Dear Member

The Independent Regulatory Board for Auditors (IRBA) has today, Friday 2 June 2017, announced the requirements for the adoption and implementation of Mandatory Audit Firm Rotation (MAFR) in South Africa.

View the IRBA rule on MAFR for more information.

SAICA notes the release of the rule announced by the IRBA and supports efforts to strengthen auditor independence to enhance audit quality.

We have previously communicated to the IRBA that our stakeholders are convinced that auditor independence in South Africa is intact and that the introduction of MAFR may not be the best measure to achieve the intended objective. Further research, including an impact analysis, is necessary to identify the steps required to achieve the three principle outcomes as initially outlined by the IRBA to strengthen auditor independence, promote transformation and address market concentration of audit services.

SAICA will continue to engage with all stakeholders, including the IRBA, in order to address audit quality, promote transformation and address market concentration. We have already embarked upon a series of Indabas in this regard with various stakeholders.

We are confident that this process will identify meaningful measures to facilitate satisfactory outcomes around these three principles for the benefit of maintaining confidence in the South African capital markets as well as growing the economy.

SAICA will outline its proposed interventions to be implemented as these are identified through engagements with our various stakeholders based on a thorough analysis of the impact of the MAFR rule.

Regards

Terence Nombembe
SAICA CEO