2025

Feedback Paper

Revision of the Ethical Standard for Auditors (Ireland)

IAASA
Irish Auditing & Accounting Supervisory Authority

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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	Independence	Integrity
Striving to be the best we can be	Regulating impartially and objectively	Being trustworthy and respectful

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1. Summary

Following consultation, IAASA has issued a revised Ethical Standard for Auditors (Ireland). It will apply to audits of financial statements for periods beginning on or after 15 December 2026. Early adoption is permitted.

This paper summarises the feedback received to the public consultation and IAASA's responses.

2. Responses Received

IAASA received eight responses to the consultation, two from prescribed accountancy bodies, four from audit firms, and two from bodies representing the Irish funds and debt industry:

1. ACCA
2. Chartered Accountants Ireland (CAI)
3. Deloitte
4. EY
5. KPMG
6. PwC
7. Irish Debt Securities Association
8. The Irish Funds Industry Association

You can find their full responses on the IAASA website at the following link.

3. Summary of comments received and IAASA response

Respondents generally supported the revisions to the Ethical Standard for Auditors (Ireland). Below is a summary of the replies to the consultation questions and IAASA's response to those comments.

No.	Matter on which IAASA consulted
1.	**Are there any proposed revisions to the Ethical Standard for Auditors (Ireland) that, in your view, conflict with Irish or EU law?** **If so, please:** • **Identify the relevant proposals and the relevant legal provisions** • **Give reasons for your view** **Describe how you believe these matters should be addressed in the Ethical Standard for Auditors (Ireland).**
Summary of comments received	No respondents identified proposals in conflict with Irish or EU law. Some respondents expressed concerns regarding the proposed requirement in paragraph 5.29. For public interest entities (PIEs) and listed entities, it requires approval from those charged with governance before the provision of non-audit services by the firm or a network firm. They expressed the view that this will put the Irish investment management market at a competitive disadvantage, as the current definition of listed entity in Ireland has a wider scope than in other countries.

	While noting that they reflect the requirements of the IESBA Code, several respondents expressed the view that the proposed public fee disclosure requirements for PIEs and listed entities in paragraph 4.47 go beyond the requirements of the Companies Act 2014.
IAASA Response	The requirement to obtain approval form those charged with governance in paragraph 5.29 has been amended to only apply to audits of PIEs. While not legally required in Ireland, the fee disclosure provisions have been retained as they align with the international standards and aim to enhance public confidence in the auditor's independence.
2.	**Are there any areas where, in your view, there are distinct differences between the Irish and UK markets that would impact the applicability of the proposed amendments in Ireland?** **If so, please:** • **Give reasons for your view** • **Identify the market sectors, entities etc. in Ireland impacted by the proposed amendment** **Describe how you believe these matters should be addressed in Ethical Standard for Auditors (Ireland).**
Summary of comments received	*Financial interests* Some respondents expressed reservations regarding the additional requirement to prohibit an individual, including any key audit partner in the firm, from working in the same business unit or office as an entity's audit engagement partner. It applies if the individual holds a material financial interest in, or is involved in a transaction in the financial instruments of, an entity relevant to the audit. In their view, this prohibition would adversely impact the quality of audit work and does not serve the public interest, particularly given the small size of the Irish audit market. *Other listed entity* Respondents requested clarification of "other listed entity" in paragraph 5.29. *Documentation for non-audit services* One of the accounting bodies suggested changes to the wording in paragraph 5.32 regarding the documentation requirements for non-audit services. *Beneficial ownership* Five respondents expressed concerns regarding the insertion of "or a collection of entities with the same beneficial owner or controlling party (which is not a corporate holding entity)" in paragraph 4.33. This paragraph prohibits firms from earning more than 10% of their annual profits from a PIE or listed entity. In their view, this requirement will be challenging to implement, with the costs outweighing the benefits, particularly due to difficulties in obtaining complete information. They requested further guidance and additional definitions on how to implement this provision.
IAASA Response	*Financial interests* IAASA notes that the financial interest restrictions come from EU and Irish law. The new provision also reflects the prohibitions in the IESBA Code:

*"*R510.4 *… a direct financial interest or a material indirect financial interest in the audit client shall not be held by:*

(a) The firm or a network firm;

(b) An audit team member, or any of that individual's immediate family;

(c) Any other partner in the office in which an engagement partner practices in connection with the audit engagement, or any of that other partner's immediate family; or

(d) Any other partner or managerial employee who provides non-audit services to the audit client, except for any whose involvement is minimal, or any of that individual's immediate family."

