

2025

# **Report on the 2024 quality assurance review of PricewaterhouseCoopers Ireland**

10 March 2025



## 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

## Introduction

### Overview of PricewaterhouseCoopers Ireland (the Firm)



**8**

offices in Dublin, Cork, Galway, Kilkenny, Limerick, Waterford, Wexford and Belfast



**94**

audits of public-interest entities (PIEs) in 2024



**51**

audit partners



**22%**

market share based on fees for audits of PIEs in 2024

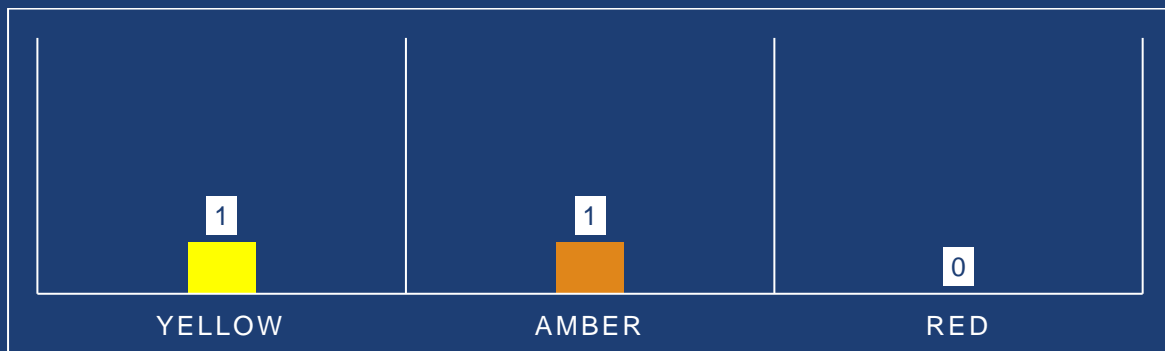


**1,506**

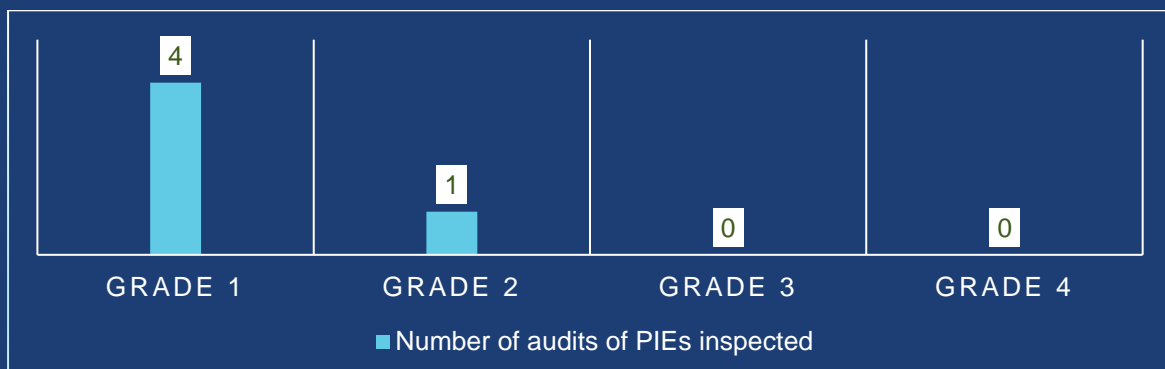
personnel working in the audit function

### Outcome of the quality assurance review

#### Firm's system of quality management - findings with related recommendations<sup>1</sup>



#### Audits of PIEs – grading<sup>1</sup>



<sup>1</sup> See Appendix for detailed description of ratings and grades.

## Guide to IAASA's reports on quality assurance reviews

A guide to assist readers in understanding IAASA's reports on quality assurance reviews of audit firms is available [here](#).

### Quality assurance review explained

The purpose of a quality assurance review is to assess the effectiveness of the Firm's system of quality management.

