



**Presentation to the visiting  
Polish delegation  
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# Disclaimer

The views expressed are mine and do not necessarily reflect the views of the Board, individual Board members or the staff of the Authority

# Presentation Outline

- A. Overview/Structure
- B. Regulatory and Monitoring Supervision
- C. 8<sup>th</sup> Directive implementation in Ireland

# A. Overview/Structure

# IAASA Mission Statement

To Support and enhance public confidence in the accountancy profession and in financial reporting through the exercise of effective, independent oversight and the promotion of adherence to high standards.

# History

- Review Group on Auditing
- Companies (Auditing and Accounting) Act, 2003
- IAASA was incorporated as a company limited by guarantee with the majority of its statutory functions and powers on 3 February, 2006
- Statutory Instrument 277 of 2007 – Transparency (Directive 2004/109/EC) Regulations 2007
- Statutory Instrument 220 of 2010 - European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010

# IAASA's Principal Functions – 2003 Act

- To supervise the Prescribed Accountancy Bodies' regulation and monitoring of their members;
- To promote adherence to high professional standards in the auditing and accountancy profession; and
- To act as a specialist source of advice on auditing and accounting matters to the Minister.

# IAASA's Principal Functions – Post 2003 Act

- To supervise the statutory financial reporting of certain listed entities (i.e. as a Competent Authority under the Transparency Directive); and
- To act as the Competent Authority with supervisory functions under the Statutory Audit Directive.



# Funding

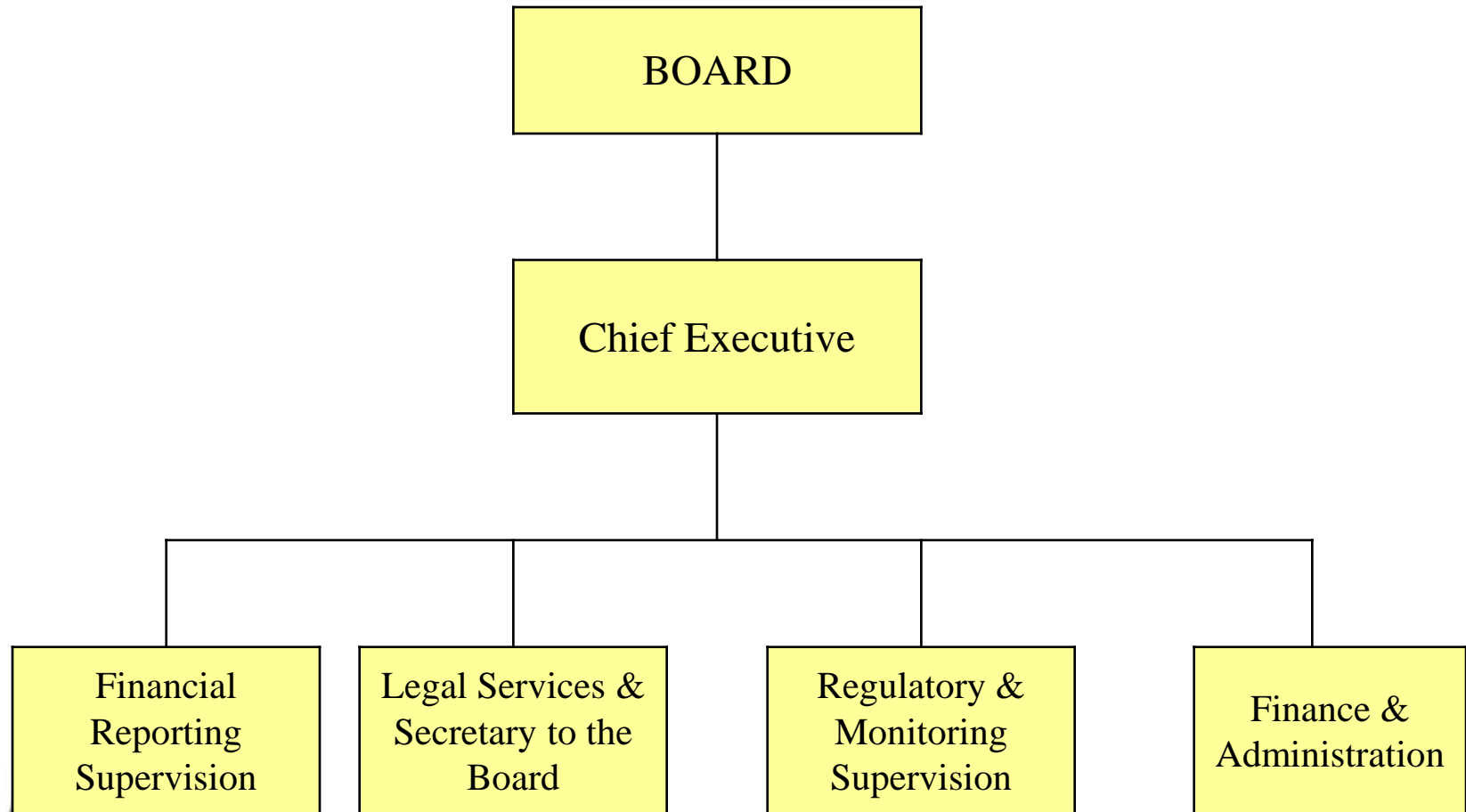
The Act provides that:

