

2023

Regulatory and Monitoring
Supervision

**Guidelines for the
Recognised Accountancy
Bodies when performing the
Approval and Registration
function in respect of
Statutory Auditors and Audit
Firms**

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Public trust and confidence in quality auditing and accounting



Mission

Upholding quality corporate reporting and an accountable profession

Our Values



Excellence

Striving to be the best we can be



Independence

Regulating impartially and objectively



Integrity

Being trustworthy and respectful

Table of Contents

Part I: Background to these guidelines	1
Regulatory outcomes	1
Purpose of these guidelines.....	1
Definitions	2
Scope of these guidelines	2
Enforcement of these guidelines.....	3
Legislative background	3
Effective date	4
Part II: Guidelines for RABs when performing the approval and registration function.....	5
A. Effective application and assessment process	6
B. Statutory auditors and audit firms are of good repute	7
C. Statutory auditors and audit firms are eligible for approval	8
D. Accurate and timely registration.....	10
E. Continuing compliance with registration requirements	11

Part I: Background to these guidelines

Regulatory outcomes

High quality statutory audit enhances the integrity of a financial report and, therefore, its usefulness. An effective regulatory framework for auditors and audit firms promotes high quality audit, enhancing public confidence in the auditing profession and serving the public interest. Under IAASA's oversight, each recognised accountancy body (RAB) is responsible for the regulation and monitoring of the statutory auditors it has approved and should ensure that its regulatory arrangements are designed to promote high quality audit.

A RAB's approval and registration function in respect of statutory auditors and audit firms should achieve the outcomes listed below in the public interest.

- Only individuals who meet eligibility criteria and are of good repute are approved to perform statutory audit.
- Only firms that meet eligibility criteria and are of good repute are approved as statutory audit firms.
- All statutory auditors and audit firms meet the requirements for approval on an ongoing basis.
- The public register is accurate, contains all information required by law and is updated promptly for any changes.

To assist in achieving the outcomes listed above, an approval and registration function should apply the following principles:

- A. Effective application and assessment process.
- B. Statutory auditors and audit firms are of good repute.
- C. Statutory auditors and audit firms are eligible for approval.
- D. Accurate and timely registration.
- E. Continuing compliance with registration requirements.

Each RAB is responsible for ensuring that its approval function operates to achieve the outcomes listed above.

Purpose of these guidelines

The purpose of this document is to set out guidelines for the RABs to apply to their approval and registration function, to support the achievement of the outcomes listed above and to meet the requirements of the Companies Act 2014.

These guidelines are not intended to replace or override any legislative provisions. They should be read in conjunction with the Companies Act 2014 (the Act), Regulation (EU) No 537/2014 and any section 931 notice, rule or other guidelines that IAASA may issue.

These guidelines apply to approvals under section 1470 (a) of the Act. Where a RAB is approving an individual under section 1470 (b) or (c), RABs should engage with IAASA. Nothing in these guidelines may be construed so as to constrain IAASA from taking action, where it deems it to be appropriate, in respect of a RAB's performance of its approval and registration function.

Definitions

Term	Meaning
The Act	The Companies Act 2014
Applicant	An individual or firm applying for registration as a statutory auditor or audit firm in Ireland
CRO	Companies Registration Office
General Guidelines	General guidelines for the RABs when performing regulatory functions in respect of statutory auditors issued by IAASA
Member	A member of a RAB or a member of an administrative or management body of an audit firm
Public register	The register maintained by CRO containing the information set out in Schedule 20 of Companies Act 2014
Statutory audit	An audit required by EU law or by national law as regards small companies
Audit firm	A firm approved to carry out statutory audits in Ireland
Statutory auditor	An individual approved to carry out statutory audits in Ireland

Scope of these guidelines

Section 906 of the Act provides that IAASA may issue guidelines concerning any matter that relates to its functions. These guidelines relate to the RABs' approval and registration function which IAASA supervises under section 905 of the Act.

