

2025

# **International Standard on Auditing (Ireland) 260**

Revised December 2025

Communication with those Charged  
with Governance

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can be



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impartially and  
objectively



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Being  
trustworthy and  
respectful

# INTERNATIONAL STANDARD ON AUDITING (IRELAND) 260 COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE (REVISED DECEMBER 2025)

(Effective for audits of financial statements for periods commencing on or after  
1 January 2025)

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International Standard on Auditing (Ireland) (ISA (Ireland)) 260, *Communication with Those Charged with Governance* should be read in conjunction with ISA (Ireland) 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (Ireland)*.

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# Introduction

## Scope of this ISA (Ireland)

1. This International Standard on Auditing (Ireland) (ISA (Ireland)) deals with the auditor's responsibility to communicate with those charged with governance in an audit of financial statements. Although this ISA (Ireland) applies irrespective of an entity's governance structure or size, particular considerations apply where all of those charged with governance are involved in managing an entity, and for listed entities. This ISA (Ireland) does not establish requirements regarding the auditor's communication with an entity's management or owners unless they are also charged with a governance role.
2. This ISA (Ireland) is written in the context of an audit of financial statements, but may also be applicable, adapted as necessary in the circumstances, to audits of other historical financial information when those charged with governance have a responsibility to oversee the preparation of the other historical financial information.
3. Recognizing the importance of effective two-way communication in an audit of financial statements, this ISA (Ireland) provides an overarching framework for the auditor's communication with those charged with governance, and identifies some specific matters to be communicated with them. Additional matters to be communicated, which complement the requirements of this ISA (Ireland), are identified in other ISAs (Ireland) (see Appendix 1). In addition, ISA (Ireland) 265<sup>1</sup> (updated October 2022) establishes specific requirements regarding the communication of significant deficiencies in internal control the auditor has identified during the audit to those charged with governance. Further matters, not required by this or other ISAs (Ireland), may be required to be communicated by law or regulation, by agreement with the entity, or by additional requirements applicable to the engagement, for example, the standards of a national professional accountancy body. Nothing in this ISA (Ireland) precludes the auditor from communicating any other matters to those charged with governance. (Ref: Para. A33-A36)

## The Role of Communication

4. This ISA (Ireland) focuses primarily on communications from the auditor to those charged with governance. Nevertheless, effective two-way communication is important in assisting:
  - (a) The auditor and those charged with governance in understanding matters related to the audit in context, and in developing a constructive working relationship. This relationship is developed while maintaining the auditor's independence and objectivity;
  - (b) The auditor in obtaining from those charged with governance information relevant to the audit.<sup>1a</sup> For example, those charged with governance may assist the auditor in understanding the entity and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events; and

<sup>1</sup> ISA (Ireland) 265 (Updated October 2022), *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*.

<sup>1a</sup> Relevant requirements in relation to the auditor's right to obtain information are set out in Sections 387 and 388, Companies Act 2014.

- (c) Those charged with governance in fulfilling their responsibility to oversee the financial reporting process, thereby reducing the risks of material misstatement of the financial statements.
5. Although the auditor is responsible for communicating matters required by this ISA (Ireland), management also has a responsibility to communicate matters of governance interest to those charged with governance. Communication by the auditor does not relieve management of this responsibility. Similarly, communication by management with those charged with governance of matters that the auditor is required to communicate does not relieve the auditor of the responsibility to also communicate them. Communication of these matters by management may, however, affect the form or timing of the auditor's communication with those charged with governance.
  6. Clear communication of specific matters required to be communicated by ISAs (Ireland) is an integral part of every audit. ISAs (Ireland) do not, however, require the auditor to perform procedures specifically to identify any other matters to communicate with those charged with governance.
  7. In some jurisdictions, law or regulation may restrict the auditor's communication of certain matters with those charged with governance. Law or regulation may specifically prohibit a communication, or other action, that might prejudice an investigation by an appropriate authority into an actual, or suspected, illegal act, including alerting the entity, for example, when the auditor is required to report identified or suspected non-compliance with laws and regulations to an appropriate authority pursuant to anti-money laundering legislation. In these circumstances, the issues considered by the auditor may be complex and the auditor may consider it appropriate to obtain legal advice.

