Key Changes to the Ethical Standard for Auditors (Ireland)

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This fact sheet outlines the key new requirements in the Ethical Standard for Auditors (Ireland) 2025.

The revised standard applies to audits of periods starting on or after 15 December 2026. Auditors may choose to comply earlier.

Publicly traded entity

The term 'listed entity' is now replaced by 'publicly traded entity' (PTE). A PTE is any entity that issues financial instruments that can be bought and sold to the public, such as shares on a stock exchange. The Glossary of Terms has been updated to define a PTE as:

> 'An entity that issues financial instruments that are transferrable and traded through a publicly accessible market mechanism, including through listing on a stock exchange.'

Paragraph 1.46 sets out additional ethical requirements for PTE audits. These include engagement partner rotation, fee limits, and prohibitions on some non-audit services. The move to publicly traded entities means that audits of some entities whose financial instruments are not actively traded, such as certain special purpose vehicles, are no longer subject to additional requirements in the standard

Fees from PIE and PTE audits

- There are restrictions on fees from entities under the same owner as a PTE or PIE audit client (paras 4.33-4.42)

- Paragraph 4.49 requires auditors of PIEs and PTEs to publicly disclose:
    - audit fees
    - fees for the other services
    - fees charged to affiliates
    - fee dependency

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This fact sheet does not provide a complete list of all changes and is not a substitute for reading the full standard. Auditors in Ireland are required to comply with standards issued by IAASA.

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Documentation for non-audit services

For non-audit services, auditors must document (para 5.32):

- significant judgements concerning potential threats and proposed safeguards
- where relevant, how they considered the views of an independent third party

This is in addition to the documentation of threats identified, safeguards implemented, and communication with those charged with governance already required.

Network firms

- The restrictions on loan staff assignments now apply to network firms (para 2.36).
- Network firms may not charge contingent fees for non-audit services (para 4.10) if:
  - the fees are significant to the network firm, and it performs a substantial part of the audit; or
  - the service outcome depends on the auditor’s view of a significant item in the financial statements

Breaches of the Ethical Standard

There are new requirements relating to breaches of the standard:

- Firms must design their monitoring systems to record identified breaches (para 1.21).
- Auditors must consider how the firm’s proposed response to a breach would be viewed by an independent third party (para 1.22).
- Auditors must promptly report significant breaches to their recognised accountancy body and IAASA (for PIE audits only) (para 1.24).

Financial interest breaches

- An individual with a significant financial interest in an audit client, or who trades in its financial instruments, cannot work in the same office or business unit as the engagement partner (para 2.9).
- Paragraph 2.11 continues to require that, when a prohibited financial interest is acquired unintentionally (e.g. due to inheritance), it must be disposed of as soon as possible.

Further information

Watch the video outlining the changes on IAASA's YouTube channel