- The exchequer will provide 40% of the Authority's funding; and
- The remaining 60% will be provided by the profession (by way of a levy on the prescribed bodies)

# Board Composition

- Company ltd. by guarantee - Board comprises 15 directors, nominated thus:
  - 2 (including the Chairperson) nominated by the Minister;
  - Chief Executive
  - 3 nominated jointly by the prescribed accountancy bodies;
  - 9 nominated by the following bodies (1 each):
    - IBEC
    - IAIM
    - Pensions Board
    - Revenue
    - Law Society
    - ICTU
    - ISE
    - Central Bank
    - ODCE
- A maximum of 5 of the 15 directors may be members of prescribed accountancy bodies.

# Organisation Structure



# Principal Functions of the Financial Reporting Supervision Unit

- To examine whether the financial reports of issuers whose Home Member State is Ireland under the Transparency Regulations complies with the relevant reporting framework
- Liaising with other countries' financial reporting monitoring bodies
- Co-operating in the development of accounting standards and practice notes
- Assisting the Board to discharge its functions as an advisor to the Minister on accounting related matters

## B. Regulatory and Monitoring Supervision

# Regulation and Monitoring Supervision

- The Authority has a Supervisory remit as opposed to being a ‘Regulator’
- Consequently, members’ primary regulatory bodies continue to be the Institutes/Associations of which they are members
- The Authority’s function is to supervise the manner in which the Prescribed Accountancy Bodies (PABs) are regulating and monitoring their members and, in circumstances where this is found to be deficient, to take appropriate steps to remedy any deficiencies.

# Nine Prescribed Accountancy Bodies

- Association of Chartered Certified Accountants;
- Association of International Accountants ;
- Chartered Institute of Management Accountants;
- Chartered Institute of Public Finance & Accountancy;
- Institute of Chartered Accountants in England & Wales;
- Institute of Chartered Accountants in Ireland;
- Institute of Chartered Accountants of Scotland;
- Institute of Certified Public Accountants in Ireland; and
- Institute of Incorporated Public Accountants.

# Six PABs are also Recognised Accountancy Bodies (RABs)

- Association of Chartered Certified Accountants ('ACCA');
- Institute of Chartered Accountants in England & Wales ('ICAEW');
- Institute of Chartered Accountants in Ireland ('ICAI');
- Institute of Chartered Accountants of Scotland ('ICAS');
- Institute of Certified Public Accountants in Ireland ('ICPAI'); and
- Institute of Incorporated Public Accountants ('IIPA').



# Membership information

- At 31 December 2011, the aggregate number of the PABs' **members** resident in the State stood at 30,890.
- At 31 December 2011, the aggregate number of the PABs' **students** resident in the State stood at 16,835.
- At 31 December 2011, the aggregate number of individuals or firms located in Ireland that have been granted **audit registration** by a RAB is 1,612.

