

Standards Newsletter

Irish Auditing & Accounting Supervisory Authority



Welcome to the October 2022 edition of our Standards Newsletter. It provides the latest news and information about IAASA's auditing and assurance standards projects.

In this edition you'll find information on standards becoming effective in the coming months, recruitment of new members for our Technical Advisory Panel and other developments.

We hope you find it informative and helpful.

All the standards are available on our website [iaasa.ie]

Highlights

PREPARING FOR THE NEW QUALITY MANAGEMENT & RISK ASSESSMENT STANDARDS

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October 2022

www.iaasa.ie

PREPARING FOR THE NEW QUALITY MANAGEMENT AND RISK ASSESSMENT STANDARDS

QUALITY MANAGEMENT - ISQM 1, ISQM 2 & ISA 220

The new suite of quality management standards introduce a quality management approach focused on proactively identifying and responding to risks to quality. Each firm must customise the design, implementation and operation of its system of quality management (SOQM) based on its nature, circumstances and the engagements it performs.

The quality management standards apply from 15 December 2022. Firms must design and implement a SOQM by that date and evaluate it for the first time by 15 December 2023.

IAASA has published a [series of explainer videos](#) to provide an overview of the Irish quality management standards.

Readers may also find it helpful to refer to the dedicated quality management section of the IAASB's website, which includes first time implementation guidance.

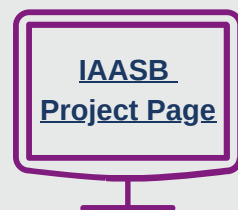


ISA (IRELAND) 315 (REVISED OCTOBER 2020) IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT

The revised ISA (Ireland) 315 requires more robust risk identification and assessment to promote a better response to identified risks. The significant changes include:

- Separate assessment of inherent risk and control risk
- Spectrum of inherent risk - used for assessment of inherent risk and the risk of material misstatement at the assertion level
- Enhanced requirements on the exercise of professional scepticism
- More requirements related to gaining an understanding of the entity's IT environment, including risk identification & assessment
- The revisions are effective for periods beginning on or after 15 December 2021.

The IAASB has published a first-time implementation guide to help auditors understand and apply the changes.



OTHER NEW & REVISED STANDARDS

ETHICAL STANDARD FOR AUDITORS (IRELAND) (REVISED NOVEMBER 2020)

- Amended 'objective, reasonable and informed third party' test
- Prohibitions on providing recruitment or internal audit services, or acting as general counsel of audited entity
- Enhancements to the ethics partners' authority
- Auditors required to report breaches to their accountancy body and to those charged with governance
- 3 year cooling off period for engagement partners on PIE and listed audits

EFFECTIVE FOR PERIODS
BEGINNING ON OR AFTER
15 JULY 2021

ISAs (IRELAND) 210, 220, 250, 260, 600, 620, 700, 701 & 720 (REVISED NOVEMBER 2020)

- Enhancement of group audit procedures and the auditor's work effort for 'other information'
- Requirement (for listed entities) that the auditor's report explains the extent to which the audit was considered capable of detecting irregularities, including fraud
- Enhanced disclosures in respect of materiality

EFFECTIVE FOR PERIODS
BEGINNING ON OR AFTER
15 JULY 2021

ISA (IRELAND) 240 (REVISED OCTOBER 2021)

- Clarifies the auditor's obligations to detect material fraud
- Enhanced requirements for identification and assessment of the risk of material misstatement due to fraud and the procedures to respond to those risks

EFFECTIVE FOR PERIODS
BEGINNING ON OR AFTER
15 DECEMBER 2021

ISA (IRELAND) 315 CONFORMING AMENDMENTS

- 20 ISAs (Ireland) have been updated to reflect the conforming amendments required due to the adoption of ISA (Ireland) 315 (Revised October 2020)
- A complete list of the updated standards is available on IAASA's website [[here](#)]

EFFECTIVE FOR PERIODS
BEGINNING ON OR AFTER
15 DECEMBER 2021

STANDARDS FOR INVESTMENT REPORTING (IRELAND)

- 1000 – Applicable to all Engagements in Connection with an Investment Circular
- 2000 – Historical Financial Information
- 3000 – Profit Forecasts
- 4000 – Pro Forma Financial Information
- 5000 – Financial Information Reconciliations under the Listing Rules
- 6000 – Quantified Financial Benefits Statements

EFFECTIVE FOR PERIODS
BEGINNING ON OR AFTER
15 SEPTEMBER 2022

Access all IAASA standards on our website

iaasa.ie/Publications/Auditing-standards

TECHNICAL ADVISORY PANEL VACANCIES

CONTRIBUTE TO THE DEVELOPMENT OF THE IRISH AUDITING FRAMEWORK

The Technical Advisory Panel contributes to IAASA's work in adopting auditing standards and related guidance for use in Ireland. Its role is to provide advice and support to IAASA's executive.

Two vacancies need to be filled from February 2023. Further details of the roles, as well as the application and selection process will be published shortly on our website (iaasa.ie).



Applications will be invited from candidates from diverse backgrounds with a sound knowledge of auditing standards.

CONSULTATION ON REVISIONS TO ISA (IRELAND) 600 Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)

IAASA has issued a consultation on proposed revisions to ISA (Ireland) 600, and related conforming amendments. The consultation paper is available at the following link [here](#).

The revised standard deals with considerations applying to a group audit, including when component auditors are involved. It also strengthens the auditor's responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditors, and documentation.

The proposed changes are consistent with changes made by both the IAASB and FRC, adapted to reflect Irish law and standards.

The proposed effective date is for periods beginning on or after 15 December 2023.

The deadline for responses to the consultation is **5.00pm on Friday, 9 December**.

INTERNATIONAL DEVELOPMENTS

AUDIT AND CORPORATE GOVERNANCE REFORM IN THE UK

The UK Department of Business, Energy and Industrial Strategy (BEIS) published the response to its consultation on proposals to strengthen the UK's corporate governance framework for major companies and how they are audited. It will lead to significant changes in the UK, such as the introduction of managed shared audits for larger companies and establishment of the Audit Reporting and Governance Authority (ARGA) to replace the FRC.

Click for

[BEIS
RESPONSE](#)

The FRC's position paper on how it will implement the reforms states it will consult on proposed amendments to the Ethical Standard and several ISAs (UK) with a planned effective date of periods beginning on or after 15 December 2024.

Click for

[FRC
POSITION
PAPER](#)

IAASA will continue to monitor these developments and any potential impact on its policy to adopt the UK standards with minimal amendments for Irish law or market conditions.



CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

In June, the European Council and Parliament reached provisional agreement on the text of the CSRD.

It requires that an independent auditor or accredited independent certifier must ensure that the sustainability information provided by a company complies with the certification standards adopted by the EU. Initially, this will be limited assurance, with the European Commission required to adopt standards for reasonable assurance by 1 October 2028.

Click for



[Draft
CSRD](#)

It is expected that the final text of the CSRD will be approved by the Council and Parliament shortly.

When the final directive is published, IAASA will consider its implications for auditors in Ireland.