

IFIAR 2020 Member Profile – IAASA

<p>1. Jurisdiction</p>	<p>1.1 Insert the name of the jurisdiction in English:</p> <p>Ireland</p>
<p>2. Member¹</p>	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Irish Auditing & Accounting Supervisory Authority</p> <p>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</p> <p>Willow House Millennium Park Co Kildare, Ireland Phone +353 (0) 45 983 600 Fax +353 (0) 45 983 601 Email info@iaasa.ie Website www.iaasa.ie</p> <p>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</p> <p>IAASA (‘the Authority’) was established under the Companies (Auditing and Accounting) Act 2003, which has now been replaced by the Companies Act (2014) ‘the 2014 Act’. The functions prescribed by section 904 of the 2014 Act, are to:</p> <ul style="list-style-type: none"> Supervise how the prescribed members perform their functions and monitor their members; Promote adherence to high professional standards in the accountancy profession; Monitor whether the accounts of certain classes of companies and other undertakings comply with the Companies Acts as applicable, Article 4 of the IAS Regulation; and Act as a specialist source of advice to the Minister for Jobs and Innovation (‘the Minister’). <p>The Companies Act 2014 designates IAASA as the competent authority with supervisory and other functions with respect to the system of</p>

¹ In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

	<p>oversight of statutory auditors and audit firms, in Ireland and with Regulation (EU) No 527/2014 and Directive 2006/43/EC, as amended by Directive 2014/56/EU such, it generally superintends:</p> <p>(a) the approval and registration of statutory auditors and auditors; and</p> <p>(b) the adoption of standards on professional ethics, internal control of audit firms and auditing; and</p> <p>(c) continuing education, quality assurance, and investigatory disciplinary systems.</p> <p>2.4 Have there been any major changes to the Member's organization or to the governing legislation since completing last year's Member Profile?</p> <p style="text-align: center;">Yes L No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p>																
<p>3. Governing Body Composition and members</p>	<p>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including the ratio between Board members who are independent from the audit profession and those who are not². The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p>Pursuant to the Companies Act 2014, IAASA is governed by a Board of directors, eight of whom are executive and appointed by the Members having been nominated by those entities set out in the table below. The remaining director is the Chief Executive, who is appointed by the Board following an open competition</p> <table border="1" data-bbox="558 1422 1348 1780" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #D3D3D3;"> <th style="text-align: left;">Nominating body</th> <th style="text-align: right;">Nominees</th> </tr> </thead> <tbody> <tr> <td>Minister</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Prescribed Accountancy Bodies (jointly by agreement)</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Central Bank of Ireland</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Director of Corporate Enforcement</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Irish Stock Exchange</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Revenue Commissioners</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">8</td> </tr> </tbody> </table> <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p>	Nominating body	Nominees	Minister	2	Prescribed Accountancy Bodies (jointly by agreement)	2	Central Bank of Ireland	1	Director of Corporate Enforcement	1	Irish Stock Exchange	1	Revenue Commissioners	1	Total	8
Nominating body	Nominees																
Minister	2																
Prescribed Accountancy Bodies (jointly by agreement)	2																
Central Bank of Ireland	1																
Director of Corporate Enforcement	1																
Irish Stock Exchange	1																
Revenue Commissioners	1																
Total	8																

² An individual is independent of the profession even if he is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.

	<p>Of the directors (as detailed above), a maximum of 4, including the Chief Executive, may be members of a Prescribed Accountancy Body.</p> <p>Directors must be knowledgeable of statutory audit and must comply with the independence requirements of Article 1 of Regulation 537/2014.</p>
	<p>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
	<p>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</p> <p>L Yes <input type="checkbox"/> No <input type="checkbox"/></p>
	<p>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</p> <p>Of the directors, a maximum of 4, including the Chief Executive, may be members of a Prescribed Accountancy Body. Additionally, the Chairperson may not be a member, officer or director of a PAB. Furthermore, all directors must comply with the independence rules in Regulation EU 537/2014 which says that in the three months before and/or during appointment, a director may not have</p> <ul style="list-style-type: none"> < Carried out statutory audits < Held voting rights in an audit firm < Be a member of the administrative, management or supervisory body of an audit firm < Be a partner of, employee of or otherwise contracted by an audit firm. <p>Finally, directors are required to submit annual declarations of interests and are requested to confirm they have no conflicts of interest at the start of each meeting.</p>
	<p>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</p> <p>L Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Does this include a “cooling-off” period for former auditors?</p> <p>L Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If yes to either of the above, please describe:</p>