These guidelines are applicable to all RABs recognised in accordance with section 930 of the Act. At the date of publication of these guidelines, there are three RABs:

- ACCA - Association of Chartered Certified Accountants
- CPA - Institute of Certified Public Accountants in Ireland
- ICAI - Institute of Chartered Accountants in Ireland

A RAB's approval and registration function is applied to both individuals and firms in respect of whom it performs regulatory functions. Under section 930C of the Act, a RAB may be required to perform the approval function in respect of statutory auditors who are members of other RABs and those which are registered in other EU member states. A RAB's approval process should be consistently applied to both members and non-members.

The application guidance provided under each set of guidelines in sections A to E sets out IAASA's expectations for how a RAB can demonstrate compliance with the guidelines. However, it is not a complete list of the ways in which a RAB complies with the guidelines, nor do the expectations constitute the only way in which compliance can be demonstrated. Each RAB should be able to demonstrate that it complies with these guidelines through the implementation of effective regulatory policies and procedures tailored to its context. Each RAB should also ensure that the provisions of its constitution, byelaws, rules and regulations are in compliance with these guidelines.

Enforcement of these guidelines

IAASA may take regulatory action in respect of a failure to comply with these guidelines. This will be done in accordance with its powers under the Act.

Legislative background

Part 27 and Schedules 19 and 20 of the Act contain specific provisions in respect of the RABs' approval and registration functions, as summarised in this section. It is important to note that these guidelines do not replicate the requirements of the Act. Therefore, a RAB should ensure that, in addition to complying with the guidelines, it complies with all relevant legislative provisions relating to the approval of statutory auditors and audit firms.

Under section 1464 of the Act, a RAB may only approve an individual or a firm as a statutory auditor or audit firm if they have submitted an application to the RAB and are of good repute.

Section 1470 of the Act states that to be eligible for approval as a statutory auditor an individual must also be:

- a member of a RAB and hold an appropriate qualification;
- a statutory auditor approved and registered in another EU or EEA member state who has passed an aptitude test; or
- a third country auditor who has passed an aptitude test. A third country auditor may only be approved where IAASA has entered a reciprocal arrangement with the competent authority of that country.

Section 1472 provides that an appropriate qualification is granted by a RAB whose training and qualification standards are not less than those listed in Schedule 19 of the Act. The standards include completion of a course of theoretical instruction, practical training and passing an exam of professional competence which is of university final level or equivalent. Schedule 19 also requires the completion of at least three years' practical training. A substantial part of the training must be in statutory audit and at least two thirds (two of the three years) supervised by a statutory auditor or audit firm approved in an EU or EEA member state.

In addition to being of good repute, section 1473 of the Act requires that to be eligible for approval as an audit firm, a firm must be meet the following criteria:

- the individuals carrying out audits on behalf of the firm must be approved in accordance with Part 27 of the Act;
- the majority of voting rights in the firm must be held by
 - Individuals eligible for appointment as EU or EEA statutory auditors;
 - Audit firms approved in any EU or EEA member state; or
 - A combination of the two; and
- the majority of members of the firm's administrative and management body must be:
 - Individuals eligible for appointment as EU or EEA statutory auditors;
 - Audit firms approved in any EU or EEA member state; or
 - A combination of the two.

A RAB may also approve the registration of an audit firm from another EU or EEA member state as an audit firm in Ireland if the key audit partner who will carry out the Irish statutory audit work is approved as a statutory auditor in Ireland.

Section 1485 requires that, following approval as a statutory auditor or audit firm, the individual or firm must provide the information set out in Schedule 20 of the Act to the RAB. On receipt of the information, and following any verification that seems necessary, the RAB must notify the Companies Registration Office (CRO) of the Schedule 20 information and the individual identification number assigned by the RAB to that statutory auditor or audit firm.

Section 1487 obliges statutory auditors and audit firms to notify the RAB of any changes to the Schedule 20 information within one month. The RAB is required to carry out any verification it deems necessary and then notify the changes to the CRO without undue delay.

Section 1489 requires that a condition of a statutory auditor's approval is that they will take part in appropriate programmes of continuing education to maintain theoretical knowledge and professional skills and values at a sufficiently high level, particularly in relation to auditing.

