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Statement on Scope and Authority of Audit and Assurance Pronouncements

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Vision

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

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Nature and Scope of IAASA Audit and Assurance Pronouncements

1. Audit and assurance pronouncements issued by IAASA include:
 - Quality management standards;
 - The Ethical Standard for Auditors;
 - Engagement standards for audits of financial statements and other public interest assurance engagements¹, including reviews of interim financial information by the auditor and reports in connection with investment circulars; and
 - Guidance for auditors of financial statements and auditors involved in other public interest assurance engagements.
2. Practitioners should not claim compliance with IAASA's audit and assurance, quality management or ethical standards unless they have complied fully with all of those standards relevant to an engagement.

Quality Management Standards

3. The International Standards on Quality Management (ISQMs) (Ireland) apply to all firms that performing engagements in compliance with performance standards issued by IAASA, which comprise:
 - Audits of financial statements undertaken in compliance with International Standards on Auditing (ISAs) (Ireland);
 - Reporting accountants acting in connection with an investment circular (the Standards for Investment Reporting (SIRs) (Ireland)); and
 - Reviews of interim financial information by the independent auditor of the entity (International Standard on Review Engagements (ISRE) (Ireland) 2410).
4. The ISQMs (Ireland) include objectives for the firm, together with requirements² and related application and other explanatory material.
5. The ISQMs (Ireland) are based on standards that have been issued by the UK Financial Reporting Council (FRC), which are in turn based on standards that have been issued by the International Auditing and Assurance Standards Board (IAASB)³ published by the International Federation of Accountants (IFAC) and used with the permission of IFAC. Shaded text in these standards identifies supplementary requirements and guidance appropriate in the context of Irish legislation and business practice.

1 Public interest assurance engagements are audits of financial statements and other assurance engagements undertaken in accordance with performance standards issued by IAASA.

2 The level of authority of the text in requirements paragraphs is identified by use of the term "shall" (e.g., "the auditor shall ...").

3 The IAASB's constitution and due process is described in its Terms of Reference.

Standards and Guidance for Auditors

6. It is necessary to have an understanding of the entire text of a standard, including its guidance, to understand its objectives, overarching ethical principles or supporting ethical provisions (as applicable) and to apply its requirements properly.
7. The International Standards on Auditing (Ireland) (ISAs (Ireland)) include objectives for the auditor, together with requirements⁴ and related application and other explanatory material. Further explanation of the scope, authority and structure of the audit engagement standards is set out in ISA (Ireland) 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing.
8. The engagement standard for reviews of interim financial information by the auditor contains requirements, basic principles and essential procedures (identified in bold type lettering) together with related guidance. The requirements, basic principles and essential procedures are to be understood and applied in the context of the explanatory and other material that provide guidance for their application.
9. The ISAs (Ireland) and ISRE (Ireland) are based on standards that have been issued by the UK FRC, which are in turn based on standards that have been issued by the IAASB published by the IFAC and used with the permission of IFAC. Shaded text in these standards identifies supplementary requirements and guidance appropriate in the context of Irish legislation and business practice. Requirements derived from the European Audit Directive⁵ and Regulation⁶ have the letter 'D' (for the Directive) or 'R' (for the Regulation) added to the paragraph number where appropriate. Similarly, the Ethical Standard for Auditors (Ireland) is based on the corresponding standard issued by the FRC and its overarching principles and supporting provisions reflect the EU Audit Directive and Regulation where relevant. Such requirements are highlighted with shading and annotated as 'D' or 'R' as applicable. ISAs (Ireland) are consistent with International Standards on Auditing as issued by the IAASB and the requirements of ISAs (Ireland) do not conflict with the requirements in ISAs. An audit conducted in accordance with the ISAs (Ireland) does not therefore preclude the auditor from being able to assert compliance with the International Standards on Auditing issued by the IAASB.
10. Requirements in the Audit Regulation⁶ contained in the Ethical Standard for Auditors (Ireland) and ISAs (Ireland) that are applicable to the audit of Public Interest Entities apply to those entities as defined in Irish company law⁷.
11. For the audit of Irish groups, the group auditor needs to be satisfied that the audit of the group financial statements, on which the group auditor gives an audit opinion, is in accordance with the ISAs (Ireland). Auditors of overseas components are not required to have regard to the additional

4 The level of authority of the text in requirement paragraphs is indicated by the use of the term 'the auditor shall'.

5 Directive 2006/43/EC as amended by Directive 2014/56/EU.

6 Regulation (EU) No 537/2014.

7 Section 1461(1) of the Companies Act 2014.

requirements and guidance material in those standards, although the group auditor may decide to refer to it in their instructions to component auditors⁸.

