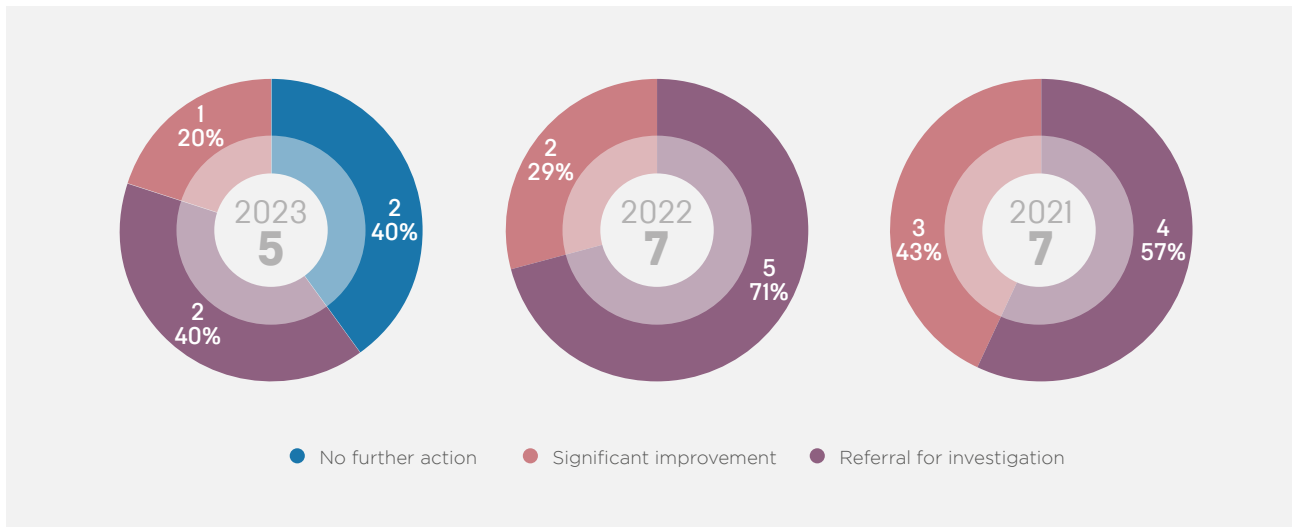


Figure 3: Firm-wide quality control inspections results.

### Firm-Level Themes and Trends

There have been findings across all the elements of an effective system of quality control, as described in ISQC1. For the element of **acceptance and continuance**, the deficiencies identified relating to independence were included under the **relevant ethical requirements**, where we also discuss the independence theme. The firm-level findings mostly point to the inadequate implementation of policies and procedures designed to promote an internal culture that recognises quality as essential when performing assurance engagements at the firms. They also indicate inadequate remediation, as most of the referral for investigation outcomes at the firm level have been as a result of the significance of deficiencies in audit quality identified on engagement files inspected.

As seen in Figure 8 (engagement inspections outcomes), there has been a 5% decrease in the outcome for **referral for investigation**, which has contributed to the decrease in firm-level referrals on specific matters such as independence breaches.

Further, we have observed a significant decrease in the number of findings relating to the **relevant**

**ethical requirements**<sup>6</sup> element of ISQC1 (from 46% in 2022 to 25% in 2023), specifically regarding matters affecting the independence of the audit firm and its auditors. However, this area still remains of high concern, as we keep observing audit firms and auditors that are not complying with independence requirements, which are essential to an audit. The deficiencies identified in this area are mostly recurring findings relating to the independence of the audit firm and the auditor.

The increase of deficiencies in the **engagement performance** element of ISQC 1 from 39% to 60% is due to recurring findings. It is also an indicator that the firms' systems may not be operating effectively, on a consistent basis, to remediate the deficiencies. In addition, this may be an indicator that the quality control systems are not always able to identify significant issues at the engagement file level, to provide assurance that audit quality is at a consistent high level throughout the firm.

Figure 4 provides a four-year overview of the changes in the frequency of the deficiencies identified for each element of ISQC 1, with details on the themes identified and reported to the firms.

<sup>6</sup> ISQC 1, paragraphs 20-25.



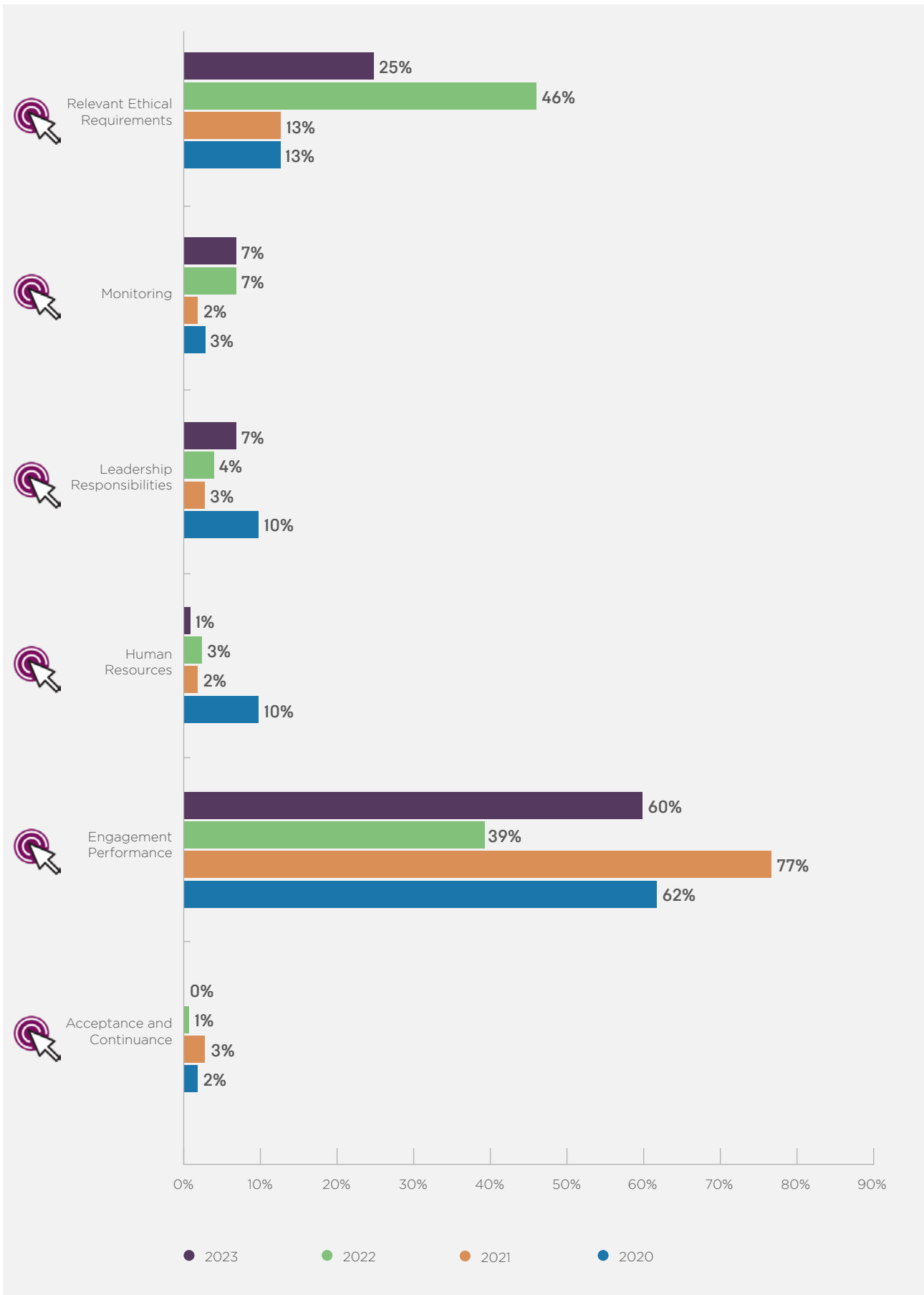


Figure 4: Four-year comparison of the ISQC 1 elements' deficiency spread (frequency %).

# 3

## INSPECTION OF ENGAGEMENT FILES

### Inspections Results

The graphic below is a snapshot of the results of the engagement files inspected during 2022/2023.

