

2019

Consultation Paper

Proposal to issue a Guidance Note on
The Duty of Auditors to Report to the
Director of Corporate Enforcement

June 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

Contents

1. Summary.....	4
2. Background	4
3. How the guidance was updated and main areas of change	4
4. Matters on which IAASA is consulting.....	5
5. Making your submission	5

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 Duty of Auditors to Report to the Director of Corporate Enforcement.

Part 2 of the draft Guidance Note sets out the matters to be considered by auditors with regards to their obligation to report to the Director of Corporate Enforcement under Section 393 of the Companies Act 2014. Part 3 sets out the matters to be considered by auditors with regards to their obligation to report to the Director of Corporate Enforcement under Section 122 of the Irish Collective Asset-management Vehicles Act 2015 ('the ICAV Act') and highlights where they differ from those under the Companies Act 2014. Part 4 provides guidance on the reporting of suspected offences beyond the scope of those provisions.

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; and
- relevant legislation and regulations.

This draft Guidance Note reflects the requirements of the ISAs (Ireland) adopted by IAASA at 31 May 2019.

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 and Bulletins designed to provide additional guidance to auditors, including some developed specifically for the Irish market that 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 Bulletin 2007/2 - The Duty of Auditors in the Republic of Ireland to Report to the Director of Corporate Enforcement ('Bulletin 2007/2'), issued in March 2007.

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

A working group with audit and technical expertise was established to support the project to update and re-issue guidance on the Duty of Auditors to Report to the Director of Corporate Enforcement. IAASA also engaged with its Technical Advisory Panel and the Office of the Director of Corporate Enforcement on the draft Guidance Note.

Given that a significant period of time has elapsed since March 2007, the draft Guidance Note is substantively different from Bulletin 2007/2. The principle differences are due to:

- the enactment of the Companies Act 2014, which consolidated Irish companies legislation into a single act. The duty of auditors to report suspected category 1 and 2 offences to the Director of Corporate Enforcement is set out in section 393(1) that Act;

- the duty of auditors to report certain suspected indictable offences to the Director of Corporate Enforcement under section 122(1) of the ICAV Act;
- since June 2016, IAASA is responsible for the adoption of the Irish auditing framework; and
- changes to the International Standards on Auditing applicable in Ireland since 2007.

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 **19 July 2019**.

No.	Matter on which views are sought
1.	Is the guidance provided in the draft Guidance Note appropriate and clear regarding the duty of statutory auditors to report suspected offences to Director of Corporate Enforcement under the Companies Act 2014 and the ICAV Act? If you think it should be amended, please explain why and how.
2.	Are there any other areas of the ISAs (Ireland) that you believe are relevant to the duty of auditors to report to the Director of Corporate Enforcement? If so, please identify which standard(s) and the areas 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 19 July 2019**.

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

Comments are most helpful if they:

- respond directly to the specific question posed;
- provide a clear rationale for the position adopted by the respondent;
- provide supporting evidence underpinning the views expressed/rationale proposed; and
- 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.



IAASA

Irish Auditing & Accounting
Supervisory Authority

**Irish Auditing & Accounting
Supervisory Authority**

Willow House
Millennium Park, Naas
Co. Kildare, Ireland

Phone: +353 (0) 45 983 600

Fax: +353 (0) 45 983 601

Email: info@iaasa.ie

www.iaasa.ie