### **Effective Date**

8. This ISA (Ireland) is effective for the audits of financial statements for periods commencing on or after 1 January 2025.

### **Objectives**

9. The objectives of the auditor are:
  - (a) To communicate clearly with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, and an overview of the planned scope and timing of the audit;
  - (b) To obtain from those charged with governance information relevant to the audit;
  - (c) To provide those charged with governance with timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process; and
  - (d) To promote effective two-way communication between the auditor and those charged with governance.

### **Definitions**

10. For purposes of the ISAs (Ireland), the following terms have the meanings attributed below:

- (a) Those charged with governance – The person(s) or organization(s) (e.g., a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager. For discussion of the diversity of governance structures, see paragraphs A1-A8.

In Ireland, those charged with governance include the directors (executive and non-executive) of a company and the members of an audit committee where one exists. For other types of entity it usually includes equivalent persons such as the partners, proprietors, committee of management or trustees.

- (b) Management – The person(s) with executive responsibility for the conduct of the entity's operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.

In Ireland, management will not normally include non-executive directors.

## Requirements

### Those Charged with Governance

11. The auditor shall determine the appropriate person(s) within the entity's governance structure with whom to communicate. (Ref: Para. A1-A4)

11R-1. For audits of financial statements of public interest entities, if the entity does not have an audit committee, the additional report to the audit committee required by paragraph 16R-2 shall be submitted to the body performing equivalent functions within the entity.

### *Communication with a Subgroup of Those Charged with Governance*

12. If the auditor communicates with a subgroup of those charged with governance, for example, an audit committee, or an individual, the auditor shall determine whether the auditor also needs to communicate with the governing body. (Ref: Para. A5-A7)

### *When All of Those Charged with Governance Are Involved in Managing the Entity*

13. In some cases, all of those charged with governance are involved in managing the entity, for example, a small business where a single owner manages the entity and no one else has a governance role. In these cases, if matters required by this ISA (Ireland) are communicated with person(s) with management responsibilities, and those person(s) also have governance responsibilities, the matters need not be communicated again with those same person(s) in their governance role. These matters are noted in paragraph 16(c). The auditor shall nonetheless be satisfied that communication with person(s) with management responsibilities adequately informs all of those with whom the auditor would otherwise communicate in their governance capacity. (Ref: Para. A8)

## Matters to Be Communicated

### *The Auditor's Responsibilities in Relation to the Financial Statement Audit*

14. The auditor shall communicate with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, including that:
  - (a) The auditor is responsible for forming and expressing an opinion on the financial statements that have been prepared by management<sup>1b</sup> with the oversight of those charged with governance; and
  - (b) The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. (Ref: Para. A9-A10)

### *Planned Scope and Timing of the Audit*

15. The auditor shall communicate with those charged with governance an overview of the planned scope and timing of the audit, which includes communicating about the significant risks identified by the auditor. (Ref: Para. A11-A16)

When the auditor is required or decides to communicate key audit matters in accordance with ISA (Ireland) 701 (Revised December 2025),<sup>1c</sup> the overview of the planned scope and timing of the audit shall also include communicating about the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

### *Significant Findings from the Audit*

16. The auditor shall communicate with those charged with governance: (Ref: Para. A17-A18)
  - (a) The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. When applicable, the auditor shall explain to those charged with governance why the auditor considers a significant accounting practice, that is acceptable under the applicable financial reporting framework, not to be most appropriate to the particular circumstances of the entity; (Ref: Para. A19-A20)
  - (b) Significant difficulties, if any, encountered during the audit; (Ref: Para. A21)
  - (c) Unless all of those charged with governance are involved in managing the entity:
    - (i) Significant matters arising during the audit that were discussed, or subject to correspondence, with management; and (Ref: Para. A22)
    - (ii) Written representations the auditor is requesting;
  - (d) Circumstances that affect the form and content of the auditor's report, if any; and (Ref: Para. A23–A25)

<sup>1b</sup> In Ireland those charged with governance are responsible for the preparation of the financial statements.

