

2024

Annual audit programme and activity report

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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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Chief Executive's introduction

In accordance with section 930B of the Companies Act 2014, I am pleased to present the Irish Auditing and Accounting Supervisory Authority's (IAASA's) 2024 annual audit programme and activity report. This report outlines the activities IAASA carried out in 2024 to oversee the audit profession in Ireland.

IAASA's oversight of the audit profession involves supervising the recognised accountancy bodies (RABs) that oversee statutory auditors and directly reviewing the quality of audits for public-interest entities (PIEs).

Highlights of IAASA's 2024 work in overseeing statutory auditors are as follows:

- Oversight and reporting
 - Inspected five quality management component areas across seven PIE firms and reviewed 31 audits of PIEs
 - Completed one joint inspection with the PCAOB
 - Published reports on the quality assurance reviews of the seven PIE firms inspected in 2023
 - Issued supervisory reports to RABs with recommendations on how RABs operate the initial stages of the complaints process
 - Completed supervisory reviews of the investigation and disciplinary systems operated by RABs and issued reports to the RABs on completion of the reviews
 - Conducted a thematic review on the governance of regulatory functions in recognised and professional accountancy bodies
- Enforcement
 - Conducted two enquiries into whether the RABs complied with approved processes and procedures
- Stakeholder engagement
 - Hosted an annual briefing for audit committees
 - Hosted annual roundtable meetings of PIE audit firms and of RABs
 - Hosted regular roundtables with PIE firms and RABs on Corporate Sustainability Reporting Directive (CSRD) implementation matters
 - Hosted a quality assurance (QA) workshop for RABs' QA inspectors
 - Engaged with the ICAI and CPA Ireland regarding the amalgamation of the two accountancy bodies, ensuring all regulatory matters were addressed appropriately
 - Revoked and de-recognised CPA Ireland as a RAB in Ireland
- Publications
 - Insights for auditors on the performance of engagement quality reviews
 - IAASA's thematic review on the investigation and outcomes stages of Ireland's Prescribed Accountancy Bodies' (PABs) complaints processes
 - Information guide on how to make a complaint to IAASA
 - Notification highlighting some of the statutory requirements regarding quality assurance reviews conducted by the RABs
 - A letter issued to audit committee chairs on their responsibilities for compliance with the CSRD

- International cooperation and engagement
 - IAASA's CEO served as Vice Chair of the International Forum of Independent Audit Regulators (IFIAR) in 2024 and was elected to be IFIAR's Chair in April 2025
 - Membership of working groups, colleges and task forces in the Committee of European Auditing Oversight Bodies (CEAOB)
 - Membership of working groups and task forces in IFIAR
 - Hosted IFIAR's 2024 inspection workshop in Dublin
 - Entered into a memorandum of understanding with the Financial Reporting Council (FRC) on co-operation and the exchange of information related to the oversight of auditors and regularly engaged with the FRC regarding common matters affecting RABs.

This report offers valuable insights into IAASA's work in overseeing the audit profession and explains the oversight activities related to audit quality. For more details on IAASA's activities, please visit [IAASA's website](#).

Kevin Prendergast
Chief Executive Officer

30 May 2025

Annual Audit Programme and Activity Report



5 PABs representing 45,896 members in Ireland



1,083

audit firms approved to audit in Ireland



8

PIE firms in Ireland auditing 502 audit clients



5 audit firms and 18 statutory auditors approved to carry out assurance of sustainability reporting



2 RAB reviews of the further stages of investigation and disciplinary systems



2 Enforcement enquiries concluded



IAASA inspected 31 audits of PIEs across the seven PIE firms



IAASA hosted audit briefing for audit committees and annual roundtables for PIE firms and PABs



Chapter 1: IAASA's Professional Body Supervision



Introduction

This chapter explains the activities of Recognised Accountancy Bodies (RABs) in regulating statutory auditors and audit firms. The chapter outlines IAASA's oversight activities of the RABs in 2024 and IAASA's priorities for 2025. This chapter also covers IAASA's oversight of third-country auditors in Ireland.

Resources

At 31 December 2024, there was one senior manager, three regulatory supervisors and two administrative staff in IAASA's Professional Body Supervision. The unit is overseen by IAASA's Head of Operations.

Funding

Professional Body Supervision is funded 60% by a statutory levy on the Prescribed Accountancy Bodies and 40% by the Exchequer. The levy on the PABs allocates the costs to each PAB based on the number of its members and audit firms in Ireland.

Functions performed by the recognised accountancy bodies

Statutory audit

A statutory audit is an audit of financial statements required by law. An auditor checks if the corporate reports follow the relevant reporting standards and gives an opinion on them. This audit aims to boost users' trust in the financial statements.

Auditors or audit firms that perform these audits must be approved and registered by a Recognised Accountancy Body (RAB). The [Companies Registration Office](#) (CRO) lists all approved auditors and audit firms in Ireland on its website. As of December 31, 2024, there were 1,083 approved audit firms in Ireland, down from 1,169 in 2023. Further details on this are provided later in this chapter.

Functions assigned to RABs

The Companies Act 2014 assigns specific functions to RABs in relation to statutory auditors, audit firms, and those approved to carry out the assurance of sustainability reporting ("assigned functions"). IAASA oversees the RABs' activities in relation to their assigned functions.

The functions assigned to RABs include:

- approvals and registration
- continuing education
- quality assurance reviews in relation to audits and assurance of sustainability reporting of entities that are not PIEs

Chapter 1: IAASA's Professional Body Supervision

- investigation and discipline

At 31 December 2024, there were two RABs recognised to undertake the above functions:

- Association of Chartered Certified Accountants (ACCA)
- Institute of Chartered Accountants in Ireland (ICAI)

IAASA's oversight activities

Supervisory visits

IAASA undertakes supervisory visits to the RABs, evaluating the RABs activities in relation to their assigned functions. IAASA's supervisory visits focus on the RABs activities to comply with the relevant legal requirements and IAASA's guidelines for RABs. Following each supervisory visit, IAASA issues a report to the RAB, noting any issues found and IAASA's recommendations. IAASA assigns a rating of either red, amber, or yellow to each issue raised, with red being the most serious. The RABs must implement IAASA's recommendations within 12 months. RABs are required to provide IAASA with a written submission detailing the actions taken to implement IAASA's recommendations. IAASA reviews these submissions and decides if the recommendations have been properly implemented or if the Authority will take further action.

Engagement

Every year, IAASA reviews the RABs' regulatory plans, annual returns, and reports. IAASA engages with the RABs throughout the year through meetings, roundtables, and other communications. IAASA reviews and approves any changes the RABs propose to their constitutional documents and gives feedback on relevant guidance documents.