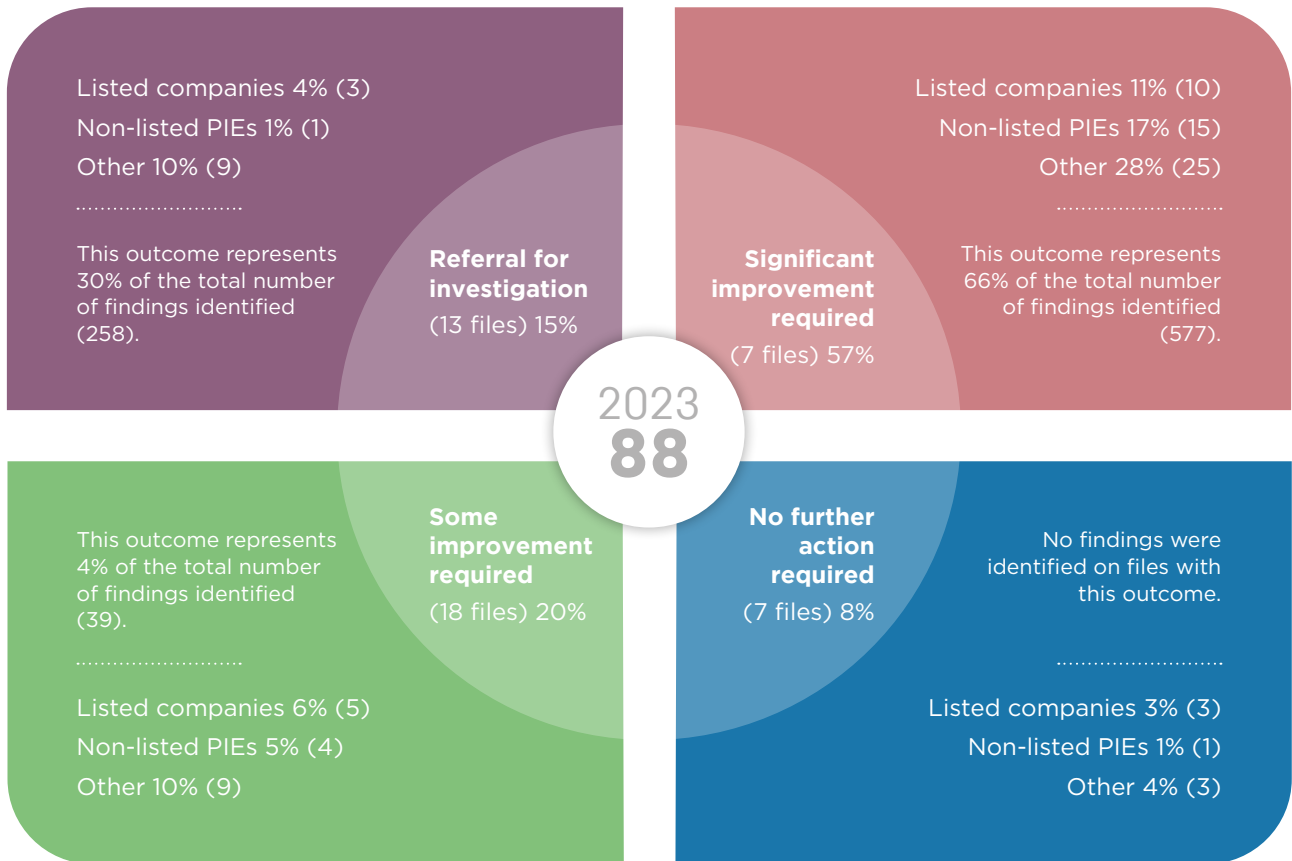


Figure 5: Engagement inspections snapshot outcomes for 2022/2023.

Figure 6 provides further details regarding the outcome for **referral for investigation**. This outcome resulted in the engagement partner for a specific engagement being referred to the

IRBA's Investigations Department, following a recommendation by the Inspections Committee (INSCOM), on an **overall** basis or a **specific** matter.

## INSPECTIONS OUTCOME: REFERRAL FOR INVESTIGATION

### Referral for Investigation on Certain Matters 9% (8)

- Listed entities 3% (3)
- Non-listed PIEs (0)
- Other 6% (5)

#### Main reasons:

- Independence
- Material misstatements
- Inappropriate audit opinion

### Referral for Investigation on an Overall Basis 6% (5)

- Listed entities (0)
- Non-listed PIEs 1% (1)
- Other 5% (4)

#### Main reasons:

- Overall poor quality of audit work and/or a fundamental lack of audit evidence.

Figure 6: An overview of the referral for investigation inspections outcome.

To provide further insights into the outcomes, Figure 7 demonstrates the number of deficiencies identified during the engagement file inspections for each outcome. Despite the decrease in the **referral for investigation** outcome, the fact that 30% (258) of the findings were identified from only 15% (13) of the engagement files is concerning. These inspected engagements were from 10 different audit firms; and, as reflected in Figure 6, eight were referred for

investigation on a certain matter(s) that included three listed entities, while for five the referrals were on an overall basis that included only one non-listed PIE. The number of deficiencies identified for the outcomes of **referral for investigation** and **significant improvement** represents 96% (835) of the total number of deficiencies identified from 72% (63) of the 88 engagement file inspections performed.

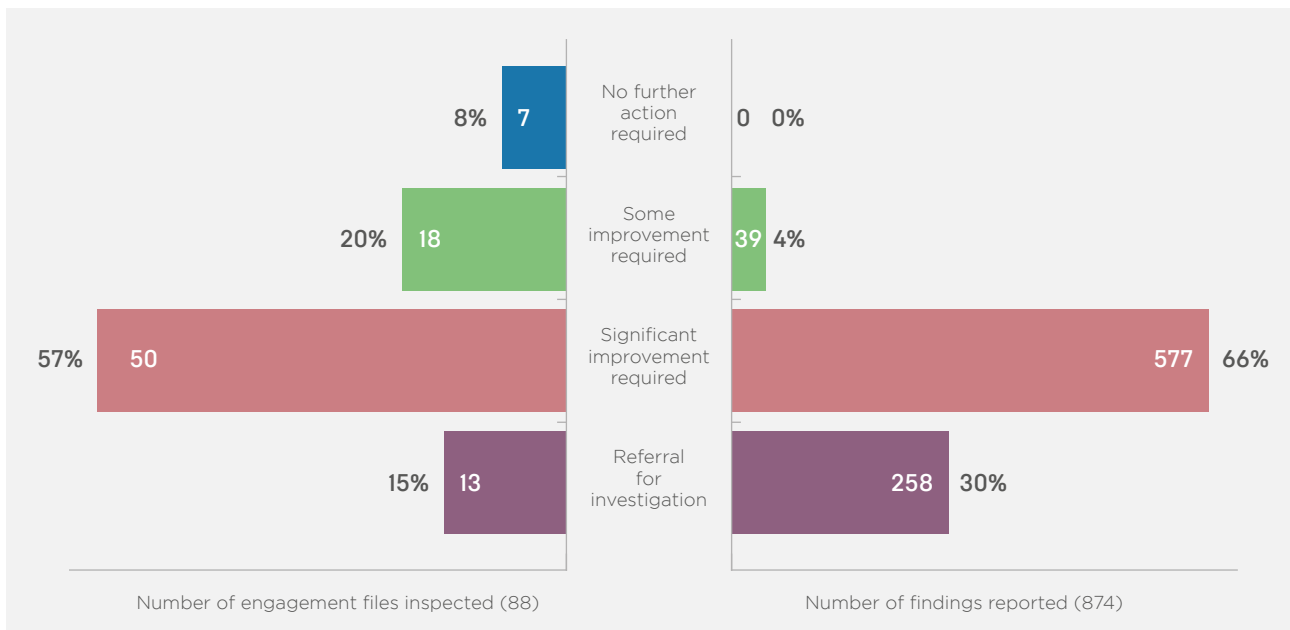


Figure 7: The relationship between the outcomes of the engagements inspected and the number of findings reported on a specific outcome.



Figure 8 depicts the inspections outcomes of the engagement files inspected for the past three years. The outcome of **referral to investigations** had more positive results for the year, with a decrease from 20% (2022) to 15% (2023). However, we still do not

see the more positive results flowing down to the outcomes for some or no improvement required, as the outcome for **significant improvement** increased from 46% (2022) to 57% (2023).