<sup>1c</sup> Paragraphs 30-31 of ISA (Ireland) 700 (Revised December 2025), *Forming an Opinion and Reporting on Financial Statements* set out the requirements to apply ISA (Ireland) 701 (Revised December 2025), *Communicating Key Audit Matters in the Independent Auditor's Report*.



- (e) Any other significant matters arising during the audit that, in the auditor's professional judgment, are relevant to the oversight of the financial reporting process. (Ref: Para. A26-A28)

### *Entities that Report on Application of the Irish Corporate Governance Code*

16-1. In the case of entities that are required, and those that choose voluntarily, to report on how they have applied the Irish Corporate Governance Code<sup>1d</sup>, or to explain why they have not, the auditor shall communicate to the audit committee the information that the auditor believes will be relevant to:

- The board and, where applicable the audit committee, in the context of fulfilling its responsibilities under Code provisions relating to Audit, Risk, and Internal Control<sup>1e</sup>; and
- The audit committee in order to understand the rationale and the supporting evidence the auditor has relied on when making significant professional judgments in the course of the audit and in reaching an opinion on the financial statements.

If not already covered by communications under paragraphs 15, 16 and 16R-2 of this ISA (Ireland) and paragraph 25 of ISA (Ireland) 570 (Revised December 2025), this information shall include the auditor's views: (Ref: Para A28-1-A28-4)

- (a) About business risks relevant to financial reporting objectives, the application of materiality and the implications of their judgments in relation to these for the overall audit strategy, the audit plan and the evaluation of misstatements identified;
- (b) On the significant accounting policies (both individually and in aggregate);
- (c) On management's valuations of the entity's material assets and liabilities and the related disclosures provided by management;
- (d) Without expressing an opinion on the effectiveness of the entity's system of internal control as a whole, and based solely on the audit procedures performed in the audit of the financial statements, about:
  - (i) The effectiveness of the entity's system of internal control relevant to risks that may affect financial reporting; and
  - (ii) Other risks arising from the entity's business model and the effectiveness of related internal controls to the extent, if any, the auditor has obtained an understanding of these matters;
- (e) About the robustness of the board's assessment of the entity's emerging and principal risks, including the related disclosures in the annual report confirming that they have carried out such an assessment and describing the principal risks,

<sup>1d</sup> Irish incorporated entities with an equity listing on Euronext Dublin are subject to the Irish Corporate Code. However, if an entity is dual-listed in both Ireland and the UK, it has the option to follow the Irish Corporate Governance Code or the UK Corporate Governance Code under Euronext Dublin listing rules. If an entity chooses to follow the UK Corporate Governance Code, the requirements in this ISA (Ireland) apply to the equivalent provisions of the UK Code.

<sup>1e</sup> The Irish Corporate Governance Code, 4 – *Audit, Risk and Internal Control*, provisions 25-32.

explaining how these are being managed or mitigated, and explaining what procedures are in place to identify and manage emerging risks and;<sup>1f</sup>

- (f) About the board's explanation in the annual report as to how it has assessed the prospects of the entity, over what period it has done so and why it considers that period to be appropriate,<sup>1g</sup> and their statements:
  - (i) in the financial statements, as to whether the Board considered it appropriate to adopt the going concern basis of accounting in preparing them, including any related disclosures identifying any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;<sup>1h</sup> and
  - (ii) in the annual report as to whether it has a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary;<sup>1g</sup> and
- (g) On any other matters identified in the course of the audit that the auditor believes will be relevant to the board or the audit committee in the context of fulfilling their responsibilities referred to above.

