



**INDEPENDENT REGULATORY BOARD FOR
AUDITORS**

LEGAL DEPARTMENT

**IRBA Issues Its First Reportable Irregularities
Report in Efforts to Enhance Transparency and
Bolster Stakeholder Confidence in the Audit
Product**

Johannesburg / 15 November 2024

The Reportable Irregularities (RI) process, as outlined in the Auditing Profession Act, as amended, is designed to empower registered auditors to challenge management and boards on irregularities uncovered during an independent audit of financial statements and ensure effective governance. As such, this Independent Regulatory Board Auditors' (IRBA) first-ever publication of the [Reportable Irregularities Report 2022/2023](#) aims to not only embolden registered auditors, but to provide stakeholders with comprehensive feedback on the nature of RIs reported over a specific period and the measures taken to address them.

Through this report, our goal is to enhance transparency and support co-ordinated regulatory efforts to effectively address identified irregularities. Therefore, auditors, audit committees, boards, investors and the public will find

valuable insights into risk areas that necessitate increased scrutiny.

Overall, this report underscores our commitment to transparency and regulatory collaboration, shedding light on some of the areas that are critical to our stakeholders for continuous improvement within South Africa's corporate landscape. It covers a five-year overview of RIs, with a detailed analysis on the 2022/2023 fiscal year. Worth noting is that ongoing contraventions of the Companies Act 71 of 2008 and the Income Tax Act 58 of 1963 have consistently formed a substantial portion of all reported RIs. Specifically, continuing breaches of the Income Tax Act increased by 103% as a percentage of all reported contraventions in the past five years.

The irregularities reported provide a snapshot of areas where regulatory oversight must be intensified, even though they do not represent an exhaustive study of compliance across corporate South Africa. Among the most notable irregularities are those reported in relation to high-profile entities, such as Eskom Holdings SOC Limited and the Spar Group Limited. These cases, which attracted significant media attention, are currently under investigation by the relevant regulators.

While the RI process serves as a vital whistleblowing mechanism for auditors, it is essential to remember that the responsibility for ensuring sound financial reporting extends to management and all professional accountants involved in preparing financial statements. Furthermore, it is important to recognise that while this report does not delve into the specifics of subsequent investigations, feedback and collaboration from some regulators have enriched the RI reporting process.

As the regulator, we are committed to developing resources that support auditors in the identification and

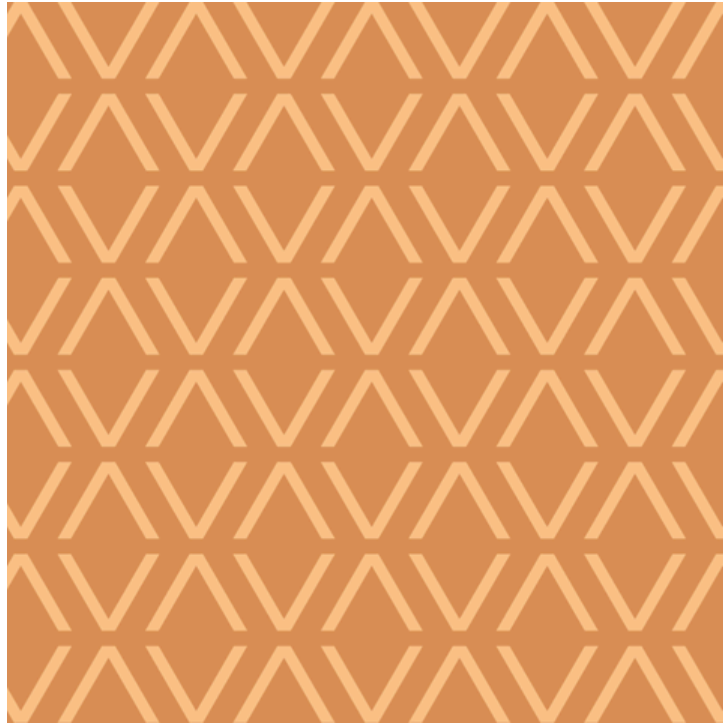
reporting of RIs and call on the relevant regulators to hold accountable those that committed these irregularities.

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.





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