Functions performed by the recognised accountancy bodies during 2024

Approval and registration of statutory auditors and audit firms

RABs may approve statutory auditors and audit firms in accordance with the Companies Act 2014. At 31 December 2024, there were 1,083 audit firms registered to carry out statutory audits in Ireland (2023: 1,169), with 1,839 individuals in those firms authorised to act as statutory auditors (2023: 1,942).

The number of audit firms registered to audit in Ireland has decreased by 7% in 2024 and the number of statutory auditors registered to audit in Ireland has decreased by 5%.

Table A overleaf shows the movement in audit firms and statutory auditors during 2024.

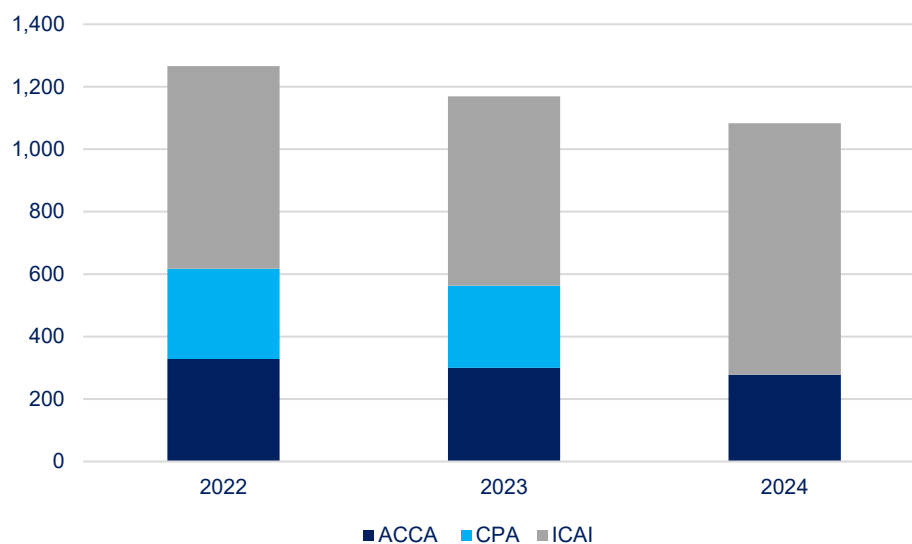
Chapter 1: IAASA's Professional Body Supervision

Table A: Movement in statutory audit firms and auditors in 2024

	Total	ACCA	CPA	ICAI
Audit firms registered to audit in Ireland at 1 January	1,169	300	263	606
<i>During the year:</i>				
New applications granted	30	9	4	17
Applications not renewed or voluntarily surrendered	(112)	(30)	(40)	(42)
Registrations withdrawn	(5)	(1)	(2)	(2)
Other*	1	-		1
Transferred to ICAI			(225)	225
Audit firms registered to audit in Ireland at 31 December	1,083	278	-	805
- Of those, number with offices in Ireland at 31 December	924	255	-	669
Statutory auditors registered to audit in Ireland at 31 December	1,839	336	-	1,503
- Of those, number located in Ireland at 31 December	1,578	303	-	1,275

*Change in jurisdiction

Chart A: Statutory Audit Firms approved to audit in Ireland – 3 year review.



Chapter 1: IAASA's Professional Body Supervision

Approval and registration relating to sustainability assurance

Under Part 28 of the Companies Act 2014, RABs can approve statutory auditors and audit firms to carry out the assurance of sustainability reporting. At 31 December 2024, ICAI had approved 4 statutory audit firms, and 17 statutory auditors and ACCA had approved one statutory audit firm and one statutory auditor to carry out the assurance of sustainability reporting in Ireland.

Monitoring continuing education

Continuing education, or continuing professional development (CPD), ensures statutory auditors keep their professional knowledge, skills, and values up to date. RABs check statutory auditors' CPD regularly, as required by IAASA guidelines. Table B below shows the CPD reviews of auditors conducted by the RABs in 2024.

Table B: CPD records reviewed in 2024.

	Total	ACCA	CPA	ICAI
CPD review records reviewed in the year	562	80	326	156
<i>Analysed by:</i>				
Desktop reviews (risk based)	43	16	-	27
Desktop reviews (random)	-	-	-	-
On-site reviews	206	42	35	129
Other monitoring activities	313	22	291	-
CPD records found to be non-compliant with CPD requirements after follow up action was taken	39	23	7	9
<i>Of those, statutory auditors that were:</i>				
- Subject to regulatory action	26	23	3	-
- Subject to disciplinary action	3	-	3	-

Quality assurance systems

RABs must run a system to review the quality of statutory auditors and audit firms, except for PIE audit firms, which IAASA inspects directly. RABs need to review each statutory audit firm based on risk analysis, but at least once every six years.

In 2024, RABs completed 165 quality assurance reviews of audit firms, a decrease from 235 in 2023. When they found issues, RABs imposed conditions, restrictions, or penalties on the auditors or firms. These ranged from requiring more information to suspending audit registration. In 2024, 49 reviews found issues that led to regulatory action by the RABs (down from 51 in 2023).

Table C overleaf summarises the RABs' quality assurance activities and results for the year.

Chapter 1: IAASA's Professional Body Supervision

Table C: Quality assurance in 2024

	Total	ACCA	CPA	ICAI
Quality assurance reviews concluded in the year	165	50	34	81
Analysis by outcome:				
1.Good	25	5	6	14
2.Limited Improvements Required	102	39	17	46
3.Improvements Required	15	3	9	3
4.Significant Improvements Required	23	3	2	18
Of the quality assurance reviews concluded in the year, those that resulted in regulatory action	49	20	10	19

Investigation and disciplinary systems

The Companies Act 2014 requires RABs to have effective systems for investigating and sanctioning poor audit work. In 2024, RABs opened 37 new complaint cases about statutory auditors and audit firms (down from 53 in 2023). These complaints varied and included both audit and non-audit work. Most complaints were about poor work or unsatisfactory professional service or conduct, breach of code of ethics, or breaches of RABs' rules, or regulations.

Table D shows the complaints received and closed by the RABs in 2024.

Table D: Summary of Complaints 2024

	Total	ACCA	CPA	ICAI
New complaints received	37	9	7	21
Complaints closed	42	12	7	23
Complaints closed with adverse findings	6	-	4	2
Complaints closed and sanctions imposed	4	-	2	2
Average time taken to close a complaint (in months)		8	12	13

Chapter 1: IAASA's Professional Body Supervision

IAASA's oversight activities in 2024

2024 supervisory visits

In 2023, IAASA completed supervisory visits on the RABs' activities around their investigation and disciplinary systems, specifically focussing on the initial stages of the complaints process. In 2024, IAASA considered the RABs' implementation of the recommendations raised by IAASA following these supervisory visits. All recommendations to the RABs from IAASA's 2023 supervisory visits have been implemented and are now closed.

