



CONSULTATION PAPER

**Proposal to issue a Guidance Note on
The Audit of Credit Unions**

May 2019

MISSION

To contribute to Ireland having a strong regulatory environment in which to do business by supervising and promoting high quality financial reporting, auditing and effective regulation of the accounting profession in the public interest

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1. Summary

The purpose of this consultation paper is to obtain the views of stakeholders with regard to IAASA's proposal to issue a Guidance Note on The Audit of Credit Unions.

Guidance Notes are supplementary to, and are intended to be read in conjunction with, the International Standards on Auditing (Ireland) ('ISAs (Ireland)'), and the application and other explanatory material contained in the ISAs (Ireland), which apply to all audits of Irish entities. This draft Guidance Note reflects the requirements of the ISAs (Ireland) adopted by IAASA at 31 March 2019 and sets out the special considerations relating to the audit of credit unions which arise from individual ISAs (Ireland) as listed in the Guidance Note contents.

2. Background

The Auditing Framework for Ireland is based on the Financial Reporting Council's ('FRC') Auditing Framework for the United Kingdom, which in turn is based on the international standards issued by the International Auditing and Assurance Standards Board ('IAASB'), with appropriate amendments for legislative and regulatory requirements in Ireland.

For financial periods beginning before 17 June 2016, the relevant auditing standards were the FRC's 2010 Ethical Standard for Auditors (UK and Ireland) and 2009 Auditing Standards (UK and Ireland). For those periods, the FRC had also issued a number of Practice Notes ('PNs') and Bulletins designed to provide additional guidance to auditors, including some developed specifically for the Irish market which have since been withdrawn by the FRC.

In the light of its objective to promote adherence to high professional standards in the auditing profession, IAASA consulted on its proposals to update and reissue certain Practice Notes and Bulletins withdrawn by the FRC that contained guidance with continued relevance to auditors of Irish entities. The feedback paper in respect of this consultation was published in March 2018, in which IAASA indicated its intention to update and reissue PN 27(I) The Audit of Credit Unions in the Republic of Ireland (issued May 2016).

3. How the guidance was updated and main areas of change

A working group with credit union audit and technical expertise was established to support the project to update and re-issue the guidance on the audit of credit unions Ireland. IAASA also engaged with its Technical Advisory Panel and the Central Bank of Ireland on the draft Guidance Note.

The principal changes in the draft Guidance Note on The Audit of Credit Unions from PN 27(I) The Audit of Credit Unions in the Republic of Ireland (issued May 2016) are:

- amendments required to reflect that IAASA is now responsible for the Irish auditing framework, including changes to the ISAs (Ireland) in the intervening period;
- amendments required to reflect changes in the legal and regulatory framework for credit unions in Ireland since May 2016;
- the insertion of a new section to provide guidance on the application of ISA (Ireland) 320 Materiality in Planning and Performing an Audit ('ISA (Ireland) 320') when auditing a credit union; and
- updating of the guidance in respect of ISA (Ireland) 540 Auditing Accounting Estimates and Related Disclosures ('ISA (Ireland) 540') to reflect the revisions to the standard in December 2018, that are applicable for accounting periods beginning on or after 19 December 2019 (earlier adoption is permitted).

4. Matters on which IAASA is consulting

IAASA welcomes comments on all aspects of the draft Guidance Note. However, a number of matters are set out below on which IAASA is specifically seeking views from stakeholders and interested parties by 5pm on **14 June 2019**.

No.	Matter on which views are sought
1.	Do you agree with the proposed revisions from PN 27(I) The Audit of Credit Unions in the Republic of Ireland (issued May 2016), as set out in section 3? If not please explain why.
2.	Is the included guidance appropriate, in particular that for ISA (Ireland) 320 and ISA (Ireland) 540 (Revised December 2018)? If you think it should be amended, please explain why and how.
3.	Are there any other areas of the ISAs (Ireland) where you believe guidance in relation to the audit of credit unions should be provided in the Guidance Note? If so, please identify which standard(s) and the specific issues for credit union audits that you believe should be addressed in the Guidance Note.

5. Making your submission

IAASA invites comments on all proposals put forward in this Consultation Paper and, in particular, on the specific matters set out in section 4 above.

Stakeholders and interested parties are invited to provide responses to the above questions by e-mail only to submissions@iaasa.ie no later than **5pm on 14 June 2019**.

Any submissions received after this time and all anonymous submissions will not be considered.

Comments are most helpful if they:

- (a) respond directly to the specific question posed;
- (b) provide a clear rationale for the position adopted by the respondent;
- (c) provide supporting evidence underpinning the views expressed/rationale proposed; and
- (d) describe in detail any alternative option(s) you wish IAASA to consider.

All responses from identifiable individuals and organisations received by the deadline will be considered by IAASA. Depending on the nature and scale of responses, IAASA may publish a feedback statement summarising the content of the responses. Respondents should note that, in the interest of transparency, their responses may be published in full or in part (and may be attributed to the respondent) by IAASA in that feedback statement.