

IRBA approved as an EU equivalent competent authority

The Independent Regulatory Board for Auditors (IRBA) has been approved as an equivalent competent authority (ECA) under European Union (EU) legislation.

This means that the IRBA meets the EU Commission's standards for public oversight of statutory auditors and audit firms and that its quality assurance reviews and investigations are sufficiently comprehensive to meet the standards of the commission when it comes to the exchange of information.

Importantly, this means that during a process of review and inspection, where portions of the audit were conducted in this country, firms would not be subject to additional inspections of their working papers by member state statutory oversight bodies, where the IRBA has successfully concluded a cooperative agreement with that oversight authority.



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By reaching a mutual reliance on each other's oversight systems, the transfers of audit working papers or other documents held by statutory auditors of audit firms, and of inspection or investigation reports, would not be necessary and would become the exception rather than the rule.

The IRBA's recognition is valid for three years. "The limitation of three years pertains to the fact that under local South African law sharing documents obtained during inspections or contained in inspections reports may only be shared with the consent of the auditor or audit firm. This requirement could potentially present difficulties in implementing regulatory

cooperation and create obstacles to information exchange and for that reason it required close monitoring,” says Bernard Agulhas, CEO of the IRBA:

“The adequacy assessment deals with matters such as cooperation in practice, obstacles to cooperation and exchange of information, which now also includes inspections findings where applicable.

“The EU audit amendment rules, which were passed in 2014, and come into force as from June, enhance transparency on financial reporting, provide auditors with a strong mandate to be independent, foster market diversity, and strengthen EU-wide supervision among other things. The concurrent recognition of third-country regulators aims to facilitate effective cooperation between the competent authorities of the member states and the recognised equivalent competent authorities of which the IRBA (South Africa) is one.”

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