The auditor shall include with this communication sufficient explanation to enable the audit committee to understand the context within which the auditor's views relating to the matters in paragraph (d) above are expressed, including the extent to which the auditor has developed an understanding of these matters in the course of the audit and, if not already communicated to the audit committee, that the audit included consideration of internal control relevant to the preparation of the financial statements only in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control.

### *Public Interest Entities*

16R-2. For audits of financial statements of public interest entities, the auditor shall submit an additional report to the audit committee of the entity explaining the results of the audit carried out and shall at least: (Ref: Para A28-5-A28-6)

- (a) Include the declaration of independence required by paragraph 17R-1(a);
- (b) Identify each key audit partner(s)<sup>1i</sup> involved in the audit;
- (c) Where the auditor has made arrangements for any of the auditor's activities to be conducted by another firm<sup>1f</sup> that is not a member of the same network, or has used the work of external experts, the report shall indicate that fact and shall confirm that the auditor received a confirmation from the other firm and/or the external expert regarding their independence;

<sup>1f</sup> The Irish Corporate Governance Code, provision 29.

<sup>1g</sup> The Irish Corporate Governance Code, provision 32.

<sup>1h</sup> The Irish Corporate Governance Code, provision 31.

<sup>1i</sup> "Key audit partner" is defined in paragraph 13(b)-1 of ISQM (Ireland) 2 (Updated October 2024), *Engagement Quality Reviews*.

- (d) Describe the nature, frequency and extent of communication with the audit committee or the body performing equivalent functions within the entity, the management body and the administrative or supervisory body of the entity, including the dates of meetings with those bodies;
- (e) Include a description of the scope and timing of the audit;
- (f) Where more than one auditor has been appointed, describe the distribution of tasks among the auditors;
- (g) Describe the methodology used, including which categories of the balance sheet have been directly verified and which categories have been verified based on system and compliance testing, including an explanation of any substantial variation in the weighting of system and compliance testing when compared to the previous year, even if the previous year's audit was carried out by another firm;
- (h) Disclose the quantitative level of materiality applied to perform the audit for the financial statements as a whole and where applicable the materiality level or levels for particular classes of transactions, account balances or disclosures, and disclose the qualitative factors which were considered when setting the level of materiality;
- (i) Report and explain judgements about events or conditions identified in the course of the audit that may cast significant doubt on the entity's ability to continue as a going concern and whether they constitute a material uncertainty, and provide a summary of all guarantees, comfort letters, undertakings of public intervention and other support measures that have been taken into account when making a going concern assessment;
- (j) Report on any significant deficiencies in the entity's or, in the case of consolidated financial statements, the parent undertaking's internal financial control system, and/or in the accounting system. For each such significant deficiency, the additional report shall state whether or not the deficiency in question has been resolved by management;
- (k) Report any significant matters involving actual or suspected non-compliance with laws and regulations or articles of association which were identified in the course of the audit, in so far as they are considered to be relevant in order to enable the audit committee to fulfil its tasks;
- (l) Report the valuation methods<sup>1j</sup> applied to the various items in the annual or consolidated financial statements including any impact of changes of such methods;
- (m) In the case of an audit of consolidated financial statements, explain the scope of consolidation and the exclusion criteria applied by the entity to the non-consolidated entities, if any, and whether those criteria applied are in accordance with the financial reporting framework;

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<sup>1j</sup> ISA (Ireland) 330 (Updated October 2022), *The Auditor's Responses to Assessed Risks*, paragraph 19R-1 deals with the auditor's responsibility to assess the valuation methods applied, including any impact of changes of such methods.

- (n) Where applicable, identify any audit work performed by component auditors in relation to an audit of consolidated financial statements other than by members of the same network to which the auditor of the consolidated financial statements belongs;
- (o) Indicate whether all requested explanations and documents were provided by the entity;
- (p) Report:
  - (i) Any significant difficulties encountered in the course of the audit;
  - (ii) Any significant matters arising from the audit that were discussed or were the subject of correspondence with management; and
  - (iii) Any other matters arising from the audit that in the auditor's professional judgement, are significant to the oversight of the financial reporting process.

