



Country insights

# SOUTH AFRICA

Country insights from Abraham Petersen  
on current trends in the South African accounting market

**Abraham Petersen, from Cape Town-based MGI Bass Gordon, shares insights on current trends in the South African accounting market, including thoughts on the effects of corporate and audit failure and what the Independent Regulatory Board for Auditors is doing to tackle it.**

**Q: Is there a sense that South Africa is making progress on tackling corporate and audit failure?**

**Abraham:** It seems that the will exists currently to tackle these failures from both a political and administrative aspect however in this space, the wheels of justice appear to be turning extremely slowly indeed. So, while the country and its citizens are upbeat about numerous court cases, investigations and commissions underway, the longer these take to reach finality, the lower the potential impact of the findings will seem. Further-more a growing concern is whether the sanctions raised will indeed be enough of a deterrent to assist with preventing future corporate and audit failures.

**Q: The Independent Regulatory Board for Auditors has said that its focus going forward will be on audit quality, sustainability and relevance of the regulator and the profession - is there confidence that the IRBA can achieve these objectives?**

**Abraham:** I believe that the IRBA is perfectly positioned to drive the focus on audit quality, sustainability and the relevance of both the regulator and the profession however its core focus should be on the areas that affect the public interest. Simply by their nature, when there is a corporate or audit failure in the public interest realm, it has far-reaching implications.



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The IRBA should have as its primary focus the critical task of restoring investor and the general public confidence in the audit process specifically around public interest entities and state-owned enterprises. Of course, before the IRBA can focus on restoring confidence in the audit process, it must first restore confidence in its own internal governance processes and structures.

**Q: Do audit firms feel that the regulator takes notice of their concerns when suggesting reforms to the industry?**

**Abraham:** The regulator has the onerous task of protecting the interest of the public and being at the forefront of driving change around audit quality and sustainability. As a regulator of a wide spectrum of audit professionals ranging from small and medium practitioners to the larger network firms, it is not an easy task to address all the concerns raised by various firms.

There are numerous channels and interventions in place which assist with creating transparency and feedback and these do help with giving firms the sense that their concerns are taken notice of.

**Q: Will the Auditing Profession Amendment bill be a positive development for the audit profession in South Africa?**

**Abraham:** I believe that the required reforms were needed and will go great lengths to giving the regulator enhanced powers and removing some limitations inherent in the Auditing Professions Act of 2005 before this amendment. It must be noted however that it is up to the regulator to ensure that it delivers effectively and efficiently on its mandate to protect the public interest, and this can only be driven by its own leadership and structures. A well-functioning focussed regulator with increased powers will have a greater chance of restoring the public confidence in the audit process and the profession.

**Q: What are your expectations for the next 12 months - are there any potentially significant developments in the pipeline?**

**Abraham:** The year ahead will be a challenging one from many perspectives particularly as the South African economy is still fighting to recover from the effects of the Covid 19 pandemic and the resultant lockdowns and restrictions. The accounting and auditing profession specifically will need to embrace technology fully with greater investment in cloud-based solutions, focus on widening their array of service offerings as well as placing renewed emphasis on corporate culture and value systems. These together with other strategic interventions will ensure that firms retain the competitive edge as both trusted advisors and employers of choice.

## Get in touch

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