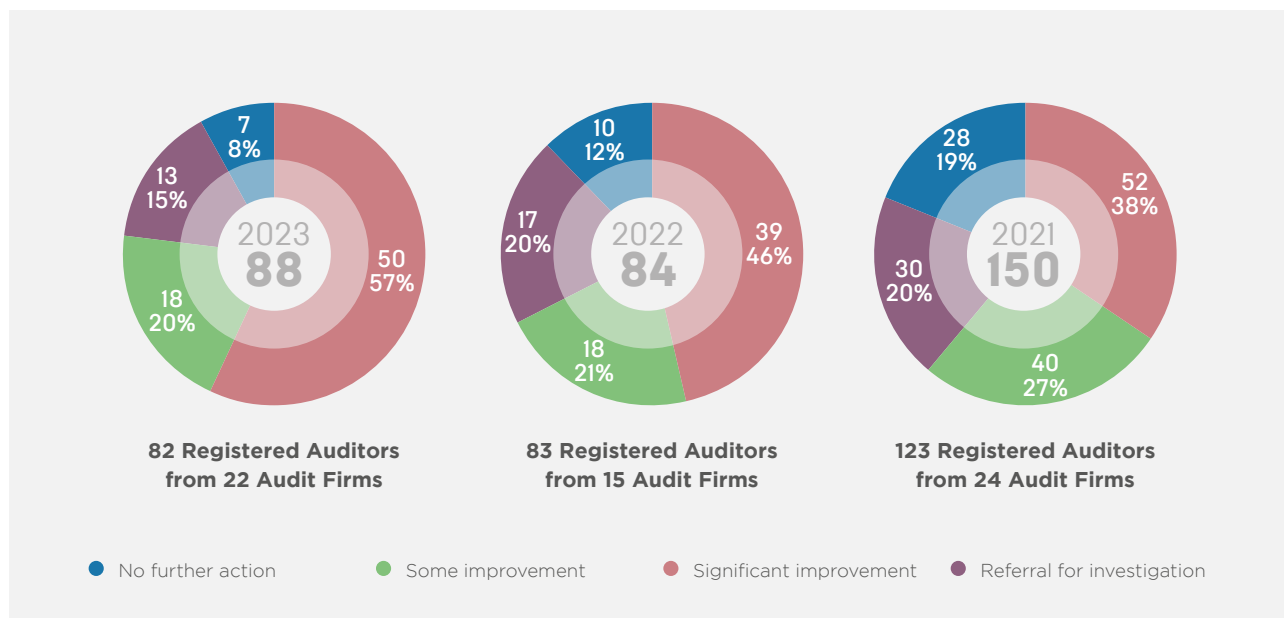


Figure 8: Engagement file inspections results.

## Engagement Themes and Trends

The scope for the inspection of an engagement file typically includes audit planning and completion; financial statement reviews and follow-ups on review queries; a number of financial statement line items that are material and/or assessed as significant; and, where applicable, other areas of risk identified. The scope for the inspection of group audit files is extended to incorporate the requirements of the International Standard on Auditing (ISA) 600 that include, but are not limited to, group planning and reporting, consolidation and a review of the component auditor's work.

The coverage for some of the 88 inspections performed also included engagement files for the main trading subsidiary and material divisions/components, which increased the number of files accessed through the inspections process - though not all were counted as separate inspections. This mostly occurs when the same auditor signs the group, company and subsidiary financial statements.

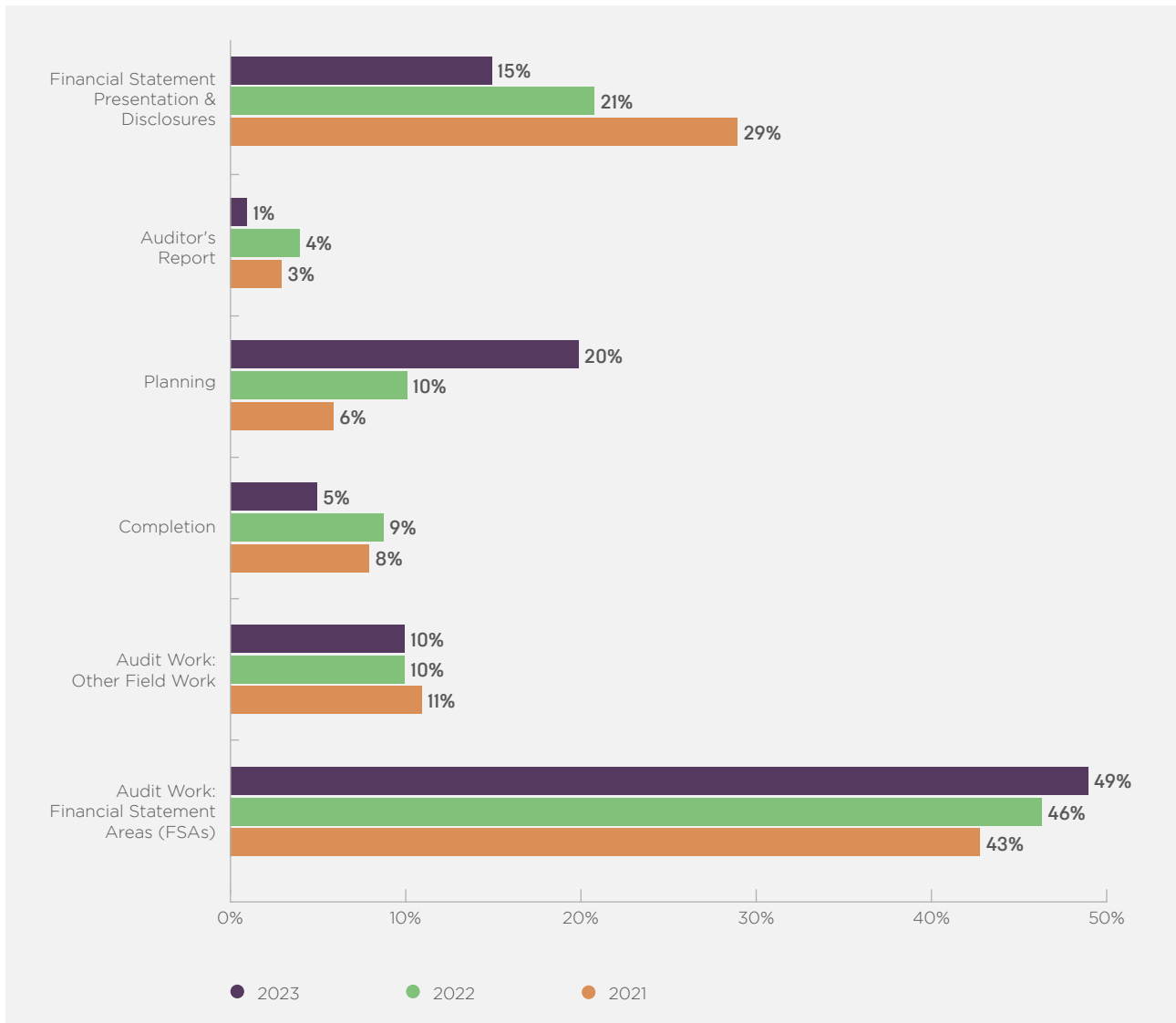


Figure 9: Three-year comparison of audit areas in which findings have been raised.

The inspections focused on the areas of the audit that require the auditor to apply their own judgement throughout the audit process, and the documentation of such judgements. The areas of judgement often relate to significant estimates and judgements<sup>7</sup> that are subjective by nature, requiring more detail to be documented on the audit file, to enable another experienced auditor to understand the nature, timing and extent of the audit procedures performed, the results of such procedures and the conclusions reached thereon.<sup>8</sup> Further areas of judgement include, inter alia, assessing the risk of material misstatement, determining the appropriate materiality, sampling and the evaluation of misstatements. Figure 10 provides a summary of the deficiencies identified from engagement inspections and takes users to summaries of deficiencies identified for areas we view as being most important

to achieve high-quality audits. This includes both recurring themes from the planning, completion and the audit of financial statement areas as well as matters of significant judgement in performing audits.

In most of these instances, where there are areas of significant auditor judgement, the auditor must apply **professional scepticism** by appropriately questioning and interrogating the audit evidence provided. Lack of significant auditor judgement and/or professional scepticism in the performance of an audit, included in Figure 10, further increases the possible negative impact of the nature and extent of the deficiencies identified.

<sup>7</sup> ISA 540.

<sup>8</sup> ISA 230, par. 8.