Where more than one auditor has been engaged simultaneously, and any disagreement has arisen between them on auditing procedures, accounting rules or any other issue regarding the conduct of the audit, the reasons for such disagreement shall be explained in the additional report to the audit committee.

### *Auditor Independence*

17. In the case of listed entities, the auditor shall communicate with those charged with governance:
  - (a) A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence;<sup>1k</sup> and
  - (b)
    - (i) All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgment, may reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and
    - (ii) The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level. (Ref: Para. A29-A32)

<sup>1k</sup> In Ireland, auditors are subject to ethical requirements from two sources: IAASA's Ethical Standard concerning the integrity, objectivity and independence of the auditor and the ethical pronouncements established by the auditor's relevant professional body. In the case of listed companies, IAASA's Ethical Standard, *Part B, Section 1 – General Requirements and Guidance*, paragraphs 1.54 to 1.62 address communication with those charged with governance.

17R-1. For audits of financial statements of public interest entities, the auditor shall: (Ref: Para. A32-1)

- (a) Confirm annually in writing to the audit committee that the firm and partners, senior managers and managers, conducting the audit are independent from the audited entity; and
- (b) Discuss with the audit committee the threats to the auditor's independence and the safeguards applied to mitigate those threats.<sup>11</sup>

## The Communication Process

### *Establishing the Communication Process*

18. The auditor shall communicate with those charged with governance the form, timing and expected general content of communications. (Ref: Para. A37-A45)

### *Forms of Communication*

19. The auditor shall communicate in writing with those charged with governance regarding significant findings from the audit if, in the auditor's professional judgment, oral communication would not be adequate. Written communications need not include all matters that arose during the course of the audit. (Ref: Para. A46-A48)
20. The auditor shall communicate in writing with those charged with governance regarding auditor independence when required by paragraph 17 and 17R-1.

20R-1. For audits of financial statements of public interest entities:

- (a) The additional report to the audit committee<sup>1m</sup> shall be in writing.
- (b) The additional report to the audit committee shall be signed and dated by the engagement partner.
- (c) Upon request by either the auditor or the audit committee, the auditor shall discuss key matters arising from the audit, referred to in the additional report to the audit committee, and in particular deficiencies communicated in accordance with paragraph 16R-2(j).

### *Timing of Communications*

21. The auditor shall communicate with those charged with governance on a timely basis. (Ref: Para. A49–A50-1)

21R-1. For audits of financial statements of public interest entities, the auditor shall submit the additional report to the audit committee not later than the date of submission of the auditor's report. <sup>1n</sup> (Ref: Para. A50-2)

<sup>11</sup> Paragraph 34D-1 of ISQM (Ireland) 1 (Updated September 2024), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, deals with the auditor's responsibility to assess such matters.

<sup>1m</sup> Paragraph 16R-2 deals with the auditor's responsibilities to prepare an additional report to the audit committee.

<sup>1n</sup> ISA (Ireland) 700 (Revised December 2025), *Forming an Opinion and Reporting on Financial Statements*.

*Adequacy of the Communication Process*

22. The auditor shall evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. If it has not, the auditor shall evaluate the effect, if any, on the auditor's assessment of the risks of material misstatement and ability to obtain sufficient appropriate audit evidence, and shall take appropriate action. (Ref: Para. A51-A53)

**Documentation**

23. Where matters required by this ISA (Ireland) to be communicated are communicated orally, the auditor shall include them in the audit documentation, and when and to whom they were communicated. Where matters have been communicated in writing, the auditor shall retain a copy of the communication as part of the audit documentation.<sup>2</sup> (Ref: Para. A54)

23D-1. For audits of financial statements of public interest entities, the auditor shall retain any other data and documents that are important in supporting the additional report to the audit committee<sup>2a</sup> as part of the audit documentation.

