

Briefing to the
Standing Committee on Finance
by the
Independent Regulatory Board for Auditors

4 September 2019

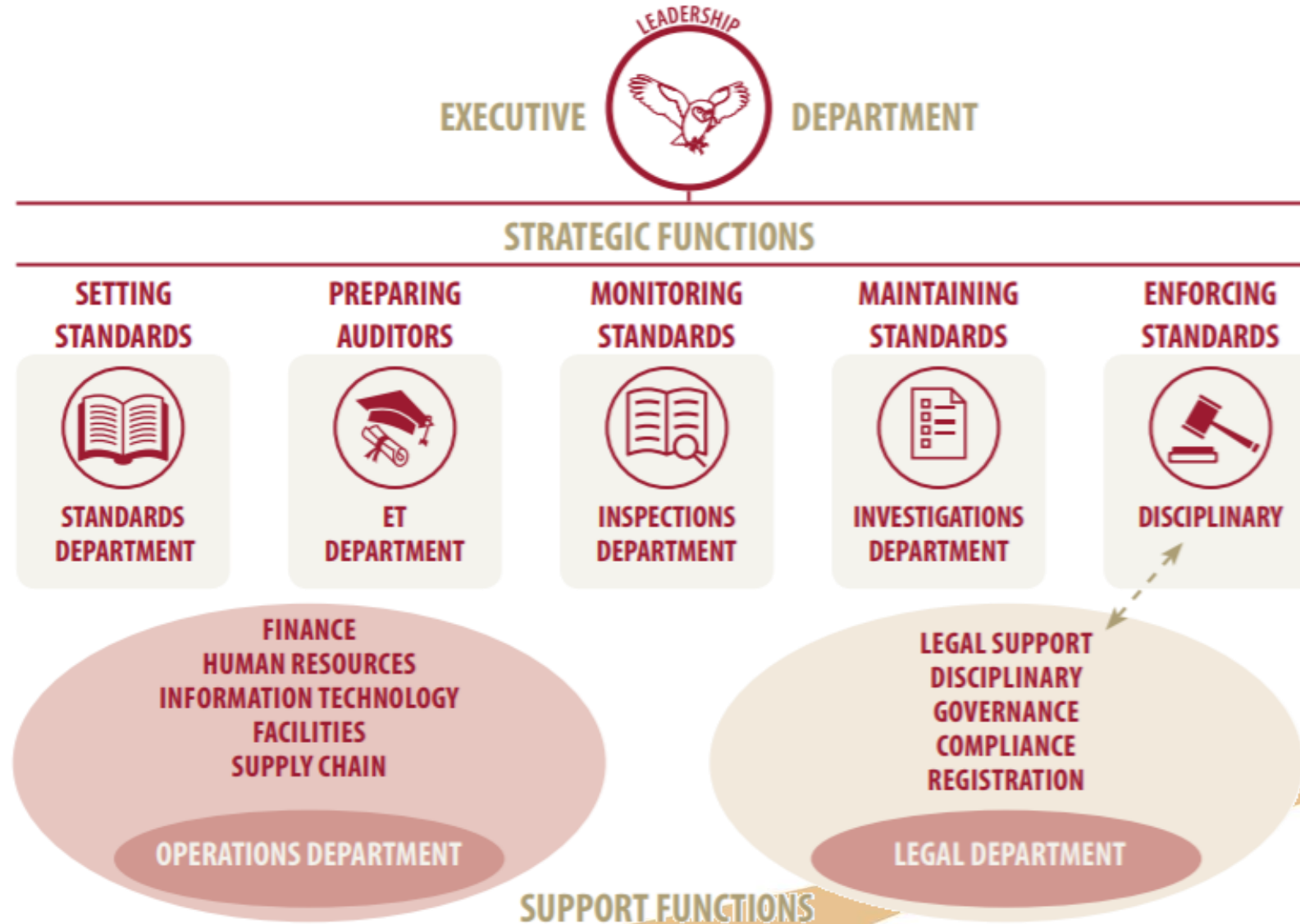
Strategic focus

IRBA 's strategic focus is to protect the financial interest of the **public** by ensuring that only suitably qualified individuals are admitted to the auditing profession and that registered auditors deliver services of the highest quality and adhere to the highest ethical standards

