



**INDEPENDENT REGULATORY BOARD FOR
AUDITORS**

INSPECTIONS DEPARTMENT

**IRBA 2024 Public Inspections Report
Highlights Steady Improvement in Audit
Quality**

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The Independent Regulatory Board for Auditors (IRBA) has released its 2024 Public Inspections Report, highlighting important strides in audit quality across South African audit firms inspected. The report also presents the key deficiencies, themes and trends observed during the year's inspections cycle.

As in previous years, the results indicate a continued focus on improving audit quality, with incremental improvements in several areas. While progress has been made by firms, recurring and new deficiency themes on firm-wide and engagement levels highlight those areas where further improvements are needed.

The content of the report is based on the results and matters reported from inspections performed during the 2023/2024 cycle, as mandated by Section 47 of the Auditing Profession Act 26 of 2005 (as amended 2021) (APA) which requires the IRBA to regulate all registered auditors (audit firms and individual auditors), and to inspect or review the practice of a Registered Auditor (RA) that audits a public company at least once every three years.

The IRBA continued to select firms and audit engagement files for inspection using a risk-based approach, in line with the International Forum of Independent Audit Regulators' (IFIAR) core principles. This approach influences how firms, engagements and sections (at both the engagement file and firm levels) are selected for an inspection. Also, the selection process focused mostly on audits with a higher public interest exposure and the audit firms that audit public interest entities.

The report highlights the following key areas:

- **Steady Improvement in Audit Quality:** The report highlights a consistent improvement in audit quality at engagement level over the past six years, with a notable reduction in files requiring major improvements. The number of engagement files with positive outcomes has increased from 38 percent in 2019 to 45 percent in 2024.
- **Successful Implementation of ISQMs:** The full adoption of ISQMs has led to enhancements in firms' systems of quality management, particularly in risk management, engagement performance, and leadership involvement.
- **Reduction in referrals for investigations:** There has been a decrease in the number of referrals to the IRBA's Investigations Department from 14 percent in 2023 to 7 percent in 2024, indicating improved audit practices at the firm level.
- **Proactive Remediation Efforts:** Audit firms have shown a growing commitment to remediating deficiencies and strengthening internal processes, leading to better inspection outcomes. The IRBA's proactive monitoring initiative has played a crucial role in driving this improvement.
- **Technological Advancements:** Firms are increasingly adopting advanced tools and techniques in the audit process. These technological advancements are aimed at transforming audit practices and enhancing efficiency.

While these are positive steps in the right direction and are encouraging, as they are indicative that audit quality is improving, the report also identified some areas of deficiencies and other areas for further improvement in the firms' system of quality management.

The report also 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.

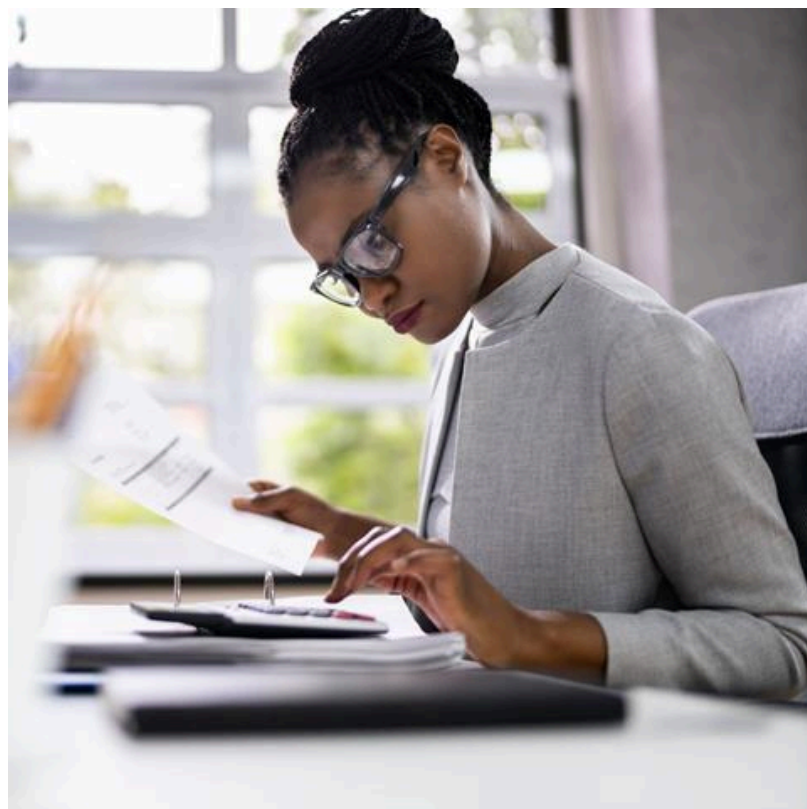
The IRBA will continue to support audit firms in their remediation efforts and foster a culture of continuous improvement and excellence, key objectives that will help build a thriving and trusted profession in South Africa.

Appreciation is also expressed for the co-operation we received from the registered auditors and firms that were involved in the critical inspections process in the period under review.

The 2024 Public Inspections report can be downloaded on the [IRBA Website](#).

Imre Nagy
Chief Executive Officer

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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