A quality assurance review:

- assesses the design of the Firm's system of quality management
- performs compliance testing around the implementation of the Firm's procedures
- evaluates the quality of a sample of audits of PIEs

Note that a quality assurance review is not designed to identify all weaknesses that may exist in the Firm's system of quality management.

International Standard on Quality Management (Ireland) 1 (ISQM 1) requires audit firms to design a system of quality management that is tailored to the nature and circumstances of the firm and the engagements it performs. Firms are required to monitor their own quality management system in order to ensure timely and effective remediation takes place, if and when required.

In assessing the design of the Firm's system of quality management, the Authority evaluates the quality objectives, quality risks and related responses identified by the Firm and reviews the Firm's policies and procedures and their impact, if any, on audit quality. The Authority selects a sample of responses by the Firm to its quality risks and tests the operating effectiveness of the selected responses. The Authority also assesses the Firm's monitoring of its responses to quality risks.

In 2024, the Authority also inspected the Firm's implementation of International Standard on Quality Management (Ireland) 2 (ISQM 2). ISQM 2 deals with the appointment and eligibility of the engagement quality reviewer (EQR) and the EQR's responsibilities relating to the performance and documentation of an engagement quality review.

The Authority selects a sample of audits of PIEs for inspection using a risk-based approach. A risk-based approach allows for audits with particular complexities to be selected, as well as audits of varying sizes. As the sample of audits of PIEs is not a representative sample, results cannot be extrapolated to make inferences about audits that have not been selected. In evaluating the quality of an audit of a PIE, the Authority considers the sufficiency and quality of audit evidence across a number of selected audit areas.

## Scope of the quality assurance review of the Firm

### The Firm's policies and procedures

The Authority assesses the Firm's system of quality management across the eight component areas, as defined in ISQM 1, over a three-year cycle.

In 2024, the Authority evaluated the quality objectives, quality risks and related responses designed by the Firm, as well as the Firm's monitoring of its system of quality management in the below components:

- acceptance and continuance of client relationships and specific engagements
- relevant ethical requirements
- resources – human resources

The Authority also tested the operating effectiveness of selected responses in the components listed above. In addition, the Authority assessed the Firm's monitoring of its system of quality management and tested the operating effectiveness of selected responses for the components listed below. Note that the Authority performed its evaluation of the quality objectives, quality risks and related responses designed by the Firm for the below components in 2023.

- governance and leadership
- resources – technological resources, intellectual resources and service providers
- information and communication

In 2024, the Authority reviewed the Firm's ISQM 2 policies and procedures and assessed their implementation through the inspection of a sample of audits of PIEs.

### Audits of public-interest entities

In 2024, the Authority selected a sample of five audits of PIEs.

For each audit selected, the Authority evaluated the quality of the communications with those charged with governance, the review of financial statements, the engagement quality review and the audit procedures performed in relation to the identification and assessment of risks of material misstatement.

For each audit selected, the Authority also evaluated the quality of audit evidence across additional audit areas. The additional audit areas were selected at the discretion of the Authority, taking into consideration the specific risks pertaining to the audit as well as other areas of focus for the Authority.

## Overview of findings

In the 2024 inspection cycle, the Authority identified two findings with related recommendations in relation to the effectiveness of the design or implementation of the Firm's system of quality management.

The Authority assigned the following grades to the audits of PIEs inspected:

Assigned grade	Grade description	Number of audits of PIEs
1	Good audit	4
2	Limited improvements required	1
3	Improvements required	-
4	Significant improvements required	-

The results of the quality assurance review are set out in detail in the next section of this report.

A description of ratings and grades is set out in the appendix to this report.

The Firm must implement each recommendation raised by the Authority within 12 months of the date of the recommendation. The Authority follows up to ensure each recommendation is implemented. Where the Firm fails to satisfactorily implement the recommendation within the 12 month timeframe, the Authority will refer the matter to its Enforcement Unit.