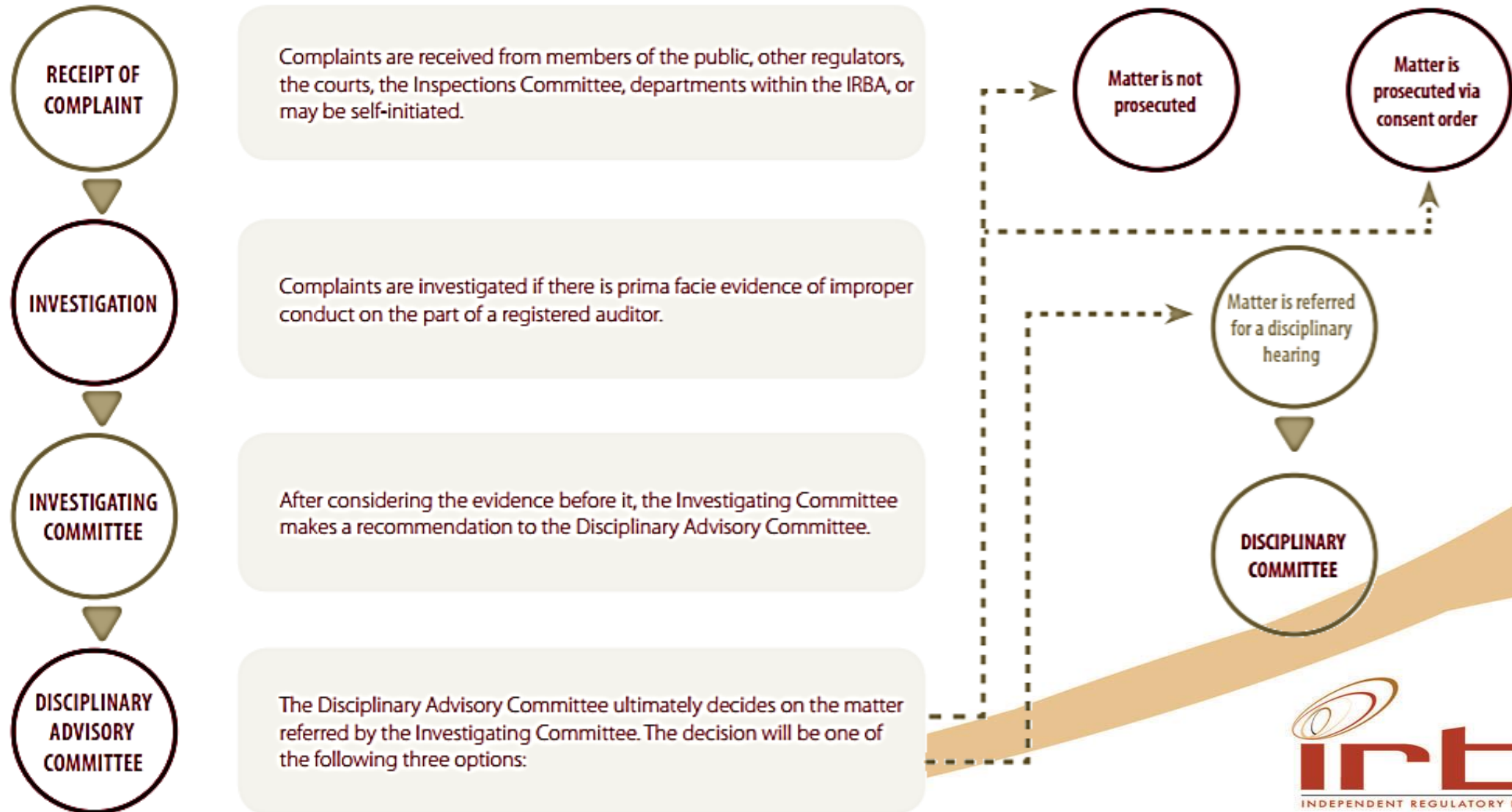
Jurisdiction and responsibilities

- IRBA 's jurisdiction is over registered auditors
- The responsibility of registered auditors in performing an audit is to express an opinion on the fair presentation of the financial statements
- IRBA conducts investigations into auditors to determine their compliance with the Code of Professional Conduct and International Standards on Auditing

IRBA's Responsibilities



IRBA's Investigation Process



Status of Steinhoff Investigation

- The investigation by the IRBA into Steinhoff International Holdings Limited, now Steinhoff International Holdings (Pty) Limited (“Steinhoff”) focuses on South African auditors and whether they complied with international auditing standards and the code of conduct.
- It should be noted that the South African auditors were responsible for the consolidated audit opinion up to the year ended 30 June 2015. Steinhoff International Holdings NV (“Steinhoff NV”) listed on the Frankfurt Stock Exchange at the end of 2015, whereafter the lead audit role moved to the Netherlands.

Status of Steinhoff Investigation (cont.)

- The IRBA investigation is very broad and complex due to the fact that the IRBA needs to, *inter alia*:
 - understand the alleged accounting irregularities perpetrated by management;
 - understand the split of transactions jurisdictionally;
 - understand the split of transactions and the restatements in terms of the time periods that they relate to; and
 - determine whether there were any matters that ought to have been identified by the South African auditors on the accounting irregularities.

Status of Steinhoff Investigation (cont.)

- The IRBA has extended its investigation scope since our last appearance before the Committee and is now investigating the audit files for the period 2009-2016.
- Following the PWC forensic report which was issued in March 2019, the IRBA was given access to the report by the Steinhoff attorneys on 8 August 2019. The IRBA is, however, bound by the confidentiality agreement.
- The IRBA is currently busy reviewing the report.

Status of Steinhoff Investigation (cont.)

- The consolidated audited financial statements of Steinhoff NV for the period ended 30 September 2017 were issued in May 2019 and in June 2019 for the period ended 30 September 2018. It is important to note that **the 2017 and 2018 South African audited statutory annual financial statements of Steinhoff have not been issued to date.**
- The progress of our investigation is reliant on the issuance of the South African audited statutory financial statements of Steinhoff.

THANK YOU