
INDEPENDENT REGULATORY BOARD FOR AUDITORS

INSPECTIONS DEPARTMENT

Newsflash – Remedial Action Process

Johannesburg / 6 August 2015

In our previous Newsflash 2 of 2015 (17 March 2015), it was communicated that the IRBA has implemented a Remedial Action Process as part of its commitment to promote consistently high levels of audit quality by ensuring that audit firms and practitioners promptly address the causes of significant inspection deficiencies that were reported to them. This process starts out with a written undertaking submitted to the Director: Inspections, stating that appropriate remedial action will be implemented for all significant unsatisfactory findings (Medium- and High-risk findings). The written undertaking shall include a detailed root-cause analysis and action plan in respect of every inspection finding and must be submitted within 30 calendar days of the date of the inspection result letter. The next step is where the IRBA reviews the detailed root-cause analysis and action plan, and to engage with the firm or the practitioner where not deemed appropriate, for example if it only addresses the symptom rather than the cause.

The IRBA is pleased to announce that the former Director of Inspections (Retired), Mr Paul van Helden has been appointed to assist the Director: Inspections with the Remedial Action Process. He will be responsible for assessing the adequacy and appropriateness of the detailed root-cause analysis and action plan submitted and where necessary engage with the firm or practitioner where deemed necessary. Mr van Helden will not be involved in the inspection process and will focus forwardly with the firm or practitioner. Mr van Helden will remain independent and will not advise or assist the firm or practitioner, but rather facilitate and monitor the Remedial Action Process with the firm or practitioner.

The objective of increasing the capacity is to enable the IRBA to engage more effectively where necessary, providing firms or practitioners with an opportunity for the best possible outcome during re-inspection. To allow sufficient time for the Remedial Action Process, the timing of re-inspections has been extended to anything between 12 and 18 months after the date of the inspection result letter, depending on the circumstances.

We sincerely appreciate your cooperation with this process.

Imre Nagy
Director: Inspections