Effective date

These guidelines apply to all RABs from 1 June 2024. They apply until such time as they are withdrawn, amended or replaced by IAASA.

Part II: Guidelines for RABs when performing the approval and registration function

Set out in sections A-E below are the guidelines to be applied by the RABs when performing the approval and registration function. The guidelines are listed under the principles set out in Part I.

RABs should also refer to the other IAASA guidelines applicable to the regulatory functions to ensure an integrated approach to the operation of its regulatory functions.

It is important to note that the requirements of the [General Guidelines](#) also apply to the approval and registration function. In the event of withdrawal of approval, IAASA's Guidelines for the Recognised Accountancy Bodies when performing Investigation and Disciplinary functions also apply.

A. EFFECTIVE APPLICATION AND ASSESSMENT PROCESS

Guidelines

- A.1. RABs require individuals and firms to apply for approval to carry out statutory audits in Ireland.**
- A.2. Application forms require all information required by legislation as to how the individual or firm meet the criteria for approval and information as to how they are of good repute.**
- A.3. RABs have a clear and thorough assessment process documenting how an individual or firm meets all requirements for approval and are of good repute.**
- A.4. RABs obtain and record information from both internal and external sources, sufficient to conclude that an applicant meets the criteria to be approved as a statutory auditor or audit firm.**
- A.5. RABs consider whether it is appropriate to attach any restrictions or conditions (other than section 1489) to an approval.**
- A.6. Completed assessments of applications should be reviewed by a second individual, either a reviewer or other individual within the approval system hierarchy before the final approval.**
- A.7. A RAB sets and monitors key performance indicators (KPIs) for the approval system. KPIs are included in the annual regulatory plan and progress is reported to the regulatory board periodically.**

Application guidance

A RAB can demonstrate compliance with the above guidelines by meeting the following expectations:

- (a) An application form for approval as a statutory auditor is signed by the individual applying for approval.
- (b) An application form for approval as an audit firm is signed by an authorised individual on behalf of the firm applying for approval.
- (c) The application form requires the individual or firm, as appropriate, to provide all information required by Schedule 20 to the Act for inclusion in the public register maintained by the CRO.
- (d) Guidance is available to assessors setting out the approval process including how to make appropriate assessments.
- (e) RABs have an appropriate system for recording completed assessment forms and applications, whether approved or rejected. Such records include evidence to support the final assessment of the application as well as evidence of review by a second individual/committee. The rationale for the decision on the application is clearly recorded.
- (f) RABs have an appropriate process in place for assigning responsibility to the appropriate individual/committee for reviewing the assessment of non-standard applications.
- (g) There are clear and timely communication channels between a RAB's regulatory departments so that information which is relevant to the approval function is included in its assessment of applications.
- (h) RABs shall communicate the outcome of their assessment to individuals and firms as appropriate including the effective date, obligations and any restrictions or conditions that apply.

B. STATUTORY AUDITORS AND AUDIT FIRMS ARE OF GOOD REPUTE

Guidelines

- B.1. RABs determine what criteria should be met to satisfy the requirement to be of good repute for individuals and firms.**
- B.2. RABs have a clear assessment process for consideration of good repute which includes the consideration of information from all sources considered to be relevant by the RAB.**
- B.3. If concerns are identified regarding an applicant's good repute a RAB takes action to effectively minimise the risk to the public.**
- B.4. RABs require a statutory auditor or audit firm to promptly notify it of any regulatory action or proceedings initiated by another regulatory body or agency. RABs evaluate the impact on the individual's or firm's approved status and takes action to address any issues arising.**
- B.5. RABs monitor the good repute of all statutory auditors and audit firms on an ongoing basis and take prompt appropriate action where issues are identified.**

Application guidance

A RAB can demonstrate compliance with the above guidelines by meeting the following expectations:

- (a) A RAB's assessment takes into account factors relating to statutory auditors, members of the administrative or management body and the firm itself such as offences or regulatory findings, on-going investigations, financial history, tax compliance, or adverse actions in relation to a membership, licence or employment and relating to any firms the individuals have been associated with previously.
- (b) Guidance provided to staff in the approval and registration function clearly set out what is considered to be good repute and indicators of when an applicant may not be of good repute.
- (c) The application form signed by the individual or firm must confirm that they are of good repute as well as require disclosure of all information that may be relevant to the RAB's assessment of good repute.
- (d) A RAB obtains and considers information from internal departments, third parties and publicly available information where relevant to the assessment of good repute.
- (e) Annually, a RAB seeks a declaration of a firm's ongoing good repute which includes a declaration from the firm itself as well as declarations from each member of the administrative or management body and statutory auditors.
- (f) Where an individual (statutory auditor or members of administrative or management body) or the firm itself is being regulated by another accountancy body or was previously, the RAB checks with the other body that they are of good repute and there have been no disciplinary findings or regulatory penalties against them. Annually RABs carry out similar checks for statutory auditors they have approved.
- (g) Matters arising on consideration of good repute are referred to the appropriate regulatory committee and any consideration or decisions documented, including any conditions attached to the applicant's approval.
- (h) Details of all adverse findings and regulatory sanctions imposed by the RAB on a statutory auditor or audit firm are provided to the approval function on a timely basis.

C. STATUTORY AUDITORS AND AUDIT FIRMS ARE ELIGIBLE FOR APPROVAL

Guidelines

- C.1. RABs have clear processes and procedures for verifying information submitted by an individual or firm to ensure they meet the criteria for approval to carry out statutory audits in Ireland.**
- C.2. RABs' education systems are designed to prepare applicants to competently perform the role of statutory auditor. It delivers up-to-date and relevant content, employs suitably qualified staff, and operates a rigorous examination of professional competence in accordance with the Act.**
- C.3. RABs require evidence that sufficient practical training has been obtained in statutory audit as required by the Act. RABs have a process in place to document their consideration that the persons providing the practical training have the ability to do so to an adequate standard.**
- C.4. RABs consider the time elapsed between the application and the date of obtaining the requisite examinations and practical training, and considers whether at the time of approval, the individual has the professional skills and competencies required to enable them to carry out statutory audits.**

Application guidance

A RAB can demonstrate compliance with the above guidelines by meeting the following expectations:

- (a) A RAB verifies the information received from firms regarding voting rights and members of the firm's administrative or management body to ensure that the requirement for a majority of individuals eligible for approval and audit firms approved in an EU or EEA state is met. A RAB obtains relevant information from other internal departments, as well as seeking confirmations and clarifications from external parties including other RABs and competent authorities in other countries, where necessary.
- (b) A RAB ensures that its curriculum and examinations are designed to address the knowledge, skills and competencies required to effectively perform the role of statutory auditor. It specifies the examinations within its education system that must be passed for an individual to meet the education standards for qualification set out in Schedule 19(2)(2) and (3) and maps its curriculum and examinations to the Schedule to evidence compliance.
- (c) A RAB regularly updates its curriculum for developments impacting on the role of a statutory auditor. These include legal, regulatory, technological, professional, societal or other developments.
- (d) Where an applicant has completed the examinations of another RAB, confirmation is obtained from that RAB that the examinations completed meet the education requirements of the appropriate qualification under section 1472. RABs awarding applicants any exemptions from their examinations must comply with the Guidelines on matters to be considered by the RABs when granting exemptions from one or more of the subjects in the test of theoretical knowledge for approval as an auditor.
- (e) RABs should provide guidance to potential applicants setting out the requirements for practical training, including the legal definition of statutory audit and setting out the RABs interpretation of what constitutes a 'substantial part' of the required three years practical training.
- (f) An applicant is required to evidence practical training completed. RABs assess the evidence of training record to ensure it demonstrates the achievement of the necessary professional skills and competencies to carry out statutory audits and meets the requirements of the Act.