# Results of the quality assurance review

## Overview of components

Acceptance and continuance of client relationships and specific engagements	<p>The Authority evaluated whether the Firm had established quality objectives that address the Firm's acceptance and continuance of client relationships and specific engagements (A&amp;C). The Authority evaluated quality risks identified and assessed by the Firm for each of the quality objectives relating to A&amp;C and the responses designed and implemented to address the quality risks.</p> <p>The Authority also evaluated the Firm's monitoring of the system of quality management relating to A&amp;C and tested the operating effectiveness of selected responses.</p> <p><b>The Authority noted that the required ISQM 1 quality objectives were not directly mapped to the Firm's system of quality management. (Findings 1 and 2)</b></p>
Relevant ethical requirements	<p>The Authority assessed whether the Firm had established quality objectives that address the fulfilment of responsibilities in accordance with relevant ethical requirements, including those related to independence. The Authority evaluated the quality risks identified and assessed by the Firm for each of the quality objectives relating to relevant ethical requirements and the responses designed and implemented to address the quality risks, including the specified responses of ISQM 1.</p> <p>The Authority also evaluated the Firm's monitoring of the system of quality management relating to the Firm's fulfilment of responsibilities in accordance with relevant ethical requirements, including those related to independence and tested the operating effectiveness of selected responses.</p> <p><b>The Authority noted that the required ISQM 1 quality objectives were not directly mapped to the Firm's system of quality management. (Findings 1 and 2)</b></p>
Resources – human resources	<p>The Authority evaluated whether the Firm had established quality objectives that address appropriately obtaining, developing, using, maintaining, allocating and assigning human resources in a timely manner to enable the design, implementation and operation of the system of quality management. The Authority evaluated quality risks identified and assessed by the Firm for each of the quality objectives relating to human resources and the responses designed and implemented to address the quality risks.</p> <p>The Authority also evaluated the Firm's monitoring of the design, implementation and operation of the system of quality management relating to human resources and tested the operating effectiveness of selected responses.</p>

**The Authority noted that the required ISQM 1 quality objectives were not directly mapped to the Firm's system of quality management. (Findings 1 and 2)**

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Governance and leadership	The Authority evaluated the Firm's monitoring of the design, implementation and operation of the system of quality management relating to the Firm's governance and leadership. The Authority also evaluated the operating effectiveness of selected responses in the component.
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**The Authority has no findings or recommendations to report in this area.**

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Resources - technological resources, intellectual resources and service providers	The Authority evaluated the Firm's monitoring of the design, implementation and operation of the system of quality management relating to technological, intellectual and service provider resources. The Authority also evaluated the operating effectiveness of selected responses in the component.
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**The Authority has no findings or recommendations to report in this area.**

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Information and communication	The Authority evaluated the Firm's monitoring of the design, implementation and operation of the system of quality management relating to the quality objectives, that address obtaining, generating or using information regarding the system of quality management, and communicating information within the Firm and to external parties on a timely basis. The Authority also evaluated the operating effectiveness of selected responses in the component.
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**The Authority has no findings or recommendations to report in this area.**

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Engagement quality reviews	The Authority evaluated the Firm's policies, processes and procedures in place relating to engagement quality reviews. The Authority also evaluated the implementation of these policies, processes and procedures by reviewing a sample of engagement quality reviews completed by the Firm as part of the Authority's inspection of PIE audits during the period.
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**The Authority has no findings or recommendations to report in this area.**

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## Findings and recommendations on the Firm's system of quality management

Area and significance rating	Background	Issue	Recommendation
<b>Acceptance and continuance of client relationships and specific engagements</b>  <b>Relevant ethical requirements</b>  <b>Resources – human resources</b>  <b>Finding 1</b>   <b>Amber</b>	<p>ISQM 1 requires that the Firm establish quality objectives as specified by the standard and any additional quality objectives considered necessary by the Firm to achieve the objectives of the system of quality management.</p> <p>ISQM 1 requires the Firm to establish quality objectives that address the following:</p> <ul style="list-style-type: none"> <li>The acceptance and continuance of client relationships and specific engagements, including a quality objective relating to judgments made by the Firm about whether to accept or continue a client relationship or specific engagement.</li> <li>The fulfilment of responsibilities in accordance with relevant ethical requirements, including those related to independence with respect to Firm and its personnel. The requirements extend to others, including the network, network firms, individuals in the network or</li> </ul>	<p>While the Firm has demonstrated how it meets the underlying requirements of the quality objective in terms of the design, implementation and assessments of responses, the Firm's documentation does not sufficiently demonstrate how the Firm established the identified quality objectives.</p>	<p>The Authority recommends that, going forward, the required quality objectives, as specified in ISQM 1, are directly incorporated into the Firm's system of quality management.</p>

network firms, or service providers, who are subject to the relevant ethical requirements to which the Firm and the Firm's engagements are subject.