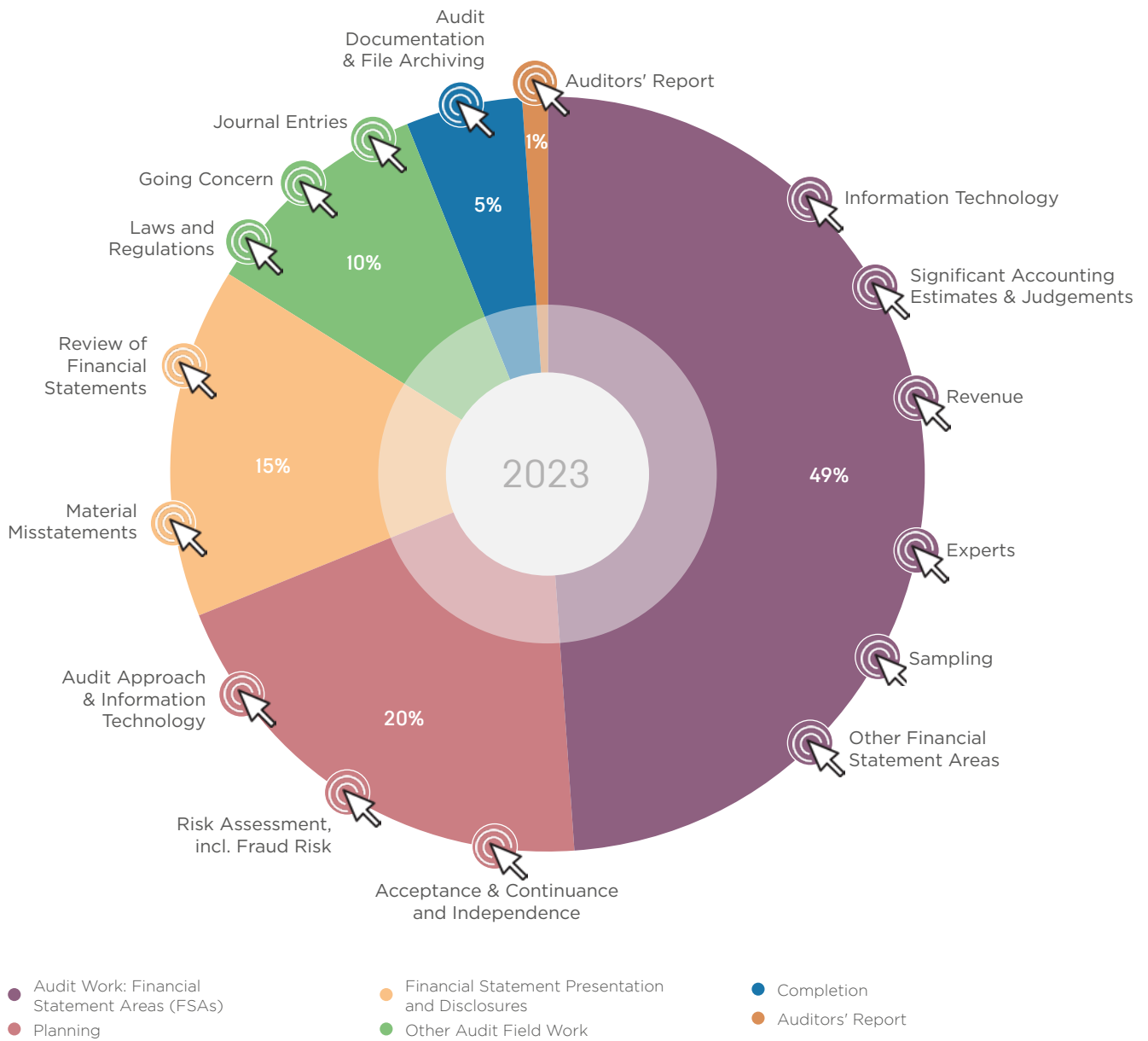


Figure 10: Summary of audit quality deficiency themes identified from engagement inspections.

# 4

## INFORMATION TECHNOLOGY

### Requirement and Importance

#### Technology landscape

There has been an increasing adoption of automation technologies and tools for business and audit processes at both audit clients and audit firms. The IRBA recognises the increasing importance and impact of the use of these technologically-driven tools and techniques to assess risk, formulate responses as well as gather sufficient and appropriate audit evidence in an effective and efficient manner.

The growing innovation of artificial intelligence (AI) learning models (e.g. language, image, audio and video) and the robotic processing/automation technologies have seen an explosion in the adoption of generative AI models, particularly with language and visuals, e.g. ChatGPT, DALL-E, Bard, etc. Some of these technologies have been integrated into everyday productivity tools and services, such as search, translation, transcription, design and customer services. The convergence of these technologies with innovations and adoption related to cloud and quantum computing creates an environment of expanding data and an increased capability to analyse data, accelerating the development of artificial general intelligence (AGI) as it relates to the performance of tasks. Our analysis indicates that players in the financial services sector are primarily the main innovators and adopters of such technologies. However, Customer Relationship Management platforms also used by other sectors have been increasingly adopting these technologies.

The risks relating to cyber security continue to remain prevalent and we have been observing an increased focus on these. In fact, such risks materialised in 2022, showing that many organisations in the country had experienced some form of cyber-attack with ransomware being predominant. Also, there has been an indication that these attacks are becoming more sophisticated. The entity's response to cyber security risks should receive more focus from auditors, especially in the context of compliance with local laws and regulations, such as the Cybercrimes Act, the Financial Sector Conduct Authority/Prudential Authority joint standards and the Protection of Personal Information Act (POPIA). As firms are also particularly exposed to such risks, focus should be placed on the SOQM responses to manage these, including the various impacts that breaches may have

on compliance with ethical requirements, specifically the confidentiality of client data.

Auditors that are operating in such ever-changing environments should remain alert when performing risk assessments related to these technologies, especially concerning their technical components. The IAASB has issued a suite of non-authoritative guidance that provides both benefits and concerns when auditors use such tools and technologies. The guidance also emphasises the risk of overreliance without the application of professional scepticism. Registered auditors are encouraged to use such supplementary material in addition to the extant standards.

#### Risk assessment

ISA 315 (Revised 2019) has brought about some notable changes in how it drives the importance of IT in the context of an audit of financial statements. These changes include, among others, clearer and new definitions in relation to:

- General IT controls;
- Information processing controls;
- IT environment (applications, infrastructure and processes); and
- Risks arising from the use of IT.

An understanding of the information systems requires an auditor to perform risks assessment procedures for the areas that are highlighted below, specifically in relation to the IT environment of the audit client.

#### IT environment (as part of the information system)

Control activities include the specific identification of IT applications as well as the relevant IT risks and general controls. The application and other explanatory material in the standard introduces further concepts, such as automated tools and techniques that replace the old "CAATS" references. This gives further credence to the use of such tools in the risk assessment processes; the clarification of the linkage between IT general controls and application controls; the ability of IT general controls to address risk at the assertion level (i.e. dependency of automated controls); and how this may affect the auditor's inherent and control risk assessment and decision on placing reliance on automated controls (i.e. audit strategy), especially where IT general controls have been found to be deficient.

The standard also incorporates the considerations on the ability of substantive audit procedures to address IT risks and linkage to the audit opinion.

### **Practical guidance on the linkages of the nature and complexity of an IT environment with IT risks**

ISA 315 (Revised 2019) has placed an emphasis, and provides practical considerations, on the use of system-generated reports and the potential risks and controls that the auditor may need to evaluate. It also includes expanded examples of such IT risks and controls in Appendix 5: *Considerations for Understanding Information Technology (IT)* and Appendix 6: *Considerations for Understanding General IT Controls*, to the Standard, taking into account various environments and technologies. Specifically, the standard refers to scalability considerations – in the context of the nature and complexity of the entity’s IT environment that is relevant to the audit – and emerging technologies (e.g. blockchain, robotics, artificial intelligence). With regard to these technologies, it notes that they do not change the auditor’s responsibilities in terms of risk assessment procedures and risks arising from laws and regulations, such as those related to data protection (e.g. POPIA and the Cybercrimes Act). Further, the standard has expanded examples of controls over the user access, the change and operations of IT processes, as well as the risks addressed by these controls in the context of the nature and complexity of the IT environment.

The changes brought on by ISA 315 (Revised) are not new to those registered auditors with specialist knowledge and experience in the performance of IT audits in the context of financial audits and the firms that have developed appropriate methodologies and guidance for use in the executions of such audits. However, even for these and those other registered auditors whose knowledge and experience may have been limited, these definitions and requirements provide clarity and an understanding of the components of the IT environment in the context of the information system and its relevance to the process of financial reporting.

Moreover, these concepts, processes and risks referred to in the standard are not new to the Inspections Department. As such, our view is that their inclusion further emphasises the importance of IT and provides guidance to the registered auditor, which should primarily address some of the findings that we have previously identified, if this standard is applied appropriately. Also, ISA 315 (Revised) has resulted in conforming amendments to other standards, such as ISA 330 and ISA 402, which primarily address the IT changes related to understanding the IT environment and the risks arising therefrom. These also address the procedures

that are required for system-generated reports and how to respond to risks for deficient IT general controls in the context of the audit approach.