- (g) A RAB should be satisfied that the applicant has kept up-to-date with developments in audit and changes in Schedule 19 subjects sufficient to maintain their competence. This will include continuing to gain audit experience and undertaking sufficient, relevant CPD.
- (h) A RAB has procedures in place to verify that a firm is not already approved as an audit firm in Ireland by another RAB. Where a firm is seeking approval from another RAB, the RAB satisfies itself as to why the firm is seeking a new RAB approval.

D. ACCURATE AND TIMELY REGISTRATION

Guidelines

- D.1. On approval of a statutory auditor or audit firm, the RAB updates the CRO on a timely basis with information required in Schedule 20 for inclusion in the public register.**
- D.2. A RAB has effective verification checks, controls and oversight of data to ensure the information notified to the CRO is accurate, complete and up to date.**
- D.3. RABs notify statutory auditors and audit firms of their obligation to notify the RAB of any changes to the information recorded in the public register within one month.**
- D.4. RABs assess and verify all notification of changes to ensure the statutory auditor or audit firm continues to meet the criteria for approval.**
- D.5. RABs take appropriate measures against statutory auditors and audit firms where it becomes aware of a failure to notify it of any changes to information contained in the public register or the provision of incorrect information.**
- D.6. RABs have appropriate mechanisms in place to withdraw approval where the individual or firm does not continue to meet criteria required to be approved as a statutory auditor or audit firm.**
- D.7. RABs notify all relevant third parties of the removal of a statutory auditor or audit firm from the register.**

Application guidance

A RAB can demonstrate compliance with the above guidelines by meeting the following expectations:

- (a) A RAB maintains up-to-date documented policies and procedures which address all stages of the registration process including the format and content of notifications from statutory auditors and audit firms, verification and assessment of data provided and the updating and submission of electronic files to the CRO.
- (b) Registration information is submitted weekly (or as otherwise required by the CRO) to the CRO in the required format and evidence of submission is available for review.
- (c) The RAB's process to verify notification of changes to information on the public register is sufficient to satisfy it as to the accuracy and completeness of the data and that the statutory auditor or audit firm continues to meet the criteria for approval.
- (d) Where a RAB withdraws approval or an approval ceases (e.g. retirement or cessation of trade) for a non-member, the RAB notifies relevant third parties, including other accountancy bodies who regulate the individual concerned.
- (e) A RAB provides guidance for statutory auditors and audit firms on what information they are required to notify to the RAB, as well as the format and timing of such notifications. The notifications must be signed (section 1488) and include supporting evidence where appropriate. The guidance includes information on the consequences of failure to notify, failure to sign the notification and the provision of false information.
- (f) A RAB takes appropriate action when there is reason to believe that a statutory auditor or audit firm may not have complied with their obligations to notify certain information as required by the Companies Act or where incorrect information/confirmations have been provided. (Section 1487).

E. CONTINUING COMPLIANCE WITH REGISTRATION REQUIREMENTS

Guidelines

- E.1. RABs operate an effective process, at least annually, which ensures that it continues to be appropriate to register all statutory auditors and audit firms and that the information on the public register is complete and accurate.**
- E.2. RABs take prompt corrective action in respect of a statutory auditor or audit firm who no longer meets the approval criteria.**
- E.3. RABs establish effective mechanisms to monitor compliance with any conditions or requirements attached to an approval. RABs take prompt and appropriate follow-up action in instances of non-compliance.**

Application guidance

A RAB can demonstrate compliance with the above guidelines by meeting the following expectations:

- (a) A RAB requires each statutory auditor and audit firm approved by the RAB to confirm, at least annually that the information contained in the public register is correct.
- (b) A RAB requires confirmation of continuing compliance from each statutory auditor and audit firm with relevant obligations on a regular basis and to be kept updated by each statutory auditor or audit firm of any disciplinary or other regulatory matter.
- (c) A RAB maintains a register of all outstanding actions, restrictions, conditions (other than section 1489) or other requirements attached to a statutory auditor or audit firm. It regularly monitors compliance, follows-up on outstanding issues, takes measures to deal with inadequate responses, records completion and reports progress to management or the regulatory committee.



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