

# Deloitte under scrutiny over Steinhoff

Deloitte South Africa is the next audit firm to be put under the microscope by the Independent Regulatory Board for Auditors (IRBA) following the share price collapse of Steinhoff International DV and allegations of accounting irregularities.



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“The IRBA will commence its investigation into the conduct of the auditors of Steinhoff International Holdings (Pty) Ltd for the audits of financial years ended 2014-2016. This entity is audited by Deloitte South Africa, which has confirmed that it will fully cooperate with the board during the investigation,” Bernard Agulhas, CEO of IRBA.

“The investigation will follow due process and the timing will depend on information which will come to our attention once we have established the nature of the alleged irregularities and have had further discussions with the relevant parties, including the audit regulators in Germany, where the company has its primary listing, and the Netherlands. These discussions, including matters relating to jurisdictional responsibilities, commenced in the previous week.”

While cooperation with international regulators will be important, it will be even more important that local regulators coordinate their efforts in their support to government to provide the public with the assurance needed to secure the required trust that their investments are safe, he says.

## Doing the right thing

“The South African markets have always been resilient and responsive to disruption in the financial markets, partly because of the strength of its financial institutions, and also because of the South African public’s increasing awareness and renewed focus on ‘doing the right thing’, ethics and the importance of good governance.”

However, while the board has always cautioned that more attention needs to be given to auditor independence, it now urges authorities and bodies to give equal attention to the independence of governance structures. Irrespective of how competent auditors and those charged with governance are, any cosy relationships must necessarily impair, or at the least be perceived to impair, the exercise of good judgment and healthy professional scepticism. This applies to long and close relationships between auditors, company CFOs, and audit committees.

“While the auditing profession still mostly delivers high quality services, it is also time for regulators to act decisively, cohesively and firmly against those who engage in any misconduct or wrongful behaviour. This is the only way that the public can have the confidence that any assurances they receive are sufficiently reliable to protect their hard-earned investment,” concludes Agulhas.

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