	<p>All Board members are required to declare any conflicts of interest and absent themselves from discussions on such matters. Formerly, the cooling-off period of 3 years, as per Article 21 of EU Regulation 537.</p>
	<p>3.7 Other than the governing body, are members of the profession involved in the Member's organization (including in any inspections, committee or panel role)?</p> <p>L Yes No</p> <p>If yes, please describe their role with an appropriate level of detail, including the ratio between those who are independent and those who are not in the relevant function and whether such role includes decisional or control authority:</p> <p>IAASA is responsible for the adoption and ethical standards. As part of this process, IAASA has set up a Technical Advisory Board as part of the Executive. This panel is made up of practitioners. The Panel is a part of the governance and decision-making structure of IAASA. The Executive considers points raised by the Panel in developing standards and related guidance but is not bound in any way. All standards and guidance are fully approved within the independent IAASA governance structure.</p>
4. Funding Arrangements	
4. Funding Arrangements	<p>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</p> <p>IAASA's Board prepares an annual budget which requires the Minister's approval.</p> <p>Funding for oversight of accountancy bodies is received from the Exchequer (40%) and from the prescribed accountancy bodies (60%).</p> <p>Funding for adoption of auditing standards will be received from the Exchequer (40%) and from the recognized accountancy bodies (60%). The recognized accountancy bodies are a subset of the accountancy bodies, who are permitted to grant approval for individuals to become statutory auditors.</p> <p>Funding for audit inspection activities is received from the public interest audit firms.</p>
	<p>4.2 Is the funding free from undue influence by the profession?</p> <p>L Yes No</p>

	<p>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</p> <p>The funding mechanism is set in legislation. The organization is approved by the Minister.</p>
<p>5. Inspection System</p>	<p>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p style="text-align: center;">L Yes No</p> <hr/> <p>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p style="text-align: center;">L Directly Through Oversight</p> <p>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</p> <p>Direct inspections are carried out by the Audit Quality Unit of the IAASA which has sanction for inspectors.</p> <hr/> <p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>Public interest entity auditors are required to be subject to inspection at least every 3 years. Currently, IAASA inspects all PIE firms annually.</p>
<p>6. Audit and Financial Market</p>	<p>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.</p> <p>IAASA is ultimately responsible for oversight of audits. PIE audits are inspected directly by IAASA, with other audits and auditors inspected by the accountancy bodies.</p> <p>There are 9 PIE auditors in Ireland, auditing approximately 1,000 entities. There are approximately 5,000 audit firms in Ireland which approximately 10,000 registered statutory auditors.</p> <hr/> <p>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</p> <p>84% of PIE audits are carried out by Big 4 firms.</p>

7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight	7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight: <input type="checkbox"/> Registration/Licensing <input type="checkbox"/> Audit and/or Ethics Standard Setting <input type="checkbox"/> Permanent Education of Auditors <input type="checkbox"/> Enforcement Other: _____
	7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization? <input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures. Registration and Licensing is carried out by these accountancy bodies. IAASA has specific legal powers allowing it to oversee activities and to require the bodies to make changes to the necessary.
	7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization? <input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures. The Board of IAASA is responsible for adoption of standards of professional ethics and internal quality control for audits of accountancy periods beginning on or after 17 June 2016.
	7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization? <input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight

	<p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>Education of auditors is the responsibility of the accountancy bodies. IAASA has specific legal powers allowing it to require the bodies to make changes to their process if necessary.</p> <p>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</p> <p style="text-align: center;"> <input type="checkbox"/> Directly <input type="checkbox"/> Through Referral </p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>IAASA is directly responsible for Enforcement in relation to matters which are carried out in accordance with Section 934 of the Companies Act 2014. All other matters are the responsibility of the accountancy bodies.</p> <p>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</p> <p>IAASA is responsible for market monitoring in accordance with Article 4 of Regulation (EU) 537/2014.</p>
<p>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</p>	<p>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</p> <p>IAASA is also responsible for supervision of financial reporting and registration of certain categories of liquidators.</p>
<p>9. Major Events and Activities</p>	<p>9.1 Describe any recent major events and activities:</p> <p>Major events and activities for the years since IAASA was established in December 2005 are set out in each of the annual reports to the Commission pursuant to the provisions of Section 928 of the 2014 Act, which can be accessed at our website www.iaasa.ie</p>