IAASA also considered the implementation of licensing recommendations in one RAB during 2024. All recommendations issued to the RAB with regard to its licensing systems are now closed.

In 2024, IAASA conducted reviews of the further stages of the RABs' investigation and disciplinary systems, including the outcome of investigations through to the appeal stage. Draft reports were issued by IAASA to each RAB with final reports issued in early 2025. IAASA issued seven findings with recommendations across the two RABs, two of the findings were amber and five were yellow. The Authority also noted a number of areas of weakness in each RAB and issued recommendations for consideration under schedules of other matters. The findings noted in the supervisory visits included issues around the publication of complaints and non-compliance with RABs regulations, policies or processes.

In addition to issuing recommendations to the RABs, IAASA will use the findings of its 2023 and 2024 supervisory visits to inform a review of the Investigation and Disciplinary Guidelines, which IAASA plans to conduct in 2025.

Engagement

IAASA regularly works with the RABs to ensure they follow legislation and IAASA guidelines. In 2024, IAASA focused on several key areas, including the transposition of the Corporate Sustainability Reporting Directive (CSRD). Throughout 2024, IAASA held roundtable meetings with RABs and the Department of Enterprise Trade and Employment (DETE) to discuss the challenges and address concerns with CSRD implementation.

On 1 September 2024, the Institute of Chartered Accountants in Ireland and the Institute of Certified Public Accountants (CPA) in Ireland amalgamated. Following this amalgamation, CPA requested that IAASA revoke its status as a Prescribed and Recognised Accountancy Body and this revocation subsequently took place. IAASA worked closely with both Institutes to ensure appropriate management of all regulatory matters.

In 2024, IAASA conducted a thematic review on the governance of regulatory functions in five PABs which included the two RABs. Information was gathered through a questionnaire and responses were collated.

Some of the key observations from IAASA's thematic review on the governance of regulatory functions in the PABs are summarised below:

Chapter 1: IAASA's Professional Body Supervision

The highest governing body of each PAB is council.	
	Four of the PABs councils delegate oversight of a PAB's performance of its regulatory functions to one or more regulatory boards
The maximum council size ranges in number from 20 to 70 persons. All councils comprise of a mix of PAB members elected by the PAB membership at a general meeting, and other members elected or co-opted by council. Two of the councils also include non-members co-opted by council.	
All PABs reference the need for diversity on council, boards and committees.	
All PABs have rules relating to the terms of office that a person can serve on the council or a regulatory board.	
	All PABs have rules regarding meetings for both council and regulatory boards including rules regarding how many meetings they must hold per annum; what the quorum is for each of those meetings and how decisions are made.
All PABs manage conflicts of interest of council members and regulatory board members through declarations. Four of the PABs maintain a register of interests.	
All PABs encourage the completion of induction training provided to new council and board members. In one PAB, failure to complete such training may result in suspension. A number of PABs provide on-going training to council and board members.	

In November 2024, IAASA hosted a roundtable discussion with the two RABs in Ireland. The RABs presented on sustainability in the accounting profession. There were also presentations on the regulatory landscape, publication policies, audit firm structures and eligibility, and quality assurance.

Third country auditors

A third country auditor (TCA) is an auditor who issues an audit opinion in relation to an entity not incorporated within the EU, which is listed on an EU regulated stock exchange. In Ireland, such auditors must make an application to register with IAASA. On receipt of this application, IAASA performs a detailed assessment to ensure the auditor meets the relevant criteria. IAASA processes third country applications as they arise and processes renewals and any updates throughout the year.

During 2024, IAASA renewed the full registration of 9 (2023: 12) third country audit firms. IAASA considered and approved 43 updates to TCAs in addition to removing one TCA and re-instating one TCA firm. IAASA also referred one TCA firm to the Corporate Enforcement Authority (CEA) for signing an audit report when not registered. IAASA is also responsible for updating the register of third country auditors for approved applications and notifying any other changes to the CRO. This register is available on the [CRO website](#).

IAASA also contributes to the CEA OB sub-group that assesses countries wishing to be deemed equivalent by the EU, and which makes a recommendation to the EU in that regard.

Chapter 1: IAASA's Professional Body Supervision

2025 work programme priorities

Supervisory visits

IAASA intends to carry out supervisory visits to both RABs in 2025. The planned supervisory visits will focus on the governance of regulatory functions in both RABs. IAASA also intends to conduct a follow up review on licensing in one of the RABs.

IAASA will also engage with RABs around their implementation of recommendations arising from IAASA's 2024 supervisory visits.

Engagement

IAASA will keep overseeing the RABs and their work under the Act. IAASA will also continue hosting CSRD roundtable meetings with the RABs and DETE and will continue working with the RABs on implementing legislation.

IAASA will stay engaged with the RABs on quality assurance (QA). In February 2025, IAASA hosted a joint QA workshop for QA inspectors from all RABs and IAASA to discuss and share information on QA review themes.

Further to the thematic on the investigation and disciplinary systems and the supervisory visits over the past couple of years, IAASA intends reviewing the investigation and disciplinary guidelines to ensure the content remains appropriate. IAASA plans to also review the General Guidelines for appropriateness with information gathered from the governance thematic and supervisory visits covering governance of regulatory functions.

Additionally, IAASA will continue working with DETE, FRC, and CRO on common issues affecting RABs.

Chapter 2: IAASA's Assurance Quality Supervision



Introduction

This chapter outlines IAASA's work supervising the quality of statutory audits of PIEs in Ireland. The chapter also summarises IAASA's international cooperation related to audit and outlines work programme priorities for 2025.

Resources

In 2024, there were twelve audit inspectors and one administrative executive in Assurance Quality Supervision, overseen by IAASA's Head of Operations.

Funding

IAASA's Assurance Quality Supervision is funded by a statutory levy on firms that perform statutory audits of public-interest entities (PIE firms). There are two parts to the levy. The first part is a standing charge for all PIE firms to reflect the base level of work involved in inspecting a PIE firm. The standing charge does not vary across the firms. The remainder of the levy is allocated across PIE firms based on their market share of the statutory audit fees for all audits of PIEs.

Overview of Ireland's PIE audit market

PIEs and their auditors

Public-interest entities (PIEs) are defined in the Companies Act 2014, as:

- entities with securities listed on an EU regulated stock exchange
- credit institutions
- insurance undertakings

Any auditor or audit firm listed on the CRO register can audit a PIE. By law, auditors must notify IAASA when they are first appointed to audit a PIE. As of 31 December 2024, IAASA was notified of eight PIE firms, auditing a total of 503 PIEs, down from 523 in 2023. One further firm was appointed as a PIE auditor late in 2024 and has since resigned. This firm was not part of IAASA's inspection cycle in 2024.

