

IPSA Readiness: 5 Tips

As of Q42016, companies regulated by the SEC conflict minerals rule must procure an Independent Private Sector Audit (IPSA) only if they elect to conclude they manufacture (or contract to manufacture) at least one product that is “DRC Conflict Free.” If not an IPSA, should companies do an IPSA Readiness Assessment? Douglas Hileman Consulting LLC (DHC) has done both, and offers five tips for companies considering IPSA Readiness Assessments.

1. **Confirm why you’re doing it.** There are good reasons to do a readiness assessment – for any audit. But it’s not required, so get appropriate buy-in. If nobody sees value – then don’t do it.

Drivers	Benefits
<ul style="list-style-type: none"> • Management is concerned about outcome of an IPSA. • Customers have asked. • Changes in conflict minerals program or staff, or acquisition of another company. 	<ul style="list-style-type: none"> • Comfort to Management. • Ready for any audit – or question – about conflict minerals program. • “Test run” for prospective auditor.

2. **Select the scope.** The scope of the IPSA is fairly narrow – but you can select a scope that aligns with your concerns. Typical scopes include: IPSA (narrow focus); all SEC-related requirements; or full conflict minerals program (including customer-facing).
3. **Select the auditing standard.** IPSAs may be done to attestation standards or performance standards (both included in Generally Accepted Government Auditing Standards – or “Yellow Book”) by CPAs or non-CPA auditors, respectively. Performance standards can provide flexibility to the auditor and your company – but it’s your choice.
4. **Select the resource.** You may engage a prospective IPSA auditor as a “test run.” Other options include: professional services firm that does not perform IPSAs, or an in-house self-assessment.
5. **Define the deliverable(s).** Deliverables can include a formal report, short letter, presentation, or summary conference call. Choose deliverable(s) that are fit for your purposes.

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