### **Use of audit technologies and tools in quality management and engagement performance**

ISQM 1, ISQM 2 and ISA 220 (Revised) have brought about the following notable changes regarding IT:

- Resources: These standards primarily support the use and consideration of technological resources as part of the engagement team and the performance of procedures. However, they elevate the risk that arises from using such resources, especially if the resources have not been adequately certified. Such can arise from engagement team specific resources and firms are encouraged to develop processes to guide and monitor such instances.
- Information and communications: The International Forum of Independent Audit Regulators (IFIAR), at its 2023 Inspections Workshop, presented the following practical examples of the application of automated tools and techniques used in audit:
  - Journal entry testing;
  - GL analysis tools;
  - Risk assessment;
  - Analytical audit procedures;
  - Substantive procedures;
  - Test of controls;
  - Test of data inputs and outputs;
  - Test of information produced by entities;
  - Use of external information sources, e.g. pricing data, macro-economic data, industry data; and
  - Analysis of entire data sets.
- In our engagements with firms on Automated Tools and Techniques during the period under review, we identified similar uses of technology in the audits, especially for:
  - Journal entry testing;
  - Internal controls testing;
  - Substantive audit procedures; and
  - IT application/security configuration reviews.

## **Our Observations**

### **Success factors or good practices**

Audit teams that have obtained and documented a thorough understanding of the entity, its environment and information systems are more likely to appropriately identify, assess and document the risks of material misstatement related to the financial reporting process.



Firms that have clearly defined policies and procedures related to the IT aspects of the audit and that consistently monitor compliance with these tend to achieve the desired level of audit quality. Also, firms that have provided personnel with adequate support and an understanding of the related IT aspects of the audit, while constantly monitoring their application, attain the preferred level of quality.

### Deficiencies reported during the year

In the current year, deficiencies on the audit of the information technology systems have attracted a great deal of attention. Most of these relate particularly to insufficient documentation by registered auditors regarding the procedures performed to obtain sufficient and appropriate audit evidence as part of the audit approach to IT. The approach includes obtaining reliance on the operating effectiveness

of IT general and application controls (ISA 330, paragraphs 8(b), 10(b), 13 and 17), and reliance on the information produced by the entity.

The IRBA is alarmed at the growing number of IT-related deficiencies and the recurring patterns observed. Of particular concern are the deficiencies identified on the inappropriate reliance on information attained from the systems used to obtain audit evidence. This is worrying as such information typically is fundamental to the procedures performed, the audit evidence obtained and the conclusions drawn by the auditor on key financial statement line items and audit responses. Furthermore, it is specifically concerning when we identify that firms lack the necessary guidance and methodologies to support auditors in addressing these challenges. Firms are therefore urged to pay particular attention to the changing environments of their clients and the audit landscape, in general.

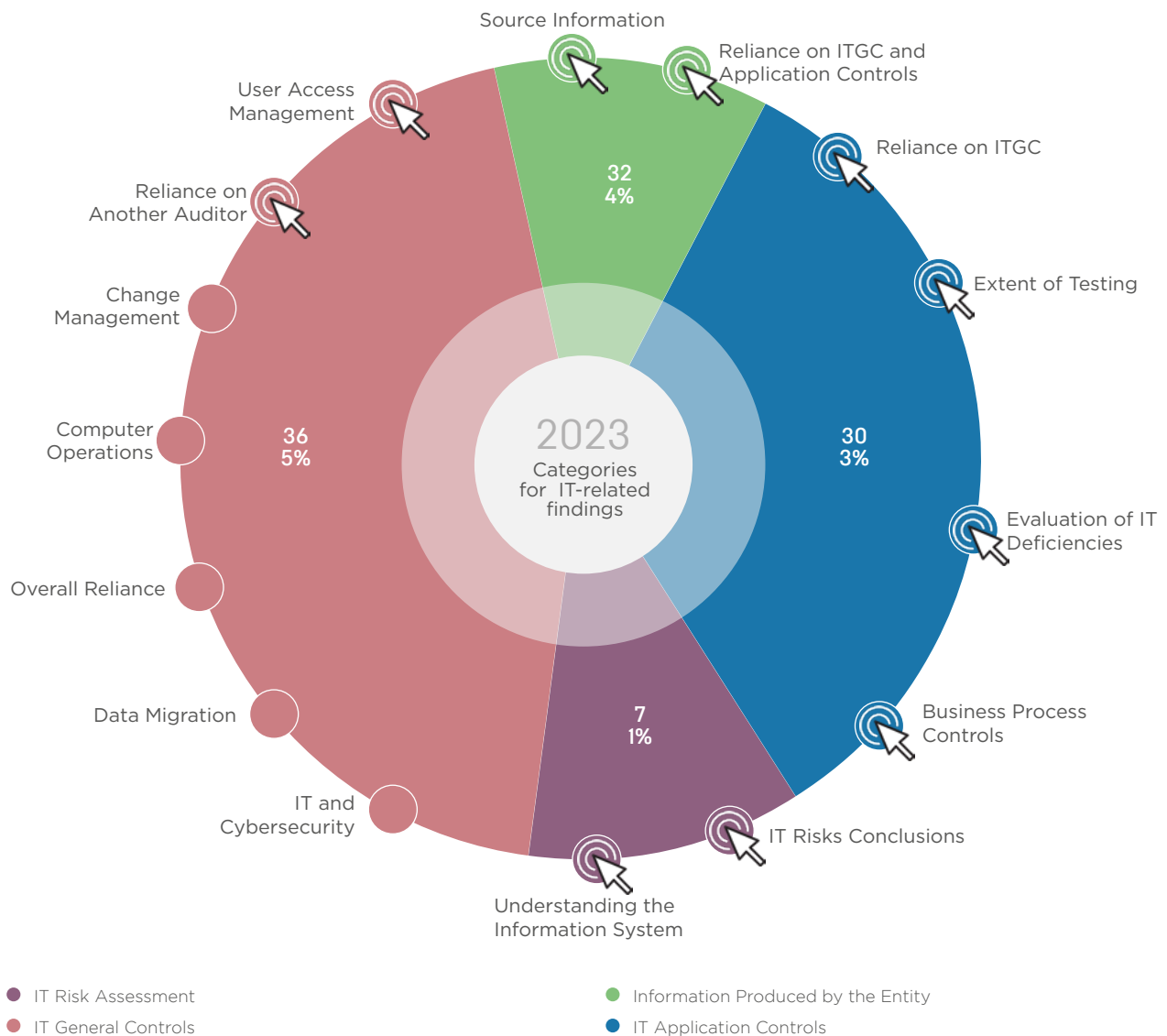


Figure 11: Information technology deficiencies (frequency % in relation to the total number of findings on engagement inspections).

## Future Outlook

Our initial analysis of the information gathered during the period under review, as part of the inspections performed at the firms and including the ISQM design and implementation efforts, indicates that:

- Some firms have adopted tools and technologies for use in the management of the SOQM, as it relates to the documentation and monitoring aspects.
- Further, regarding the controls around such tools and technologies, some firms are relying on their global counterparts for the appropriate implementation and operation of such controls.

Firms are reminded that while these controls may support the technologies, some of the processes require local input and monitoring.

With the increasing digitisation of entity environments, there are new risks from the inadequate or inappropriate design, implementation and operation of controls. Thus, auditors need to remain alert to how these risks can translate into

audit risks in relation to, for example, compliance with laws and regulations, transactions, balances, disclosures and codes of conduct. In this regard, we have identified that cyber risks do materialise, especially when registered auditors perform inadequate procedures. In response to this, our risk assessment processes have been enhanced to ensure effective identification and consideration of affected engagements in the selection processes.

The IRBA continues to observe the increasing use of technology (either developed in-house or purchased applications) as part of the auditor's response to audit risks. We believe that this adoption of technology in the audit process is encouraging.

Our processes are routinely benchmarked against those of other regulators that are affiliated to the IFIAR. We consistently source information regarding the utilisation of audit tools and technologies from similar regulatory bodies, fostering collaborative relationships and, where applicable, leverage on more advanced markets.



# 5

## GOOD PRACTICES

The inspections we performed during 2022/2023 revealed a number of good practices that some audit firms have adopted and maintained to address deficiencies, enhance audit quality and mitigate various risks.

Such risks include independence matters, inadequate documentation, staffing, inappropriate judgement on accounting estimates and other areas of significant judgement, as well as IT advancements and related audit challenges. Below we highlight some of the key observations noted and encourage all auditors to consider whether these practices may be relevant to their respective environments. Having done that, we urge auditors to be proactive and implement these, where applicable, to ensure compliance with the auditing standards and the relevant codes.