The eight PIE firms notified to IAASA at 31 December 2024 were:

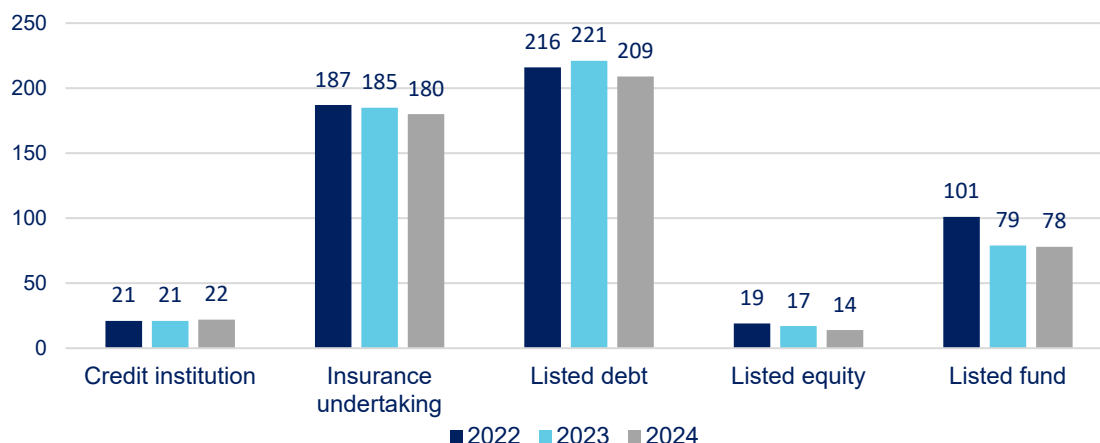
- Baker Tilly
- BDO
- Deloitte
- EY
- Grant Thornton
- KPMG
- Forvis Mazars
- PricewaterhouseCoopers Ireland

Chapter 2: IAASA's Assurance Quality Supervision

Each PIE firm must submit an annual return to IAASA, detailing the PIEs they audited during the year. IAASA uses this information to monitor changes in the number of PIE audits and to choose which PIE audits to inspect.

Chart B below shows the number of PIE audits based on PIE firms' most recent annual returns.

Chart B: PIE Population

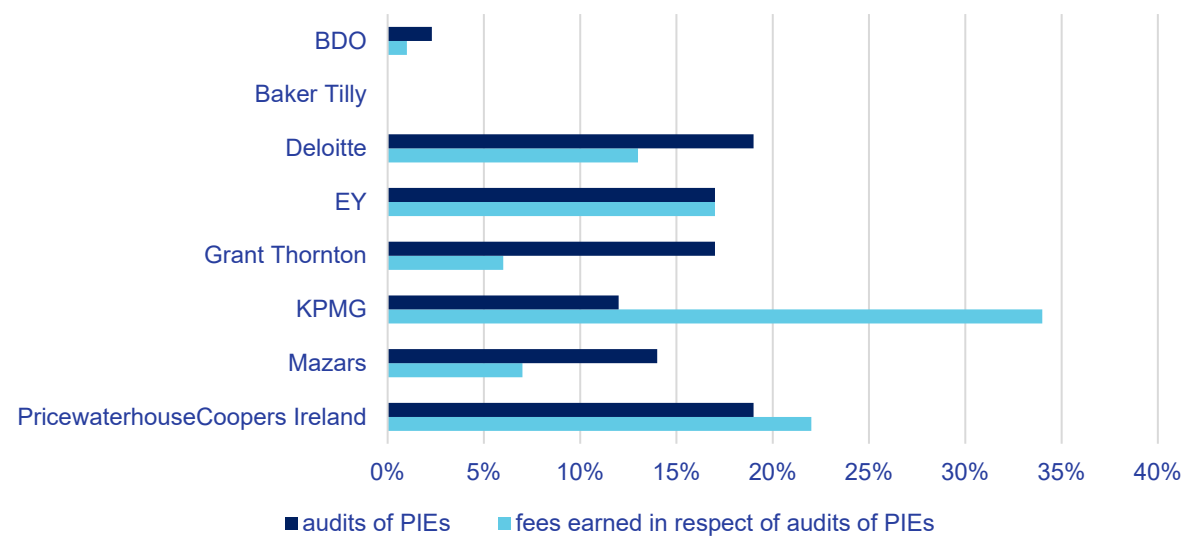


In 2024, four audit firms (Deloitte, EY, KPMG and PricewaterhouseCoopers Ireland) audited approximately 68% of PIEs (2023: 73%) and earned approximately 86% of the related fees (2023: 89%).

Chart C below illustrates the market share of seven of the PIE firms in Ireland, showing the number of PIEs audited by each of these PIE firms in 2024 and the fees earned by each firm in respect of these audits of PIEs.

Chapter 2: IAASA’s Assurance Quality Supervision

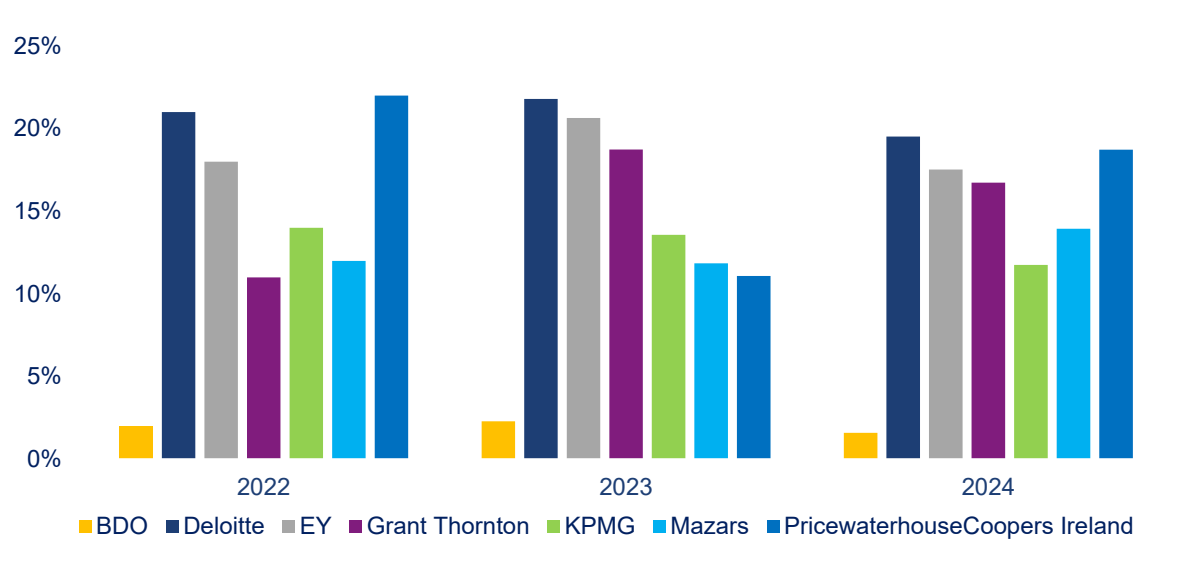
Chart C: PIE Market Share



Baker Tilly was a new entrant to the PIE market in 2024 and audited one PIE during the year.

