

## IFIAR 2021 Member Profile – IAASA

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| 1. Jurisdiction        | <p><b>1.1 Insert the name of the jurisdiction in English:</b></p> <p>Ireland</p>   |
| 2. Member <sup>1</sup> | <p><b>2.1 Insert the name of the Member, both in the local language and in English:</b></p> <p>Irish Auditing &amp; Accounting Supervisory Authority ('IAASA')</p>   |
|                        | <p><b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b></p> <p>Willow House,<br/>Millennium Park, Naas<br/>Co Kildare, Ireland<br/>Phone: +353 (0) 45 983 600<br/>Fax: +353 (0) 45 983 601<br/>Email: <a href="mailto:info@iaasa.ie">info@iaasa.ie</a><br/>Website: <a href="http://www.iaasa.ie">www.iaasa.ie</a></p>  |
|                        | <p><b>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:</b></p> <p>IAASA ('the Authority') was established under the provisions of the Companies (Auditing and Accounting) Act 2003, which has now been replaced by the Companies Act 2014 ('the 2014 Act'). IAASA's objects, as prescribed by section 904 of the 2014 Act, are to:</p> <ul style="list-style-type: none"> <li>• Supervise how the prescribed accountancy bodies ('PABs') regulate and monitor their members;</li> <li>• Promote adherence to high professional standards in the auditing and accountancy profession;</li> <li>• Monitor whether the accounts of certain classes of companies and other undertakings comply with the Companies Acts and, where applicable, Article 4 of the IAS Regulation; and</li> <li>• Act as a specialist source of advice to the Minister for Jobs, Enterprise and Innovation ('the Minister') on auditing and accounting matters.</li> </ul> |

<sup>1</sup> 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>The Companies Act 2014 designates IAASA as the competent authority with supervisory and other functions with respect to the system of public oversight of statutory auditors and audit firms in Ireland, in accordance with Regulation (EU) No 527/2014 and Directive 2006/43/EC, as amended by Directive 2014/56/EU. As such, it generally superintends:</p> <p>(a) the approval and registration of statutory auditors and audit firms;</p> <p>(b) the adoption of standards on professional ethics, internal quality control of audit firms and auditing; and</p> <p>(c) continuing education, quality assurance, and investigative and disciplinary systems.</p> <p><b>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?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p>   |                 |          |          |   |  |   |                         |   |                                   |   |                      |   |                       |   |              |          |
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| <p><b>3. Governing Body Composition and members</b></p> | <p><b>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 not<sup>2</sup>. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</b></p> <p>Pursuant to the Companies Act 2014, IAASA is governed by a Board of nine directors, eight of whom are non-executive and appointed by the Minister 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="555 1496 1342 1854"> <thead> <tr> <th>Nominating body</th> <th>Nominees</th> </tr> </thead> <tbody> <tr> <td>Minister</td> <td>2</td> </tr> <tr> <td>Prescribed Accountancy Bodies (jointly by agreement)</td> <td>2</td> </tr> <tr> <td>Central Bank of Ireland</td> <td>1</td> </tr> <tr> <td>Director of Corporate Enforcement</td> <td>1</td> </tr> <tr> <td>Irish Stock Exchange</td> <td>1</td> </tr> <tr> <td>Revenue Commissioners</td> <td>1</td> </tr> <tr> <td><b>Total</b></td> <td><b>8</b></td> </tr> </tbody> </table> | 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 | <b>Total</b> | <b>8</b> |
| 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  |                 |          |          |   |  |   |                         |   |                                   |   |                      |   |                       |   |              |          |
| <b>Total</b>  | <b>8</b>   |                 |          |          |   |  |   |                         |   |                                   |   |                      |   |                       |   |              |          |

<sup>2</sup> 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.

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|  | <p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></p> <p>Of the 9 directors (as detailed above), a maximum of 4, including the Chief Executive, may be members of a Prescribed Accountancy Body ('PAB').</p> <p>Directors must be knowledgeable of statutory audit and must comply with the independence requirements of Article 21 of the EU Regulation 537.</p>  |
|  | <p><b>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.</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p>  |
|  | <p><b>3.4 If the answer to question 3.3 is "No", is the majority of the members of the governing body non-practitioner?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>   |
|  | <p><b>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?</b></p> <p>Of the 9 directors, a maximum of 4, including the Chief Executive, may be members of a Prescribed Accountancy Body ('PAB'). Additionally, the Chairperson may not be a member, officer or employee of a PAB. Furthermore, all directors must comply with the independence rules in Regulation EU 537/2014 which says that in the three years prior to/during appointment, a director may not have:</p> <ul style="list-style-type: none"> <li>• Carried out statutory audits</li> <li>• Held voting rights in an audit firm</li> <li>• Be a member of the administrative, management or supervisory body of an audit firm</li> <li>• Be a partner of, employee of or otherwise contracted by, an audit firm.</li> </ul> <p>Finally, directors are required to submit annual declarations of any interests and are requested to confirm they have no conflicts of interest at the start of each board meeting.</p> |
|  | <p><b>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?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a "cooling-off" period for former auditors?</b></p>   |