# RMS primary activities

- Approval related activities;
- Handling of complaints and enquiries;
- Supervisory reviews;
- Supervision of the PABs' responses to matters of public interest ;
- PABs' annual return process;
- Cooperation both domestic and international
- Statutory Enquiries; and
- Attachment of conditions to the recognitions of RABs.

# C. 8<sup>th</sup> directive implementation in Ireland

# Implementation of 8<sup>th</sup> Directive

- Statutory Instrument 220 of 2010 - European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 was signed into law on 20 May, 2010
- Directive 2006/43/EC replaces the previous 8<sup>th</sup> Company Law Directive 84/253/EEC
- Supervised self-regulation model confirmed
- Commencement

# Supervisory responsibilities

The Authority has been designated as the competent authority in the State with respect to the system of public oversight of Statutory Auditors and Statutory Audit Firms and therefore, the Authority is required to supervise:

- the approval and registration of Statutory Auditors and Statutory Audit Firms;
- the adoption of standards on professional ethics, internal quality control of Statutory Audit Firms and auditing; and
- continuing education, quality assurance and investigative and disciplinary systems.

# Other functions and responsibilities

- Receipt and consideration of notifications from statutory auditors and audit firms regarding cessation of office;
- Approval of the standards, administration and content of the aptitude test for third country auditors and member state statutory auditors;
- Responsibility to perform public oversight on the quality assurance functions of the RABs, including, if considered necessary, the attachment of conditions to the recognition of the RABs;
- Approval of the RABs' standards in relation to continuing education, professional ethics and independence & objectivity;

# Other functions and responsibilities

- Requirement to approve the RABs' criteria for publication of disciplinary decisions, including any proposed changes to same;
- Acting as competent authority for liaison with other Member States' and third countries' competent authorities on any matters relevant to the Statutory Audit Directive Regulations; and
- Control over investigations requested by a Member State competent authority or supervision thereof if one of the RABs is the competent authority for the investigation.

# Third country auditor registration

Registration with the Authority is required if a third country audit entity wishes to provide an audit report concerning the annual or consolidated accounts of a company incorporated outside the EU/EEA whose transferable securities are admitted to trading on a regulated market in Ireland.

- Transitional provisions;
- Full registration; and
- Development of registration system.



# Assessment criteria

- Qualifications of auditors within the applicant firm;
- Qualifications of members of the administration/management body of the applicant firm;
- Practical experience of auditors within the applicant firm;
- Good repute of the applicant firm and the auditors within the applicant firm;
- Quality assurance history of the applicant firm;
- The auditing standards applied in the applicant's jurisdiction; and
- The professional standards (including those relating to independence, ethics and internal quality control) applied in the applicant's jurisdiction.

# Other responsibilities

- Register of Auditors for approved applications and notifying changes in respect of same to the CRO;
- Assessment of registered third country auditors' quality assurance regimes;
- Where necessary, implementation of a system of external quality assurance of registered third country auditors and audit entities;
- Where necessary, implementation of a system of investigation and discipline covering registered third country auditors and audit entities;
- Administration of fees received from third country auditor applicants;
- Responsibility for negotiation, conclusion and publication of reciprocal arrangements with third country competent authorities; and
- Approval of the transfer of audit documentation to third country competent authorities.

# Useful links

- IAASA's website [www.iaasa.ie](http://www.iaasa.ie)
- IAASA's guide to the provisions of the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010  
[http://www.iaasa.ie/publications/Guide\\_8thDirective2011.pdf](http://www.iaasa.ie/publications/Guide_8thDirective2011.pdf)
- The European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (Statutory Instrument 220 of 2010)  
[http://www.iaasa.ie/legislation/si220\\_2010.pdf](http://www.iaasa.ie/legislation/si220_2010.pdf)
- Annual reports: <http://www.iaasa.ie/publications/index.htm>

# Questions?