Chart D below illustrates the developments in the Irish market in relation to the market share of the seven largest PIE firms in Ireland since 2022. The chart shows that six PIE firms have each consistently audited more than 10% of the PIEs in the last three years.

Chart D: Developments in the Irish PIE audit market.



Chapter 2: IAASA's Assurance Quality Supervision

Sustainability assurance

The Corporate Sustainability Reporting Regulations transposed the EU's Corporate Sustainability Reporting Directive (CSRD), requiring enhancements in the disclosure by companies on climate and environmental data. The regulations came into effect in 2024 and commence for financial years on or after 1 January 2024 for public-interest entities with greater than 500 employees.

Part 28 of the Companies Act 2014 was amended during 2024 to include the assurance of sustainability reporting. Companies subject to the CSRD must obtain limited assurance from an approved sustainability assurance service provider on their sustainability reports. Firms performing sustainability assurance engagements are required to perform them in accordance with the International Standard on Assurance Engagements (Ireland) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000).

IAASA's quality assurance review process

Purpose of a quality assurance review

The purpose of IAASA's quality assurance review process is to assess the effectiveness of a PIE firm's system of quality management.

IAASA's quality assurance review process aims to evaluate how well a PIE firm manages quality. This review:

- Assesses the effectiveness of the firm's quality management system.
- Evaluates the quality of a sample of PIE audits.

The review process is not meant to find every weakness in a firm's quality management system. The statutory auditor who issues the audit opinion is ultimately responsible for audit quality.

Assessment of a firm's system of quality management

IAASA reviews a firm's quality management system by examining how the firm designs, implements, and operates the eight components of quality management for financial statement audits, as outlined in ISQM 1.

These components are:

- The firm's risk assessment process
- Governance and leadership
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Engagement performance
- Resources
- Information and communication
- The firm's monitoring and remediation process

Chapter 2: IAASA's Assurance Quality Supervision

ISQM 1 requires audit firms to evaluate their quality management system annually. IAASA began reviewing how PIE firms apply ISQM 1 in 2023 and will assess each of the eight components over three years. In 2024, IAASA continued its reviews of ISQM 1 application and commenced reviews of the implementation of ISQM 2, Engagement Quality Reviews. ISQM 2 sets out the requirements relating to a reviewer performing an objective evaluation of the significant judgments made by an audit engagement team and the conclusions reached thereon.

Selection of a sample of audits of PIEs

IAASA uses a risk-based approach to choose a sample of PIE audits for inspection. For each selected audit, IAASA assesses the adequacy and quality of audit evidence in various audit areas.

The sample size for each firm depends on factors like the number of PIEs the firm audits, the outcomes of previous inspections, and any significant changes in the firm's market share or the types of PIEs it audits.

IAASA uses a risk selection model that considers various factors and assigns weights to them as needed.

These factors include:

- PIE type
- PIE size
- public information
- audit fees, non-audit fees, year on year changes in audit fees
- the PIE firm's experience of auditing the specific PIE type
- previous audit quality referrals, if any, to IAASA's Enforcement Unit
- experience of the auditor, if they are a new PIE auditor

When selecting a sample PIE audits for inspection, IAASA also looks at factors outside the risk selection model, such as media coverage, complaints, and issues identified through IAASA's Corporate Reporting Supervision. PIE firms with weak previous inspection results are given a higher risk rating.

This risk-based approach allows IAASA to select audits with particular complexities or higher risks. However, the audits inspected by IAASA are not representative of all PIE audits and IAASA's inspection results cannot be generalized to other audits.

Inspection procedures for audits of PIEs

When inspecting a PIE audit, IAASA selects areas to review based on specific risks related to the PIE and areas identified by IAASA as focus areas. IAASA then performs procedures to evaluate the adequacy and quality of audit evidence in the selected areas.

If there are issues relevant to both IAASA's Corporate Reporting Supervision and Audit Quality Supervision, a joint corporate reporting and audit quality inspection is completed. If issues are found, IAASA may also increase the number of audits or audit areas inspected.

Chapter 2: IAASA's Assurance Quality Supervision

IAASA's recommendations

If non-compliance with laws, standards, or a firm's policies are found in the course of an inspection, IAASA issues a finding and recommendation(s) to the PIE Firm. IAASA's recommendations set out the actions the firm must take to fix deficiencies or make improvements.

By law, PIE firms must implement IAASA's recommendations within 12 months. If PIE firms fail to do so, IAASA must impose a sanction. PIE firms submit a written report to IAASA detailing the actions they have taken to implement IAASA's recommendations. IAASA then follows up to ensure the recommendations have been properly implemented within the 12-month period.

IAASA's rating and grading policy

IAASA uses a colour-coding system to indicate the significance of findings related to a PIE firm's quality management system:

- **Yellow:** Minor deficiency
- **Amber:** Improvement required
- **Red:** Significant deficiency

For each PIE audit inspected, IAASA assigns a grade:

- **1:** Good audit
- **2:** Limited improvements required
- **3:** Improvements required
- **4:** Significant improvements required

More details on IAASA's rating and grading policy can be found in Appendix 1.

Referral to IAASA's Enforcement Unit

If IAASA suspects significant breaches of standards or legal violations by a statutory auditor, the case is referred to IAASA's Enforcement Unit. Meanwhile, IAASA's Audit Quality Supervision continues to issue recommendations as usual, and the PIE firm must implement these recommendations within 12 months.

For more details on the process followed by IAASA's Enforcement Unit, see Chapter 3.

Reporting

Each year, IAASA publishes a report for each PIE firm summarising the results of IAASA's quality assurance review. The report sets out any deficiencies found by IAASA on the firm's system of quality management and IAASA's recommendations. The report also sets out a summary of the results of the PIE audits inspected and IAASA's key recommendations relating to these PIE audits.