12. The ISAs, ISREs and ISQMs, as issued by the IAASB, require compliance with 'relevant ethical requirements' which are described as ordinarily comprising the provisions of the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code⁹) related to an audit of financial statements together with national requirements that are more restrictive. The ISAs (Ireland), ISRE (Ireland) and ISQMs (Ireland) have supplementary material that makes clear that auditors in Ireland are subject to ethical requirements from two sources: the Ethical Standard for Auditors (Ireland) and the ethical pronouncements established by the auditor's recognised accountancy body.
13. The Ethical Standard for Auditors (Ireland) was developed with the intent that it should adhere to the principles of the IESBA Code. It contains overarching ethical principles and supporting ethical provisions, the ethical outcomes of which are required to be met, together with requirements⁴ and related application and other explanatory material.
14. Ethical and engagement standards for audits of financial statements, which comprise the Ethical Standard for Auditors (Ireland) and ISAs (Ireland), apply to auditors carrying out:
 - Statutory audits of companies in accordance with the Companies Act 2014;
 - Audits of financial statements of other entities if legal or regulatory requirements require application of those standards; and
 - Audits of other entities where the auditor elects, or is required by contract, to perform the work in accordance with the Irish Auditing Framework.
15. Guidance for auditors of financial statements is also issued in the form of Guidance Notes. Guidance Notes are persuasive rather than prescriptive and are indicative of good practice. They assist auditors in applying engagement standards to particular circumstances and industries. Auditors should be aware of and consider Guidance Notes applicable to the engagement. Auditors who do not consider and apply the guidance included in a relevant Guidance Note should be prepared to explain how the engagement standards have been complied with.

Standards and Guidance for Reporting Accountants Acting in Connection With an Investment Circular

16. The Standards for Investment Reporting (Ireland) issued by IAASA are based on standards that have been issued by the UK FRC. They apply to reporting accountants when carrying out engagements involving investment circulars intended to be issued in connection with a securities transaction governed wholly or in part by the laws and regulations of Ireland.

⁸ If the auditor of an overseas component is a part of the same firm as the group auditor (i.e. the same legal entity) consideration needs to be given to whether the auditor of the overseas component has the same legal obligations as the group auditor and, therefore, is required to comply with the legal or regulatory requirements of the ISAs (Ireland). If such obligations exist, consideration needs to be given to the implications for communication between the group auditor and component auditor (for example where necessary to fulfil obligations for reporting money laundering offences or reporting matters to a regulator).

⁹ The IESBA Code can be downloaded free of charge from the IESBA website (www.ethicsboard.org).

17. The SIRs (Ireland) contain requirements, basic principles and essential procedures (identified in bold type lettering¹⁰) together with related guidance. The requirements, basic principles and essential procedures are to be understood and applied in the context of the explanatory and other material that provide guidance for their application. It is therefore necessary to consider the whole text of a standard to understand and apply the requirements, basic principles and essential procedures properly.
18. Firms performing engagements in accordance with the SIRs (Ireland) are also required to apply the ISQMs (Ireland).

Authority of IAASA Audit and Assurance Pronouncements

19. Section 1526(1) of the Companies Act 2014 provides that IAASA shall adopt the auditing standards to be applied in Ireland in the conduct of statutory audits.
20. In order to be eligible for appointment in Ireland as auditors of companies, or of any of the other entities that are required to be audited by statutory auditors, persons must be approved as a statutory auditor under Part 27 of the Companies Act 2014. Section 1464 of that Act provides that an accountancy body recognised by IAASA may approve statutory auditors in Ireland.
21. Section 930 of the Companies Act 2014 provides that IAASA may grant recognition to a body of accountants only if it is satisfied:
 - That the body's standards regarding training, qualification and repute are sufficient to meet EU requirements;
 - As to the standards applied by the body in relation to, inter alia, ethics, independence, profession integrity and auditing standards;
 - As to the body's capacity to institute and apply effective arrangements to ensure compliance with and the enforcement of those standards; and
 - That the body will effectively perform its functions in respect of statutory auditors.
22. Apparent failures by practitioners to comply with applicable ethical or engagement standards are liable to be investigated by IAASA or the relevant recognised accountancy body.
23. Auditors who do not comply with the applicable ethical or engagement standards when performing statutory or other audits make themselves liable to regulatory action which may include the withdrawal of registration and hence the eligibility to perform statutory audits.
24. Relevant IAASA pronouncements may be taken into account when the adequacy of the work of practitioners is being considered in a court of law or in other contested situations.
25. The nature of the ethical and engagement standards and associated guidance requires practitioners to exercise professional judgment in applying them. Where, in exceptional circumstances, practitioners judge it necessary to depart from a requirement, basic principle or essential procedure that is relevant in the circumstances of a particular engagement, the practitioner documents how the alternative procedures performed achieve the objective of the engagement and, unless otherwise clear, the reasons for the departure.

¹⁰ The level of authority of the text in these paragraphs is identified by use of the expression "the reporting accountant shall...".



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