The prohibition on an individual working in the same business unit or office as the audit engagement partner only applies where they have a financial interest that is not permitted by Irish or EU law. Consequently, IAASA does not consider it appropriate to remove this provision. Further, it is consistent with the IESBA Code, which is intended for use in all audit markets regardless of their size. To provide additional clarity for auditors, IAASA has amended the language in paragraph 2.9 to specify that the prohibition applies to partners and covered persons, and that paragraph 2.11 applies where a financial interest in an audit client is unintentionally acquired (e.g. due to inheritance).

Other listed entity

The term 'other' has been removed from paragraph 5.29, and 'listed entity' has been replaced with 'publicly traded entity' (see Question 4 below).

Documentation for non-audit services

While IAASA notes respondents' views, paragraph 5.32 is consistent with the equivalent provisions in the UK. Amendment of the language in Ireland, without a clear rationale related to the Irish market or compliance with law, may cause confusion for auditors regarding the apparent differences between the Irish and UK standards.

Beneficial ownership

IAASA considers that it is in the public interest to retain this provision. Given the significant public interest in PIEs and publicly traded entities, firms should be required to consider fee dependency based on the fees received from all relevant entities. In addition, 'beneficial owner or controlling party' is now defined in the Glossary of Terms.

The beneficial ownership provisions came into effect in the UK from December 2024. As the effective date of the Irish standard is 15 December 2026 (see Question 7), Irish firms will have two additional years to implement the necessary changes to comply with these requirements.

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3. **Do you consider that there are any additional categories of entities for which it is in the public interest that the statutory audit should be subject to the additional requirements applying to listed entities?**

If so, please:

- **Identify the categories of entity**
- **Explain your reasoning, including why it is in the public interest that such entities should be subject to additional requirements in the Ethical Standard for Auditors (Ireland) and Irish auditing framework**

Summary of comments received	Respondents did not suggest any additional categories that they consider should be subject to additional audit requirements in the public interest.
IAASA response	No further categories of entities are subject to the additional ethical requirements.
4.	**Do you consider that there are existing categories of entities that should be excluded from the definition of 'listed entities'?** **If so, please:** • **Identify the categories of entity, including their nature, typical activities and approximate number** • **Explain your reasoning as to why such entities should not be subject to additional requirements in the Ethical Standard for Auditors (Ireland) and Irish auditing framework**
Summary of comments received	All respondents expressed the view that audits of entities whose financial instruments are listed but not actively traded should not be subject to additional ethical requirements. They noted that, in Ireland, the term 'listed entity' includes entities whose financial instruments are not actively traded, such as special purpose vehicles (SPVs). They requested IAASA to exempt these audits from the additional requirements for listed entities in both the ethical and auditing standards. The key points supporting their position were: • The additional requirements lead to increased costs, complexity, administration, and compliance burdens for audits of entities that, in respondents' view, pose a lower level of public interest risk than entities whose financial instruments are traded. • Consistency with UK and IESBA requirements. • Additional requirements for such audits reduce Ireland's international competitiveness.
IAASA response	*Amendment of the Ethical Standard and Glossary of Terms* IAASA reviewed the detailed comments from all respondents on this topic. We engaged with other relevant stakeholders, including IAASA's Technical Advisory Panel and our regulatory peers in Ireland and Europe, to assess the implications of excluding the audits of SPVs and similar entities from the definition of 'listed entities'. Having considered all the input received from respondents and other stakeholders, IAASA has decided to replace the term 'listed entity' with 'publicly traded entity' (PTE) in the revised Ethical Standard. IESBA's definition of PTE has been inserted in the Glossary of Terms: "*An entity that issues financial instruments that are transferrable and traded through a publicly accessible market mechanism, including through listing on a stock exchange. A listed entity as defined by relevant securities law or regulation is an example of a publicly traded entity."* This change ensures that the Irish standard is consistent with both the UK and IESBA ethical requirements and addresses respondents' comments. *Auditing and quality management standards* Respondents requested the same amendments to the Irish auditing and quality management standards, to replace the term 'listed entity' with PTE. These standards set out additional requirements for audits of 'listed entities', including an

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<tr><td></td><td>engagement quality review. They are consistent with the current standards published by the International Auditing and Assurance Standards Board (IAASB).