### Independence

Ethical matters continue to be a primary focus area for many, with the following matters receiving specific attention:

- Evaluation of relationships – specific evaluation of association risks and considerations for which engagements the audit firms are prepared to accept.
- Establishment of independent oversight committees assessing potential high-risk clients and/or engagements and whether to accept/continue with an engagement.
- Enhanced procedures to identify client relationships with potential conflicts of interest and matters affecting the firm's independence, including independence in appearance, and the monthly testing of independence-related topics raised in prior periods.

### Use of Technology-based Tools

We noted that audit firms are actively addressing the challenges that auditors continue to face in the rapidly evolving world of technology in which clients and other stakeholders operate. Audit firms introduced new and/or enhanced audit software, which includes analytical tools, research tools as well as audit and risk monitoring tools. These include data analytic and visualisation tools that are focused on addressing specific risks, such as the fraud risk.

Audit firms view these advances in automated audit tools as an integral part of the audit process, methodology and for gaining greater efficiencies through the automation of audit procedures. Firms are also aware that these technologies (e.g. robotic process automation, machine learning and other cognitive technologies) are constantly evolving, meaning they must keep up with new developments. This transformation of the audit process requires significant investment, though, and that has to be acknowledged.

### Training

The introduction of technology-driven and skills-focused learning will assist with addressing the deficiency themes identified from the internal and external quality reviews, including technical audit and International Financial Reporting Standards matters.

Specific training and workshops on ethics and independence will enhance the understanding and compliance with ethical and regulatory matters.



## Audit Quality at the Engagement Level

In relation to an assessment of audit quality at the engagement level, the following was noted:

- Engagement file reviews:
  - Performed on an ongoing basis, with dedicated reviewers focusing on high/significant risk areas; and
  - Performed before issuing the audit opinion (pre-issuance reviews), concentrating more on high/significant risk areas and significant auditor judgement, together with a focus on recurring findings/themes from internal and external quality monitoring processes.
- Increased leveraging on data and technology tools to gain efficiencies on the audits and execute audit procedures on high/significant risk areas, with an increased extent of testing.
- Enhanced controls to ensure that the requisite specialist knowledge and skills are available for the audit teams in high-risk and complex audit engagements.
- Continuing growth of technical resources to support audit teams, including specialists and experts.
- Enhancement of the role of the engagement quality reviewer, with the addition of an assistant.
- Ongoing enhancement of the audit software and methodology, with added industry-specific guidance and audit documentation tools for changes in accounting standards and other events that may impact the audit client's financial statements.



# 6

## REMEDIAL ACTION ON INTERNAL MONITORING AND RECURRING INSPECTION FINDINGS

The Remedial Action Process has been and will remain crucial to the IRBA’s inspections process.

Through this process, our objectives are not only to address deficiencies in audit quality at firm and engagement levels. Ultimately, the goal is to enhance the reliability and credibility of financial reporting, which are imperative to investors, regulators and other stakeholders that rely on audited financial statements to make informed decisions.

The IRBA therefore continued with its Remedial Action Process, engaging with the firms and partners through interactive discussions on Root Cause Analyses (RCAs) and Remedial Action Plans (RAPs). We also have been resolute with the enhancement to the Remedial Action Process, which includes the **Proactive Monitoring** process introduced in the prior year. All the firms visited for inspections during the

prior and current years opted to participate in the **Proactive Monitoring** process, which gained traction towards the end of the year; and we are starting to receive the reports of the results of the remedial action and engagements reviewed by the audit firms. We also expect that the suite of new Quality Management standards will contribute further towards effective remediation processes at the firms, with evidence supporting improved audit quality, specifically for the themes we previously reported to the firms and auditors.

Most firms remained positive towards the Remedial Action Process and regard it as integral to the achievement of shared objectives and the ultimate improvement of audit quality, to serve the public interest. The challenge remains the rectification of the reported deficiencies through the firms’ internal remediation processes, including the identification of the true root causes. Figures 13 and 14 depict the RAP and RCA reviews performed during the year and the outcomes

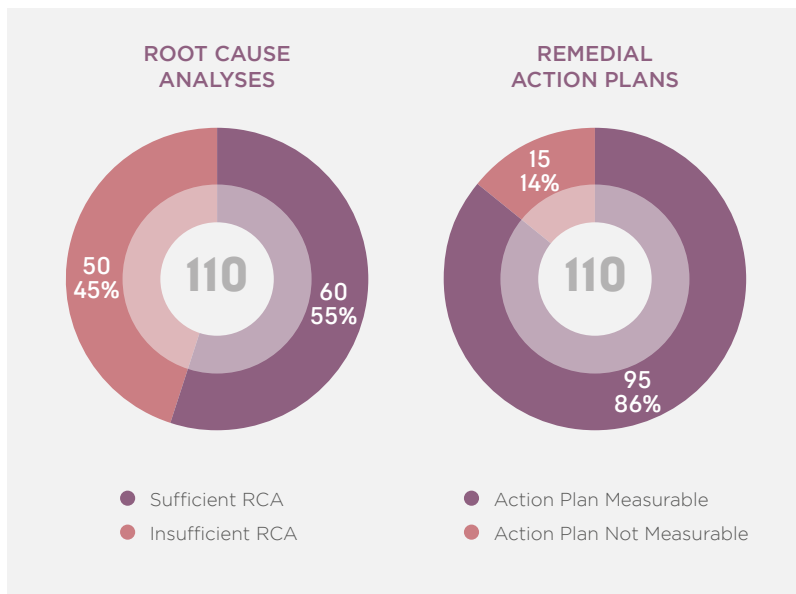


Figure 13: The 2023 Remedial Action Process and the reviews performed (inspections outcomes – referral for investigation and significant improvement).

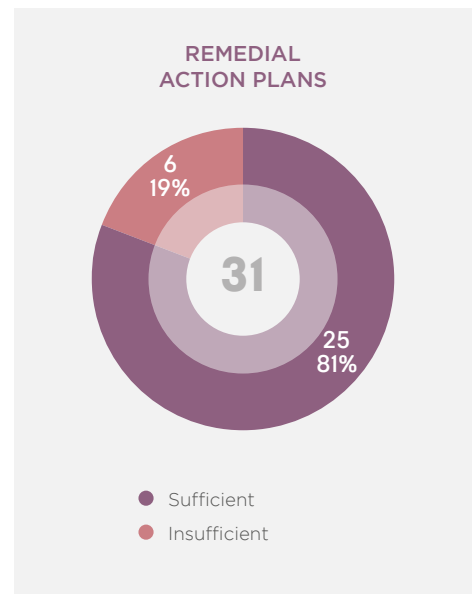


Figure 14: Remedial Action Process and the verifications performed (inspections outcome – some improvement).



The Remedial Action Process includes the assessment of whether the remediation plan implemented at both the firm-wide and individual levels achieved its objective of *real* remediation. From the analysis of inspection findings, the observation is that the **recurrence of noted deficiencies** highlighted during inspections persisted at the same firms and/or for the same registered auditors. This is despite the remediation plans/actions reflected in the RAPs submitted to the IRBA.

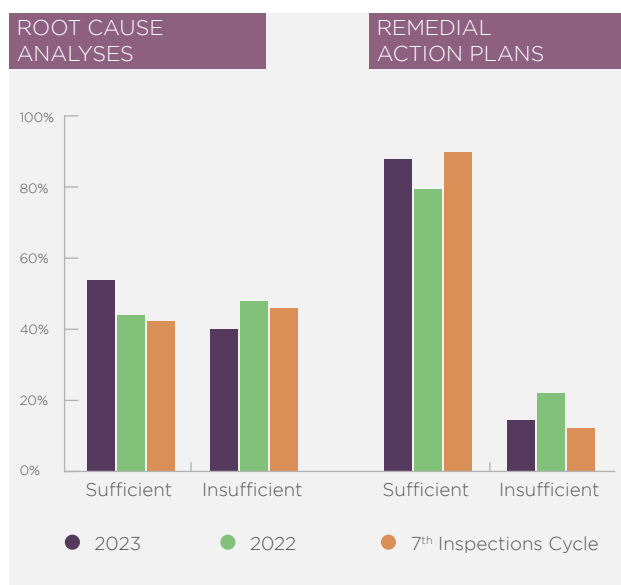


Figure 15: Remedial Action Process and the trend analysis of the reviews performed.