Chapter 2: IAASA's Assurance Quality Supervision

IAASA's 2024 quality assurance review activity

Inspection of PIE firms' systems of quality management

In 2024, IAASA assessed the design of the system of quality management in five ISQM 1 component areas:

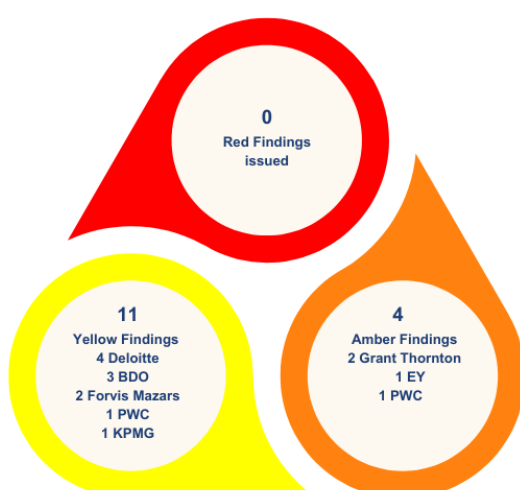
- Acceptance and continuance of client relationships and specific engagements
- Relevant ethical requirements
- Resources
 - Human resources
 - Technological resources, intellectual resources and service providers
- Governance and leadership
- Information and communication

IAASA assessed the quality objectives, quality risks and related responses designed by each PIE firm across the five component areas reviewed.

In 2024, IAASA commenced reviews of the implementation of ISQM 2, Engagement Quality Reviews, which relates to a reviewer performing an objective evaluation of the significant judgments made by an audit engagement team and the conclusions reached thereon.

Findings were identified in the areas of acceptance and continuance of client relationships and specific engagements, ethical requirements and human resources. IAASA raised 15 findings in total, with findings raised in all the seven of the PIE firms inspected. The severity of findings on PIE firms' systems of quality management in 2024 ranged between yellow (minor deficiency) and amber (improvement required).

Chart E : 2024 System of Quality Management Findings



Chapter 2: IAASA's Assurance Quality Supervision

The 2024 quality assurance review reports for each of the seven PIE firms explain the background to each finding raised on the firms' systems of quality management. In addition to the background to each finding, the reports also set out the issue identified and IAASA's recommendations. IAASA's recommendations detail what IAASA expects the firm to do to remediate deficiencies or implement improvements going forward.

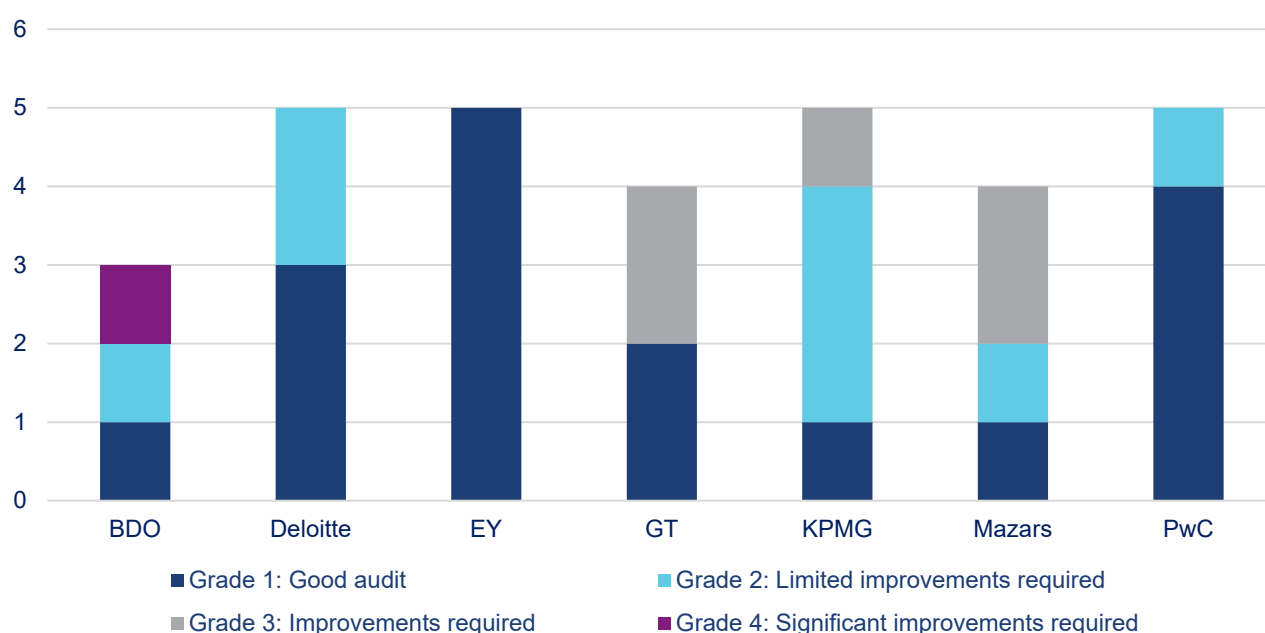
Inspection of audits of PIEs

In 2024, IAASA inspected 31 audits of PIEs across seven PIE firms. The number of audits of PIEs reviewed in each of the seven PIE firms varied between three and five. The financial statements for one of the PIEs reviewed was also reviewed by IAASA's Corporate Reporting Supervision unit.

Chart F below shows the grades assigned to the 31 audits of PIEs inspected in 2024. Chart G illustrates the grading assigned to the PIE audits that were inspected by IAASA in 2022, 2023 and 2024.

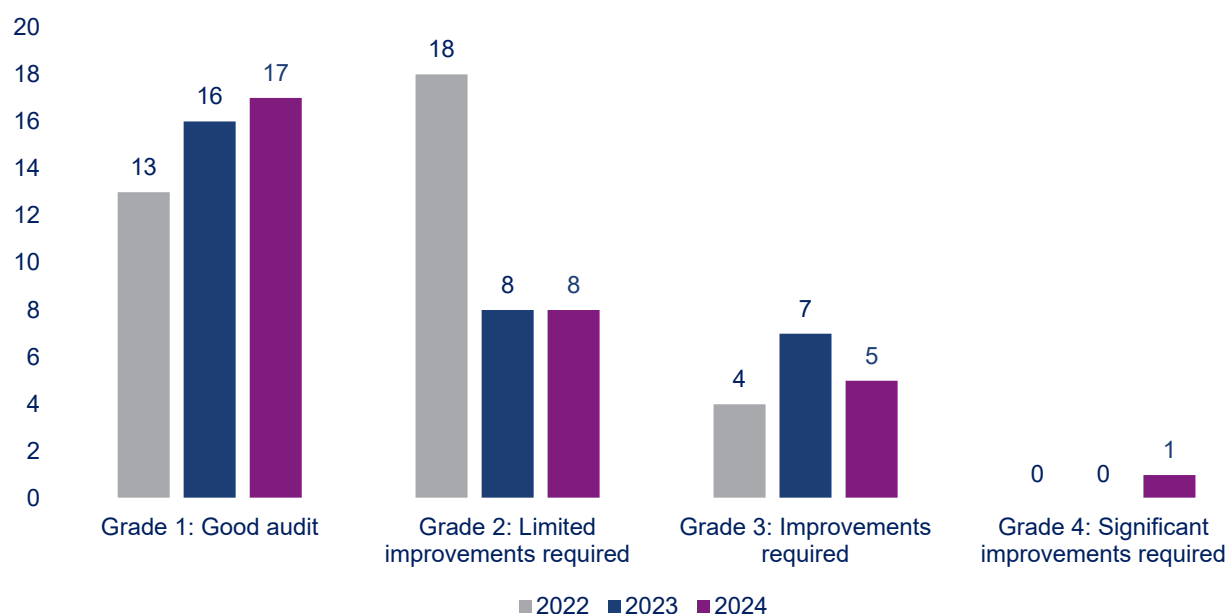
81% of audits of PIEs inspected by IAASA in 2024 were assigned a grade of 2 or higher, indicating that these audits were of a good standard or required limited improvements. 16% of audits inspected were assigned a grade of 3, indicating improvements were required. 3% of the audits inspected by IAASA were assigned a grade of 4 and significant improvements were required.

