

Quality Assurance Review of the Audits of Public Interest Entities in Ireland



IAASA is responsible for the quality assurance review of the quality of the audit work performed by the auditors of public interest entities in Ireland.

The factsheets in this document summarise IAASA's quality assurance review process, provide an overview of the audit firms and key stakeholders involved, and offer links to further information.

Factsheets

- 1 The Quality Assurance Review of the Audits of Public Interest Entities - At a Glance
- 2 Audit Firms that Audit Public Interest Entities in Ireland
- 3 The Quality Assurance Review Process
- 4 Key Stakeholders in the Quality Assurance Review of the Audits of Public Interest Entities
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The Quality Assurance Review of the Audits of Public Interest Entities - At a Glance

IAASA's role in relation to the audits of public interest entities



IAASA is responsible for reviewing the quality of the audit work performed by audit firms in relation to the financial reports of public interest entities.

Each audit firm that audits public interest entities must be reviewed at least once every three years.

What is a Public Interest Entity?



Public interest entities are defined in Irish company law. They include entities listed on a regulated market (e.g. Euronext Dublin operated by the Irish Stock Exchange) as well as banks and insurance companies. A full definition is available at the following link: [definition of public interest entity](#)

Who are the firms who audit public interest entities?



There are currently seven audit firms that audit public interest entities in Ireland. They are listed on Factsheet 2.

Review Methodology



The quality assurance review is designed to assess the effectiveness of the audit firm's internal quality management system.

This is achieved through (i) a review of each firm's quality management system and (ii) inspections of individual audit files.

IAASA assesses compliance with legal requirements, auditing and ethical standards and each firm's own audit methodology.

Reporting on a Review



Each audit firm is issued with a quality assurance review report detailing the main conclusions and recommendations of the review.

Each report sets out a significance rating for the findings in relation to the firm's quality management system and assigns a grade to each audit file inspected.

The quality assurance review reports are published on IAASA's website at the following link: [QAR reports](#)

Other activities



In addition to the annual quality assurance reviews, IAASA also participates in joint quality assurance reviews with overseas regulators including the US PCAOB, conducts thematic reviews on topical audit matters, and co-operates with other audit regulators on a range of common issues.

Audit Firms that Audit Public Interest Entities in Ireland



The Quality Assurance Review Process

STAGE 1: QUALITY ASSURANCE REVIEW PLANNING

1 FIRM SUBMITS ANNUAL RETURN

Each audit firm submits its annual return to IAASA by 31 January with details of its audits of public interest entities and other firm-specific information.

2 IAASA PERFORMS RISK ASSESSMENT

IAASA incorporates the data from the firms' annual returns in its risk assessment model to select the audits to be inspected within each audit firm in the coming year.

3 IAASA FINALISES REVIEW SCHEDULE

IAASA finalises the annual quality assurance review schedule, timelines and the number of audit files to be inspected.
IAASA sends an information request to each audit firm.

STAGE II: QUALITY ASSURANCE REVIEW PROCEDURES

4 CONDUCT FIRM-WIDE PROCEDURES

The review of a firm's quality management system involves an evaluation of its policies and procedures across several quality management areas to assess their impact on audit quality. Relevant areas include governance and leadership, relevant ethical requirements, resources, and internal monitoring activities. IAASA applies the EU common audit inspection methodology ([CAIM](#)).

5 CONDUCT AUDIT FILE INSPECTION

IAASA selects individual audit files for inspection based on risk-factors such as industry, size, audit fees, as well as matters such as media coverage.

An audit file inspection involves an examination of several sections of the audit to evaluate the sufficiency and quality of the audit evidence on the file. Each file inspection usually takes between 1-3 weeks.

6 DISCUSS QUERIES & FINDINGS WITH FIRM

IAASA issues queries to the audit firm on firm-wide procedures and on its audit file inspections, highlighting points needing a formal reply or unresolved matters.

IAASA meets with the firm to discuss the findings of the review, and where relevant, the recommendations that need to be implemented to improve audit quality.

STAGE III: QUALITY ASSURANCE REVIEW COMPLETION

7 ISSUE QUALITY ASSURANCE REPORT TO THE FIRM

IAASA issues a quality assurance report to the audit firm, setting out the main conclusions and recommendations arising from the review. Each report sets out a significance rating (red, amber, yellow) for the findings in relation to the firm's quality management system and assigns a grade to each audit file inspected.

Access the guide to the reports on IAASA's website at the following link: [Guide to IAASA's reports on the quality assurance review of public-interest entity audit firms](#)

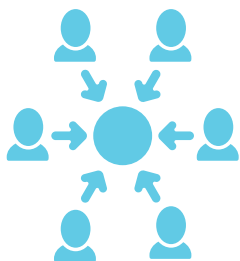
8 FOLLOW UP IMPLEMENTATION OF THE RECOMMENDATIONS

An audit firm is required to implement IAASA's recommendations within 12 months.

IAASA performs a review to assess whether the audit firm has implemented its recommendations.

Where a firm has failed to effectively implement recommendations within 12 months, IAASA will refer the matter for enforcement proceedings.

Key Stakeholders in the Quality Assurance Review of the Audits of Public Interest Entities



SHAREHOLDERS



AUDIT FIRMS



GOVERNMENT



THE PUBLIC



**AUDIT
COMMITTEES**



**OTHER
REGULATORS**

Find Further Information

To learn more about IAASA's role in the review of audit quality in Ireland visit our website at iaasa.ie or use the links below to access the documents listed.

www.iaasa.ie



Quality Assurance Reports

The quality assurance reports summarise the findings of IAASA's reviews of the audit firms who audit public interest entities.

[2022 Reports](#) [2021 Reports](#) [2020 Reports](#) [2019 Reports](#)

[Guide to IAASA's quality assurance reports](#)



Thematic Reports

IAASA has published the findings of several thematic reviews on audit topics as follows:

- [Thematic review of the quality of audit evidence and audit procedures performed on financial statement disclosures](#)
- [ISA 701: Thematic review of key audit matters](#)
- [The audit of accounting estimates](#)
- [Transparency reporting by audit firms: thematic review](#)
- [Data analytics in Ireland's statutory audit market](#)
- Insights series 1: [Auditing cash and cash equivalents insights series](#)
- Insights series 2: [Auditing related party transactions](#)
- Insights series 3: [Communication with those charged with governance](#)



IAASA's Annual Report and AAPA Report

Chapter 5 of IAASA's Annual Report summarises how IAASA has reviewed the quality of the audits of public interest entities each year.

The **Annual Audit Programme and Activity Report (AAPA)** summarises the activities performed by IAASA each year to oversee the audit profession in Ireland.



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