Despite the improvement in the sufficiency and measurability of the RCAs submitted, Figure 15 indicates that this step in the remediation process is still not being performed sufficiently to identify the true root causes of deficiencies in audit quality. Additionally, actionable remediation plans have not been developed, as required, to appropriately address the deficiencies in audit quality.

Where we see insufficient RCAs and RAPs in place, we have had discussions with the relevant auditors and the firms' leadership, as failure to remediate reportable deficiencies throughout the firm may indicate that its system of quality is/remains ineffective. In such cases, the firm and the auditors may be requested to resubmit their undertaking, along with the revised RCAs and RAPs. After a re-assessment of the revised undertaking, the auditor may be referred back to the INSCOM for a decision, i.e. if the re-submitted undertaking is still not addressing the reported deficiencies. That committee's decision might change the original result of the inspection.

Figure 16 shows the trends in the evaluation of the RAPs and RCAs, while Figure 16 depicts the trends from the evaluation of verifications performed for the 7<sup>th</sup> Inspections Cycle as well as the first and second years of the 8<sup>th</sup> cycle.

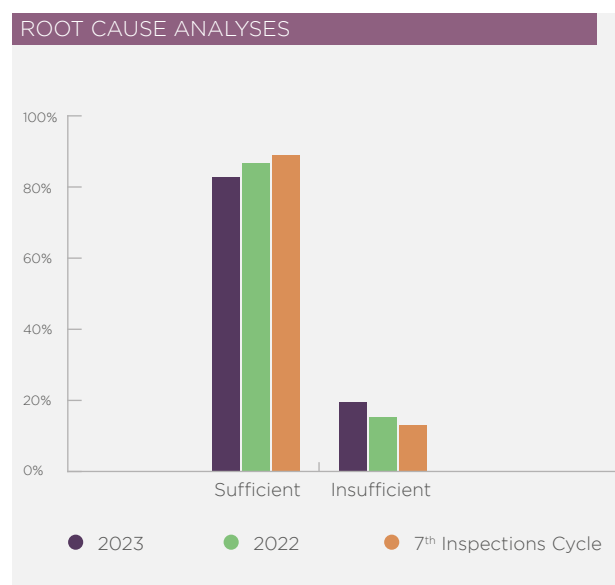


Figure 16: Remedial Action Process and the trend analysis of the verifications performed.

The outcome of the IRBA's evaluation of the firms and auditors' remediation feeds back into the inspections risk assessment and business intelligence process. Non-compliance with the remediation process is seen in a very serious light and may be raised, based on a firm's failure to cooperate with the regulator. Such failure would demonstrate an inability or reluctance to remediate previously reported inspection reportable deficiencies promptly and effectively, as required by the standards and the Remedial Action Process.

The IRBA's concern is that the RAPs include remediation "actions" that are already in place at the audit firms as part of their systems of quality. These comprise regular training on auditing and accounting standards; established audit methodologies (including appropriate guidance) as well as firm policies and procedures governing the actions of auditors; and trainee programmes that comprise coaching, mentoring and the development of staff. The question then is whether the true root causes

are being identified, and/or these continuing actions, though extremely important to carry on with, will address deficiencies in audit quality at both the individual and firm-wide levels. From the analysis of the firm-wide and individual inspection deficiencies, it seems that where significant findings were identified, it came down to the individual auditor not ensuring that the appropriate level of audit quality had been achieved on the engagement.

The improvement of audit quality requires a commitment at an individual auditor level, to ensure that auditing standards are complied with through the assistance of the firm's technical support and consultations, together with the application of the firm's methodology.

Through the **Proactive Monitoring** initiative, the IRBA expects that prompt remediation will occur at an individual auditor level, with the hope that such intervention will then influence audit quality at a

firm-wide level. The firm's commitment to improving audit quality through its internal monitoring process is also essential for this objective to be achieved. This might require a shift in the firm's approach from monitoring from a risk exposure point of view (e.g. there are deficiencies, but in the firm's judgement there is no external risk exposure that the audit opinion is incorrect) to a focus on improving audit quality. This is evident from the 2023 Survey Report: Audit Quality Indicators<sup>9</sup> (AQI Report), which covers information for engagements that were completed during the 2022 calendar year. In the AQI Report, results show that for the same firms internal monitoring outcomes are significantly different from the IRBA's inspections outcomes.

Figure 17 depicts the differences (average) between the IRBA engagement inspections outcomes and the internal monitoring results reported by the firms as part of the AQI Report.

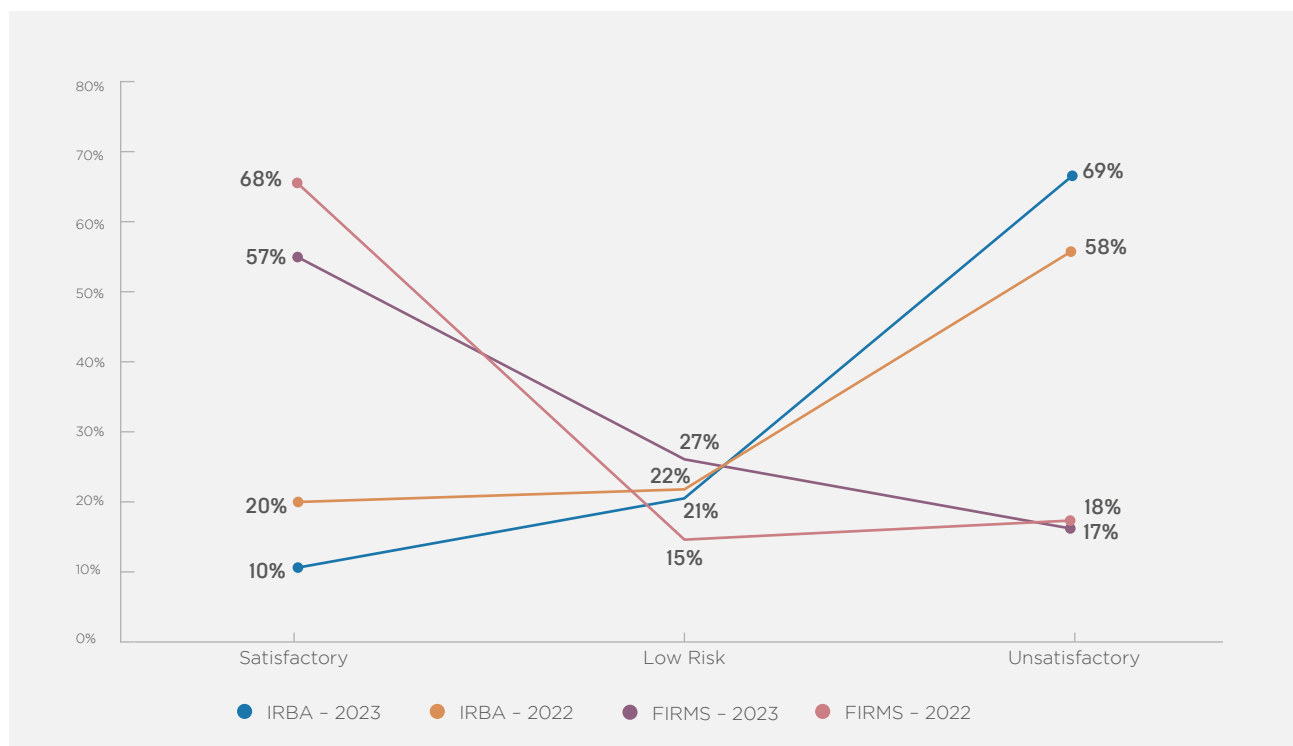


Figure 17: The IRBA engagement inspections outcomes versus the firm monitoring results.

<sup>9</sup> Available on the [IRBA website](#).

The table that follows provides a detailed breakdown of the monitoring results reported by the audit firms as part of the AQI Report and the IRBA engagement inspections outcomes for the 10 audit firms that participated in the AQI survey.

	SATISFACTORY (No further action required)		LOW RISK (Some improvement required)		UNSATISFACTORY (Significant improvement required/Referral for investigation)	
	IRBA Engagement Inspections	Information from Audit Firms	IRBA Engagement Inspections	Information from Audit Firms	IRBA Engagement Inspections	Information from Audit Firms
Firm 1	11%	26%	22%	37%	67%	37%
Firm 2	0%	95%	14%	5%	86%	0%
Firm 3	0%	46%	0%	19%	100%	35%
Firm 4	-*	25%	-*	40%	-*	35%
Firm 5	0%	62%	67%	23%	33%	15%
Firm 6	0%	78%	17%	16%	83%	5%
Firm 7	0%	50%	0%	0%	100%	50%
Firm 8	50%	88%	50%	6%	0%	6%
Firm 9	33%	0%	17%	100%	50%	0%
Firm 10	0%	67%	0%	33%	100%	0%

- IRBA Engagement Inspections
- Information from Audit Firms

\* Firm not visited in 2023.