Chart F: Grading of PIE audits 2024.



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Chart G: Grading of PIE audits – 3-year review.



The key recommendations arising from inspection of audits of PIEs in 2024 are set out in the [quality assurance reports](#) of each PIE firm, available on IAASA's website.

Table E below sets out some of IAASA's recurring key recommendations across PIE firms.

Table E: Recurring Key Recommendations

Audit area	IAASA's key recommendations
Financial statement review	<p>The engagement team should perform sufficient substantive procedures for each material disclosure, irrespective of the assessed risks of material misstatement.</p> <p>The audit file should evidence the design and performance of substantive procedures for each material disclosure in the financial statements, including evaluating whether the identified related party relationships and transactions have been appropriately disclosed in accordance with the applicable financial reporting framework.</p> <p>The audit file should sufficiently evidence the audit procedures performed by the engagement team on the financial statements to support their opinion as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.</p>
Auditor's report and communications with those charged with governance	<p>The key audit matter (KAM) section of the auditor's report should be set out in clear and unambiguous language.</p>

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Audit area	IAASA's key recommendations
	<p>The KAM section of the auditor's report should clearly reference the related accounting policies in the financial statements.</p> <p>The correct audit opinion template should be used by the audit team to ensure all required disclosures are captured.</p> <p>The audit file should sufficiently evidence the performance of all procedures designed by the engagement team to respond to KAMs.</p> <p>The audit file should sufficiently evidence the audit procedures performed by the engagement team for the purpose of obtaining sufficient appropriate audit evidence for significant risks.</p>
Technical provisions	<p>The audit file should sufficiently evidence the audit procedures performed by the engagement team, which they identified as being appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence, for a material balance relating to a significant risk.</p> <p>The engagement team should accurately describe how they addressed the KAM relating to adequacy of provisions for technical reserves in the auditor's report.</p>
Identifying and assessing risks of material misstatement	<p>The audit file should sufficiently evidence the engagement team's assessment of the design and implementation of controls.</p>
Management override of controls	<p>The audit file should evidence the specific journal entry testing set out in audit planning and the relevant conclusions.</p>
Engagement quality control review	<p>The audit file should sufficiently evidence and demonstrate a robust and timely appraisal by the engagement quality reviewer of the quality of the audit work performed.</p>

Follow-up on recommendations

The Authority reviewed all submissions from PIE firms detailing the actions taken to implement IAASA's recommendations and conducted follow-up procedures as needed. The Authority is satisfied that all recommendations made to PIE firms in 2023 were properly implemented in 2024.

Chapter 2: IAASA's Assurance Quality Supervision

Supporting high standards in audit of PIEs

In October 2024, IAASA held a briefing for audit committees, covering topics such as regulatory updates, sustainability reporting, and artificial intelligence for audit committees. The event featured panellists from various sectors, including chartered accountants and representatives from industry, financial services, and investment banking.

IAASA also organised a roundtable discussion with all PIE firms. The roundtable topics included financial reporting updates, readiness for the CSRD, IAASA's audit inspection results and key findings, ISQM (Ireland), and audit committee engagement.

In 2024, the Authority issued publications in the form of thematic reports, observation papers, insights series and factsheets. IAASA's publications in 2024 covered topics such as: inspection insights on topics such as engagement quality reviews and ISQM 1, and a letter issued to Audit Committee Chairs regarding responsibilities for compliance with the CSRD. These publications are available on IAASA's [website](#).

International cooperation

IAASA is actively involved in both the CEAOB and IFIAR.

IAASA is part of the organising committee of the CEAOB inspections sub-group and the consultative group that supports the CEAOB Chair. IAASA has representatives in all CEAOB sub-groups, including Inspections, International Auditing Standards, Enforcement, Market Monitoring, International Equivalence and Adequacy and firm colleges. IAASA also participates in five CEAOB task forces focused on training, financial services, Grant Thornton, sustainability reporting, and IT. Additionally, IAASA chairs the CEAOB's Training Task Force and the PwC college.

Kevin Prendergast, IAASA's Chief Executive Officer served in his second year as vice chair of IFIAR in 2024.

IAASA is a member of IFIAR's Inspection Workshop Working Group and hosted IFIAR's 2024 inspection workshop in Dublin. This workshop brought together 149 participants from around the world to discuss key topics in audit oversight. The sessions included keynote addresses focusing on innovation in the education of accountants, cybersecurity, and ethics.

IAASA is also a member of IFIAR's Enforcement Working Group and a participant in IFIAR's Technology Task Force.

Chapter 2: IAASA's Assurance Quality Supervision

2025 work programme priorities

Quality assurance reviews

IAASA plans to keep communicating the results of the quality assurance review process to key stakeholders and engage with them through publications like observations and commentaries.

Early in 2025, IAASA published the 2024 quality assurance review reports for seven PIE firms. IAASA has also launched an AQS insights series which aims to communicate key messages on audit quality to auditors.

Sustainability assurance reviews

The commencement of quality assurance reviews on sustainability assurance providers is a key 2025 priority for IAASA. In 2025, IAASA will inspect a sample of limited assurance engagements conducted on the first wave of companies that will be reporting under the CSRD.

IAASA will also continue to support collaboration to promote successful implementation of the assurance framework on sustainability reporting.

International cooperation

IAASA will continue to actively participate in the international groups of regulators and support their activities by moderating and presenting at meetings and workshops.

In April 2025, Kevin Prendergast, IAASA's Chief Executive Officer was elected as chair of IFIAR, following a 2-year term as vice chair. As the chair of IFIAR, IAASA's CEO is vital in supporting IFIAR and its members' goal of improving global audit oversight. This role gives the CEO greater access to global audit networks and insights into worldwide audit developments. It helps build public confidence in the quality of audits in Ireland and ensures that the views of smaller regulators with limited resources are represented globally.

