

Audit regulator extends probe into Deloitte's role in Steinhoff crisis back to 2012

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The Independent Regulatory Board for Auditors (Irba) has extended its investigation into the role of auditing firm Deloitte in the auditing of Steinhoff financial statements back by two years to 2012.



Imran Vanker, standards director at the Independent Regulatory Board for Auditors

The investigation will now extend from 2012 to 2016 - the period in which Steinhoff had its primary listing in SA.

The decision to extend the probe was based on information received, Irba's director of standards, Imran Vanker, said in Parliament. He participated in a hearing by four committees into the Steinhoff debacle.

Irba will evaluate the conduct of Deloitte against the regulator's auditing standards and ethics.

Vanker said the audit evidence in the audit file would be examined with a fine toothcomb and measured against what was expected of an audit. Irba would also evaluate whether Deloitte responded appropriately to the risks identified within the Steinhoff group.

For example, Irba will look, among other things, at how Deloitte dealt with off-balance items in a manner consistent with

accounting standards, whether its valuations were fair and whether its business model was interrogated for appropriate risks.

Vanker noted that Irba would require the restated financial statements of Steinhoff in order to finalise its probe.

He said the investigation was a complex one "involving multiple entities and requiring cross-jurisdictional engagements within the various countries' laws". As such, it was not possible to give a reliable estimate of the complete scope and timeframes within which the investigation would be completed.

He noted that the investigation of a public interest matter such as Steinhoff was likely to be finalised within three years. Non-public interest investigations usually took 18 months.

Irba's work will be assisted by the release of the restated Steinhoff statements and the report on the outcome of the PwC investigation into accounting irregularities. This could shed further light on what Irba had already discovered or focus attention on other areas requiring attention in relation to the role of the auditors.

Vanker said co-operation from Deloitte had been "satisfactory" and it had responded to Irba's requests for information. Irba was also working closely with the Dutch audit authority.

He noted that at any one time Irba was dealing with about 150 investigations and needed more resources to do its work.

Source: *BDpro*

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