The IAASB recently indicated its intention to adopt the PTE definition later this year. When the IAASB publishes its final amendments, IAASA will consider whether they should be adopted in Ireland.</td></tr>
<tr><td>5.</td><td>Are there any recent amendments to the UK Ethical Standard that have not been included in the exposure draft which, in your opinion, IAASA should consider adopting in Ireland?</td></tr>
<tr><td>Summary of comments received</td><td>Three respondents expressed the view that the relief from partner rotation requirements in paragraphs 3.13 to 3.15 of the FRC Ethical standard should be inserted in the Irish standard for listed entity audits. In the UK, these paragraphs permit the engagement partner to continue in that role when an entity lists or undergoes other significant changes.

Respondents also noted that the FRC were expected to issue an updated glossary of terms. The FRC subsequently issued a revised glossary in December 2024. Respondents recommended defining several new terms in the Irish glossary, particularly those which, in their view, are required to implement the new beneficial ownership requirements (see Question 2 above).</td></tr>
<tr><td>IAASA Response</td><td>Relief from the partner rotation requirements in limited circumstances has been inserted in the revised standard and will apply to audits of PTEs.

IAASA reviewed the revised UK glossary of terms and, where appropriate, has reflected the FRC's definitions in the Irish glossary, including:

“Beneficial owner or controlling party—Any individual that ultimately owns or controls the entity. This includes structures where the ownership or control is exercised through a chain of ownership involving one or more intermediary entities, or other indirect means.”

This definition will provide additional clarification on the application of the beneficial ownership provisions. Consistent with the UK, definitions of ‘collective investment scheme’ and ‘corporate holding entity’ have also been added to the Irish Glossary.</td></tr>
<tr><td>6.</td><td>Are there any additional amendments that, in your view, IAASA should consider when revising the Ethical Standard for Auditors (Ireland)?</td></tr>
<tr><td>Summary of comments received</td><td>Six respondents replied to this question. Topics raised by several respondents were:
Provisions in the IESBA Code that reduce the cost of monitoring non-audit services should be adopted in Ireland
Requests for additional guidance on reporting significant breaches of the Ethical Standard to IAASA
IAASA considered all the suggested amendments in detail.</td></tr>
<tr><td>IAASA Response</td><td>Non-audit services

The IESBA provisions highlighted by respondents are not included in the UK Ethical Standard. They provide some relief from the prohibitions and restrictions on providing non-audit services to an audited entity's affiliates. IAASA reviewed the requirements for non-audit services in the Ethical Standard for Auditors (Ireland). They are designed to ensure that the auditor is independent and are consistent with the corresponding provisions in the UK. In our view, providing additional reliefs is not in the public interest.</td></tr>
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	Significant breaches It is not practical to cover all potential scenarios where a firm must report a breach of the Ethical Standard to IAASA outside the usual annual reporting cycle. There is also a risk that providing examples may result in firms not adequately considering and identifying other situations where such a report should be made. Firms are expected to exercise professional judgement in this area and engage with IAASA if queries arise. *Other amendments* Having considered all the other responses received to this question, IAASA has made the following additional changes: • Alignment of the effective date for all revisions to December 2026 • The term 'related entities' has been replaced by 'affiliates' • Updating of the tables setting out the additional restrictions for audits of PIEs and PTEs • Amendment of the cooling off period for key partners
7.	**Is the proposed effective date, i.e. for audits of financial statements for periods beginning on or after 15 December 2025, appropriate?** **If not, please give reasons and indicate the effective date that you would consider appropriate.**
Summary of comments received	All respondents were supportive of the proposed effect date of 15 December 2025. Some expressed the view that the beneficial ownership amendments will give rise to implementation and operational issues.
IAASA Response	To allow firms sufficient time to prepare for implementation, the effective date of the revised standard has been set to 15 December 2026. This will give firms additional time to make any changes needed to comply with the new beneficial ownership requirements.

4. Conclusion

Following the consultation and IAASA's review of the comments received, as detailed in Section 3 of this paper, IAASA has issued a revised Ethical Standard for Auditors (Ireland).

The final version of the revised Ethical Standard for Auditors (Ireland) is available on IAASA's website at the following link.

An updated Glossary of terms has also been published on IAASA's website at the following link.

The revised standard is effective for audits of financial statements for periods beginning on or after 15 December 2026. Early adoption is permitted.

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