Chapter 3: IAASA's Enforcement Unit



Introduction

IAASA's Enforcement Unit investigates PIE auditors/audit firms and accountancy bodies. This chapter explains the Authority's efforts to investigate potential breaches of laws or standards by statutory auditors. It also covers IAASA's international cooperation in enforcement and outlines IAASA's Enforcement Unit's priorities for 2025.

Resources

At 31 December 2024, IAASA's Enforcement Unit had one senior enforcement counsel. The Authority's Enforcement Unit is overseen by IAASA's Chief Executive.

Funding

IAASA's Enforcement Unit is funded 60% by a statutory levy on the prescribed accountancy bodies (PABs) and 40% by the Exchequer. The levy on the PABs allocates the costs to each PAB based on the number of its members and audit firms in Ireland. In addition, any fine income received, or costs recouped are lodged to a statutory reserve fund and may be used only for enforcement purposes.

Enforcement against auditors and recognised accountancy bodies

IAASA has various powers to collect evidence. It can require a person to provide documents or appear before the Authority to answer questions under oath. Additionally, a person may be asked to give any other reasonable assistance needed for an investigation.

Statutory auditors and audit firms

Under section 934 of the Companies Act 2014, IAASA can take enforcement action in response to a breach of RAB standards or a contravention of legislation.

Breach of RAB standards

Section 934 of the Companies Act 2014 allows IAASA to investigate potential breaches of a RAB's standards by a statutory auditor. IAASA can start an investigation if it believes it is appropriate or in the public interest. If IAASA finds that a breach has occurred, it can impose any sanction that the statutory auditor would face under the RAB's rules.

Chapter 3: IAASA's Enforcement Unit

Contravention of legislation

Section 934 of the Companies Act 2014 allows IAASA to investigate potential legal violations by statutory auditors. If IAASA finds that a statutory auditor has broken the law, IAASA can impose sanctions. These sanctions may include:

- A temporary ban on the statutory auditor from performing statutory audits
- A declaration that an audit report does not meet certain requirements
- Financial penalties

Accountancy bodies

Under section 933 of the Companies Act 2014, IAASA can investigate whether a PAB has followed its approved investigation and disciplinary procedures. IAASA can impose sanctions on PABs if necessary. IAASA can also check if a RAB has met its statutory obligations and can impose sanctions related to these enquiries.

IAASA's 2024 enforcement activity

New legislation

In 2024, there were legislative reforms in the Companies Act 2014 relating to CSRD. Sections 76 and 77 of the Companies (Corporate Governance, Enforcement and Regulatory Provisions) Act 2024 came into force. As a result of this, the Companies Act 2014 has a new section, section 934 AA.

Section 934 AA allows IAASA to issue interim directions to a specified person, where IAASA is of the opinion that the nature or gravity of a possible relevant contravention committed by a specified person is warranted in the interest of protecting the public. The purpose of an interim direction is to put in place interim safeguards to protect the public interest, whilst concerns about an auditor/audit firm remain unresolved. Accordingly, an interim direction is a temporary measure that will restrict the specified person's ability to practise, such as requiring audit files to be reviewed by a statutory auditor other than the specified person or requiring approval from the Authority before accepting any new audit engagement. Interim directions will be reviewed at six month intervals. An interim direction will remain in place whilst it is considered necessary until a final decision is made in relation to an allegation or until the direction is revoked. An interim direction may only last for a maximum of 18 months or until the substantive matter is resolved (whichever is the earlier).

Full enquiry and investigation committees

During the year, IAASA continued to develop its processes and procedures in the conduct of enquiries and investigations under sections 933 and 934 of the Companies Act 2014. If the Authority considers that there is a *prima facie* case following a preliminary enquiry or investigation and there is no prospect of settlement, the case may be referred to a Full Enquiry/Investigation Committee. In 2024, IAASA sought expressions of interest for members of committees to carry out full investigations or enquiries and established a panel of suitably qualified individuals.

Chapter 3: IAASA's Enforcement Unit

Preliminary investigations and enquiries

During 2024, four matters were referred to IAASA for enforcement consideration, while one matter remained open from 2023.

Two of the four matters referred to IAASA's Enforcement Unit in 2024 did not fall within the remit of section 933 or section 934, and there was no investigation or enquiry. The remaining two matters referred to IAASA's Enforcement Unit in 2024 related to section 933. For one of these matters, the Authority did not open a section 933 enquiry, meaning one preliminary enquiry was opened under section 933 during the year.

The Authority concluded two preliminary enquiries under section 933 in 2024. The two enquiries were closed following the Authority's initial consideration of the evidence relating to each enquiry. The Authority identified no matters requiring sanction in the cases referred.

Table F summarises IAASA's enforcement activity in 2024.

Table F: Enforcement Activity 2024

	Section 934 investigations	Section 933 enquiries
Open at 1 January	0	1
Opened during the year	0	1
Concluded during the year	0	2
Open at 31 December 2024	0	0

International cooperation

IAASA is part of the organising committee for the CEAOB Enforcement sub-group and the IFIAR's Enforcement Working Group. This involvement allows IAASA to present at various virtual and in-person workshops and conferences.

2025 work programme priorities

The Authority plans to further develop its policies and procedures. In 2025, the Authority will keep up its enforcement activities, reviewing all matters referred to its Enforcement Unit and conducting enquiries and investigations as needed.

IAASA will also continue to actively participate in international regulatory groups and support their activities by presenting at meetings and workshops.

Appendix 1: IAASA's rating and grading policy

IAASA's rating and grading policy

Ratings

Findings in relation to the effectiveness of a PIE firm's system of quality management have their significance indicated by way of a colour-coding system.

● **Red** indicates that a finding is a significant deficiency.

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

- meet the requirements of the ethical standards and International Standard on Quality Management (Ireland) 1 (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, 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.

Appendix 2: Glossary

Glossary

AAPA	Annual audit programme and activity report
ACCA	Association of Chartered Certified Accountants
AQS	Audit quality supervision
CEAOB	Committee of European Oversight Bodies
CPA	Institute of Certified Public Accountants in Ireland
CRO	Companies Registration Office
CRS	Corporate Reporting Supervision
CSRD	Corporate Sustainability Reporting Directive
DETE	Department of Enterprise Trade and Employment
FRC	Financial Reporting Council
IAASA	The Irish Auditing & Accounting Supervisory Authority
ICAI	Institute of Chartered Accountants in Ireland
IFIAR	International Forum of Independent Audit Regulators
PAB	Prescribed Accountancy Body
PIE	Public-interest entity
PBS	Professional Body Supervision
QA	Quality assurance
RAB	Recognised Accountancy Body
TCA	Third country auditor



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