- Appropriately obtaining, developing, using, maintaining, allocating and assigning resources in a timely manner to enable the design, implementation and operation of the system of quality management.

## ISQM 1 – system mapping

### Finding 2

● Yellow

ISQM 1 requires that the Firm applies a risk-based approach in designing, implementing and operating the components of the system of quality management, including identifying and assessing risks to the achievement of the quality objectives.

The Firm's risk and response schedule includes details of risk factors (quality risks) and risk responses (quality responses) which are linked to the Firm's own quality objectives in the Firm's system of quality management.

The schedule also includes the list of key activities (identified as sub-objectives), which are linked back to the Firm's own quality objectives. The Firm confirmed that their system of quality management also includes mandated network policies and resources,

The linkage, as set out in the Firm's documentation, between key activities (quality objectives) and the quality risks identified is insufficiently clear.

Given the absence of a consolidated mapping (which would include mandated network responses within a consolidated risk and response schedule), it is insufficiently clear how the Firm has mapped all identified risk factors quality risks) to the full population of responses.

The Authority recommends that, going forward, the Firm expands the risk and response schedule so that it contains the complete population of risk responses and that these are more clearly mapped back to the quality risks and quality objectives.

which are housed outside the risk and response schedule.

The Firm's risk assessment process involves establishing quality objectives, identifying and assessing quality risks, and designing and implementing responses to address those risks.

The Firm articulates and establishes the quality objectives through its key activities, network standards, network risk management policies, other Firm policies and use of certain tools and systems.

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**Governance and leadership**

The Authority has no findings or recommendations to report in this area.

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**Resources – technological resources, intellectual resources and service providers**

The Authority has no findings or recommendations to report in this area.

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**Information and communication**

The Authority has no findings or recommendations to report in this area.

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**Engagement  
quality reviews**

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The Authority has no findings or recommendations to report in this area.

## Summary of audits of PIEs inspected

	Assigned grade <sup>2</sup>	Audit areas reviewed
Audit one	1	<ul style="list-style-type: none"> <li>• Valuation of expected credit loss</li> <li>• IT audit</li> <li>• Recoverability of investment in subsidiary</li> <li>• Communications with those charged with governance</li> <li>• Review of financial statements</li> <li>• Review of the engagement quality control review</li> <li>• Identifying and assessing risks of material misstatement</li> </ul>
Audit two	1	<ul style="list-style-type: none"> <li>• Valuation of claims reserves</li> <li>• Management override of controls</li> <li>• Communications with those charged with governance</li> <li>• Review of financial statements</li> <li>• Review of the engagement quality control review</li> <li>• Identifying and assessing risks of material misstatement</li> </ul>
Audit three	1	<ul style="list-style-type: none"> <li>• Valuation of financial assets</li> <li>• Management override of controls</li> <li>• Communications with those charged with governance</li> <li>• Review of financial statements</li> <li>• Review of the engagement quality control review</li> <li>• Identifying and assessing risks of material misstatement</li> </ul>
Audit four	1	<ul style="list-style-type: none"> <li>• Valuation of financial assets</li> <li>• Related party transactions</li> <li>• Communications with those charged with governance</li> <li>• Review of financial statements</li> <li>• Review of the engagement quality control review</li> <li>• Identifying and assessing risks of material misstatement</li> </ul>
Audit five	2	<ul style="list-style-type: none"> <li>• Valuation of financial assets</li> <li>• Related party transactions</li> <li>• Communications with those charged with governance</li> <li>• Review of financial statements</li> <li>• Review of the engagement quality control review</li> <li>• Identifying and assessing risks of material misstatement</li> </ul>

<sup>2</sup> See Appendix for detailed description of ratings and grades

## Key recommendations arising from the inspection of audits of PIEs

This table sets out the key recommendations for the Firm arising from the inspection of audits of PIEs. These are recommendations deemed by the Authority to be key to an individual inspection or which were recurring across inspections. Not all recommendations apply to all audits of PIEs inspected and not all recommendations issued to the Firm are included in this table.