# 7

## CONCLUDING REMARKS

Firms and firm leadership, in particular, are required to ensure – as part of their processes of continuous improvement and remediation – that all deficiencies identified and reported during a firm or an engagement file inspection are promptly addressed throughout the entire firm.

It is therefore expected that where improvements are required, these should be promptly addressed by all engagement teams across the firm, on all of its audits.

The need to protect the public interest and repair the reputation of the auditing profession has never been higher. As such, firms are strongly encouraged to pay close attention to the analysis of the themes presented by the IRBA, to ensure that they are able to implement processes and controls that address these deficiency themes in a sustainable manner. That will enable the performance of high-quality audits that are responsive to the changes in risks and the increased complexities introduced during the pandemic.

The frequency of findings remains significantly higher compared to the latest global inspections survey results<sup>10</sup> released by the IFIAR.

Inspections and the resulting deficiencies reported are an important measure of audit quality, as discussed in this report. Therefore, we envisage these to be part of an initiative that will contribute to a deeper dialogue among firms, registered auditors and their clients, and other users of the information presented. All parties have a common interest in the constant improvement of the quality and consistency of audits performed.

The IRBA uses the results of the inspection findings to monitor the efforts of the firms and registered auditors to improve the rate of these findings over time. These also assist us to renew our strategy and processes, as well as develop initiatives to assist firms and registered auditors to improve audit quality. Therefore, we urge audit firms and registered auditors to continue with their efforts to achieve improved audit performance, while following the applicable standards and guidance issued by the regulator.

### TELL US WHAT YOU THINK

Was this report helpful to you? As the IRBA, in our role and mission to serve the public and protect the public interest, we want to know how we can improve our communication and provide information that is timely, relevant and accessible. We welcome comments on this publication and/or other matters. Email us at [2023PIR@irba.co.za](mailto:2023PIR@irba.co.za).

<sup>10</sup> [Survey of Inspection Findings 2022](#).

# APPENDIX A: INSPECTIONS OUTCOMES AND REPORTABLE DEFICIENCIES

## Inspections Outcomes

The outcome of an inspection as an indicator of audit quality is as presented in the graphic below. The poorer the outcome, the higher the risk of an audit failure due to undetected or unreported misstatements.

Outcome	Audit Quality			
<ul style="list-style-type: none"> <li>● Referral for investigation</li> <li>● Significant improvement</li> <li>● Some improvement</li> <li>● No further action required</li> </ul>	<p>Opinion may be appropriate. No risks identified/ no significant concern related to audit quality.</p>	<p>Opinion may be appropriate, with a few areas identified that require prompt improvement. Some concern related to audit quality.</p>	<p>Opinion may or may not be appropriate, with several/ significant areas reported that require prompt improvement. Significant concern related to audit quality.</p>	<p>Opinion is possibly inappropriate or fundamental failure (non-compliance with standards, the Code and applicable legislation) that requires an investigation and urgent intervention/ improvement. Poor audit quality, not on an acceptable standard and a possible significant impact on public interest.</p>
	GOOD	ACCEPTABLE	POOR	FUNDAMENTAL

## PENDING DECISIONS

The final outcome of the inspection depends on the actions required to be undertaken by the audit firm or the registered auditor, as determined by the INSCOM. Thereafter, based on the evaluation of the actions and/or remediation required, the final outcome of the inspection will be concluded on by the INSCOM.



## Firm level

A reportable finding at a firm level includes any significant or systemic deficiency related to the firm's conduct or system of quality control that may have an impact on audit quality by creating a risk of inappropriate auditor's reports being issued by the firm. Further, this takes into account failure to implement remedial/corrective action on all assurance engagements performed by the firm and could result in recurring inspection findings.

Firms are referred to the IRBA's Investigations Department when a reportable finding is of such significance that audits performed by the firm can have an impact on the public interest. This includes continued non-compliance with the standards; failure to promptly remedy reported deficiencies; failure of the firm's system of quality control; and/or when instances of fundamental breaches/non-compliance occurred. An example is when a fundamental breach of the APA, auditing standards, codes, rules or other legislation (such as the Companies Act) was identified.

Firms can also be referred to the IRBA Board for any action it deems necessary to protect the public interest and reputation of the profession. In such cases, the Board then closely monitors the activities and implementation of Remedial Action Plans by these firms.

## Engagement level

At an engagement level, a reportable finding includes any significant deficiency whereby the firm has failed to obtain sufficient and appropriate audit evidence to support its auditor's report. This includes a failure to identify or address a material or potential material financial reporting/accounting-related deficiency; or any non-compliance with applicable standards, codes of conduct and legislation, including a departure from the firm's adopted policies, procedures or methodology.

Engagements are referred to the Investigations Department when a reportable finding is of such significance that the audit opinion issued is not appropriate; and/or when instances of fundamental breaches/non-compliance occurred. Included in this are findings that the auditor failed to identify or address; a quantifiable, material uncorrected misstatement in the financial statements; and/or when a fundamental breach of the APA, auditing standards, codes, rules or other legislation was identified.



# APPENDIX B: THE 5 WHYS ROOT CAUSE ANALYSIS TOOL

## Reportable Deficiency:

The auditor did not obtain sufficient appropriate audit evidence over material journal entries at year-end.

### Theme 1:

Sufficient appropriate audit evidence (ISA 330 and/or ISA 500)

### Theme 2:

Material transactions, with a significant risk rating (ISA 330:18)

### Theme 3:

Management override of internal controls (ISA 240.27/31)

### Why 1:

Why did the auditor not obtain sufficient appropriate audit evidence for material journal entries at year-end?

**First answer:** The audit staff did not have the knowledge, understanding and experience.

### Why 2:

Why did audit staff not have the knowledge, understanding and experience?

**Second answer:** Audit staff were not trained.

### Why 3:

Why were audit staff not trained?

**Third answer:** There was no time to train staff.

### Why 4:

Why was there no time to train staff?

**Fourth answer:** The firm has tight deadlines and staff are experiencing time pressure.

### Why 5:

Why does the firm have time pressure?

**Fifth answer:** The firm does not have enough skilled capacity and is running various audits concurrently, adding to time pressure.

## The true root cause:

From the 5 WHYS, the true root cause of the insufficient inappropriate audit evidence around journal verification was most likely due to a **lack of available staff with the right knowledge, understanding and experience, resulting in time pressure**. In the future, the firm could reduce the risk of this type of reportable deficiency by making sure that more skilled staff are appointed and properly trained before allocating them to significant risk audit areas.

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### About the IRBA

Mandated by the Auditing Profession Act 26 of 2005, as amended, the objective of the IRBA is to endeavour to protect the financial interests of the South African public and local and international investors in South Africa through the effective and appropriate regulation of auditors, in accordance with internationally recognised standards, codes and applicable legislation.

### Disclaimer

The content of this report is for information purposes only; and the IRBA does not accept any responsibility or liability for any claim of any nature whatsoever arising out of or relating to this report.

It should, however, be noted that this report is not designed to provide assurance regarding audit firms' quality control systems or assurance work, or the quality of the auditing profession in its entirety. Readers should then bear in mind that its focus is to provide a thematic overview of more prevalent deficiencies reported, to help drive a broader and proactive improvement strategy in areas where it is most needed. As such, the report's focus is remedial in nature.

The report should be read with an understanding of the IRBA's inspections process. In that regard, we refer users to the following information on our website that provides background to our processes and other information relevant to this report:

- 8<sup>th</sup> Inspections Cycle Strategy/Process – [IRBA Manual of Information \(April 2021\)](#)
- [Proactive Monitoring](#)
- [Theme-based Inspections](#)

Furthermore, we encourage readers to focus on the basic principles *behind* the reported deficiencies, to assist them in identifying the potential underlying root causes and common audit areas where audit quality requires improvement.

The report also covers other information that is deemed important to relevant stakeholders in pursuit of improved audit quality. This includes references to the International Forum of *Independent Audit Regulators Inspections Survey Report*<sup>11</sup> and the IRBA's publication on Audit Quality Indicators<sup>12</sup>. Readers are encouraged to follow the conversation and developments on the expected changes in auditing and accounting standards, as well as on the other relevant topics that get discussed in the quarterly [IRBA News](#).

<sup>11</sup> [IFIAR Survey of Inspection Findings 2022.](#)

<sup>12</sup> [2023 Survey Report: Audit Quality Indicators.](#)