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|                                       | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p>All Board members are required to declare any conflicts of interest and absent themselves from discussions on such matters. Former auditors are subject to a cooling-off period of 3 years, as per Article 21 of EU Regulation 537.</p>  |
|                                       | <p><b>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)?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>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:</b></p> <p>IAASA is responsible for the adoption of auditing and ethical standards. As part of this process, IAASA has set up a Technical Advisory Panel to advise the Executive. This panel is made up of practitioners. The Panel forms no part of the governance or decision-making structure of IAASA. The Executive considers points raised by the Panel in developing or amending 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> |
| <p><b>4. Funding Arrangements</b></p> | <p><b>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</b></p> <p>IAASA’s Board prepares an annual budget and associated levy proposals, which require 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%). Note that the recognized accountancy bodies are a subset of the prescribed accountancy bodies, who are permitted to grant approval for members to become statutory auditors.</p> <p>Funding for audit inspection activities is received from the public-interest audit firms.</p>  |

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|   | <p><b>4.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>The funding mechanism is set out in legislation. The organization’s budget is approved by the Minister.</p>   |
| <p><b>5. Inspection System</b></p>          | <p><b>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p><b>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:</b></p> <p>Direct inspections are carried out by the Audit Quality Unit of the Authority which has sanction for nine inspectors.</p> <p><b>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></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><b>6. Audit and Financial Market</b></p> | <p><b>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.</b></p> <p>IAASA is ultimately responsible for oversight of all auditors. PIE auditors are inspected directly by IAASA, with non-PIE audits and auditors inspected by the accountancy bodies.</p> <p>There are 7 PIE auditors in Ireland, auditing approximately 750 PIE entities.</p> <p><b>6.2 What are the sizes and market shares of each of the largest audit firms in the Member’s jurisdiction?</b></p> <p>84% of PIE audits are carried out by Big 4 firms.</p>  |

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| <b>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</b> | <p><b>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</b></p> <p> <input checked="" type="checkbox"/> Registration/Licensing<br/> <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting<br/> <input checked="" type="checkbox"/> Permanent Education of Auditors<br/> <input checked="" type="checkbox"/> Enforcement<br/> <input type="checkbox"/> Other: _____         </p>   |
|   | <p><b>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?</b></p> <p> <input type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Oversight         </p> <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 procedure applied, as well as the role of the Member in these procedures.</p> <p>Registration and Licensing is carried out by the recognised accountancy bodies. IAASA has specific legal powers allowing it to oversee these activities and to require the bodies to make changes to their process if necessary.</p> |
|   | <p><b>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?</b></p> <p> <input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight         </p> <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>IAASA is responsible for adoption of standards on auditing, professional ethics and internal quality control for audits.</p>  |
|   | <p><b>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?</b></p> <p> <input type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Oversight         </p>  |

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|   | <p><b>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.</b></p> <p>Education of auditors is the responsibility of the recognised accountancy bodies. IAASA has specific legal powers allowing it to oversee these activities and to require the bodies to make changes to their process if necessary.</p> <p><b>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)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Referral</p> <p><b>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.</b></p> <p>IAASA is directly responsible for Enforcement in relation to PIE audit 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><b>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:</b></p> <p>IAASA is responsible for market monitoring in accordance with Article 27 of Regulation (EU) 537/2014</p> |
| <p><b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b></p> | <p><b>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:</b></p> <p>IAASA oversees the professional accountancy bodies in Ireland, focusing on their processes for monitoring and disciplining their accountant members and non-PIE auditors. IAASA is also responsible for supervision of financial reporting and for registration of certain categories of liquidators.</p>  |
| <p><b>9. Major Events and Activities</b></p>  | <p><b>9.1 Describe any recent major events and activities:</b></p> <p>IAASA published its inspection reports for the first time in 2020, which was a significant development for transparency in the market. These are available on IAASA’s website at <a href="http://www.iaasa.ie/Publications/Quality-Assurance-Review-Reports/2019">http://www.iaasa.ie/Publications/Quality-Assurance-Review-Reports/2019</a>.</p>  |

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|  | <p>There was significant engagement with all stakeholders to consider the impact of Covid and Brexit on audit and accountancy in Ireland.</p> <p>IAASA hosted a virtual briefing event aimed at Audit Committees during the year. Recordings of the individual sessions are available on IAASA's website at <a href="http://www.iaasa.ie/Publications/General/Events-Presentations/Audit-Committee-Breakfast">http://www.iaasa.ie/Publications/General/Events-Presentations/Audit-Committee-Breakfast</a>.</p> |
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