Audit area	Recommendation
Review of financial statements	The Authority recommends that, going forward, the audit file sufficiently evidences the design and performance of substantive procedures for each material disclosure in the financial statements.

## Results of follow up procedures

The Firm is required to implement the Authority's recommendations within 12 months. The Authority is satisfied that all recommendations made to the Firm in 2023 were appropriately implemented in 2024.

## Purpose and limitations of this report

The purpose of the quality assurance review is to assess the effectiveness of the Firm's system of quality management. The purpose of this report is to communicate any findings identified through the quality assurance review and the recommendations arising.

This report is not intended to serve as a balanced scorecard or as an overall rating tool. Although this report on the quality assurance review may comment positively on certain items, it is not designed to give a balanced analysis of all areas of the Firm.

Where an inspection of an audit of a PIE identifies an area where the Firm did not obtain sufficient audit evidence, this does not necessarily indicate that the audit opinion is inappropriate or that the financial statements are misstated. Furthermore, it would be inappropriate to infer that any issues identified in this quality assurance review report are replicated in audits that have not been inspected by the Authority.

## Appendix – Detailed description of ratings and grades

### Ratings

Findings arising in relation to the effectiveness of the design or implementation of a firm's system of quality management have their significance rated by way of a red-amber-yellow (RAY) system.

● **Red** indicates that a finding is a significant deficiency<sup>3</sup>. Failure to implement a recommendation and/or remediation set out in a prior finding in relation to a firm's system of quality management, or, in relation to a matter arising from a PIE inspection is also likely to be assigned a red grading.

● **Amber** indicates that an improvement is required. This is a less than significant failure to:

- meet the requirements of the ethical standards and ISQM 1; or
- apply a firm's processes or procedures.

● **Yellow** indicates that a finding is a minor deficiency. This is:

- a minor failure in the application of a firm's procedures or processes; or
- a low level deficiency that has the potential to develop into a significant or less than significant failure to meet the requirements of the ethical standards and ISQM 1.

### Grades

Each of the audits of PIEs inspected as part of the quality assurance review is assigned a grade.

- 1** A 1 grade is a good audit with no concerns regarding the sufficiency and quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. Any concerns are very limited in their implications (both individually and collectively).
- 2** A 2 grade is an audit that requires limited improvements. There are only limited concerns regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. Although there may be some concerns, their implications (both individually and collectively) are limited.
- 3** A 3 grade is an audit that requires improvements. There are some concerns, assessed as less than significant<sup>4</sup>, regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. Although there may be concerns, their implications (both individually and collectively) are less than significant.
- 4** A 4 grade is an audit that requires significant improvements. There are significant concerns regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. There may be concerns in other areas, with implications that are individually or collectively significant.

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<sup>3</sup> A significant deficiency is a significant failure to meet the requirements of the ethical standards or ISQM 1; or, a pervasive failure to apply a firm's processes or procedures where there is more than a remote likelihood that the deficiency could affect the firm's independence or the quality of audits performed by the firm.

<sup>4</sup> For audits of PIEs, four key factors will be considered in assessing 'significance' of findings, these are as follows: the materiality of the area or matter concerned; the extent of any concerns regarding the sufficiency or quality of audit evidence (e.g. whether they relate to specific elements of the audit evidence only or are more pervasive to the overall sufficiency or quality of audit evidence in the areas concerned); whether appropriate professional scepticism appears to have been exercised in forming audit judgements; and the extent of any non-compliance with standards or the firm's methodology identified.



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