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**Application and Other Explanatory Material****Those Charged with Governance** (Ref: Para. 11)

- A1. Governance structures vary by jurisdiction and by entity, reflecting influences such as different cultural and legal backgrounds, and size and ownership characteristics. For example:
- In some jurisdictions a supervisory (wholly or mainly non-executive) board exists that is legally separate from an executive (management) board (a “two-tier board” structure). In other jurisdictions, both the supervisory and executive functions are the legal responsibility of a single, or unitary, board (a “one-tier board” structure).
  - In some entities, those charged with governance hold positions that are an integral part of the entity's legal structure, for example, company directors. In others, for example, some government entities, a body that is not part of the entity is charged with governance.
  - In some cases, some or all of those charged with governance are involved in managing the entity. In others, those charged with governance and management comprise different persons.

<sup>2</sup> ISA (Ireland) 230 (Updated October 2024), *Audit Documentation*, paragraphs 8-11, and paragraph A6.

<sup>2a</sup> Paragraph 16R-2 deals with the auditor's responsibilities to prepare an additional report to the audit committee.

- In some cases, those charged with governance are responsible for approving<sup>3</sup> the entity's financial statements (in other cases management has this responsibility).
- A2. In most entities, governance is the collective responsibility of a governing body, such as a board of directors, a supervisory board, partners, proprietors, a committee of management, a council of governors, trustees, or equivalent persons. In some smaller entities, however, one person may be charged with governance, for example, the owner-manager where there are no other owners, or a sole trustee. When governance is a collective responsibility, a subgroup such as an audit committee or even an individual, may be charged with specific tasks to assist the governing body in meeting its responsibilities. Alternatively, a subgroup or individual may have specific, legally identified responsibilities that differ from those of the governing body.
- A3. Such diversity means that it is not possible for this ISA (Ireland) to specify for all audits the person(s) with whom the auditor is to communicate particular matters. Also, in some cases the appropriate person(s) with whom to communicate may not be clearly identifiable from the applicable legal framework or other engagement circumstances, for example, entities where the governance structure is not formally defined, such as some family-owned entities, some not-for-profit organizations, and some government entities. In such cases, the auditor may need to discuss and agree with the engaging party the relevant person(s) with whom to communicate. In deciding with whom to communicate, the auditor's understanding of an entity's governance structure and processes obtained in accordance with ISA (Ireland) 315 (Updated October 2024)<sup>4</sup> is relevant. The appropriate person(s) with whom to communicate may vary depending on the matter to be communicated.
- A4. ISA (Ireland) 600 (Updated October 2025) includes specific matters to be communicated by the group auditors with those charged with governance of the group.<sup>5</sup> The matters communicated may include those brought to the attention of the group auditor by component auditors that the group auditor judges to be significant to the responsibilities of those charged with governance of the group. Component auditors also may communicate matters to those charged with governance of the component.<sup>6</sup> In those circumstances, the appropriate person(s) with whom the component auditor communicates depends on the engagement circumstances and the matter to be communicated. In some cases, a number of entities or business units may be conducting the same businesses within the same system of internal control and using the same accounting practices. Where those charged with governance of those entities or business units are the same (e.g., common board of directors), duplication

<sup>3</sup> As described at paragraph A68 of ISA (Ireland) 700 (Revised December 2025), *Forming an Opinion and Reporting on Financial Statements*, having responsibility for approving in this context means having the authority to conclude that all the statements that comprise the financial statements, including the related notes, have been prepared.

In Ireland, those charged with governance are responsible for the approval of the financial statements.

<sup>4</sup> ISA (Ireland) 315 (Updated October 2024), *Identifying and Assessing the Risks of Material Misstatement*.

<sup>5</sup> ISA (Ireland) 600 (Updated October 2025), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*, paragraph 57.

<sup>6</sup> ISA (Ireland) 600 (Updated October 2025), paragraph 45(i)

may be avoided by dealing with these entities or business units concurrently for the purpose of communication.

A4-1. In Ireland there are statutory obligations on corporate subsidiary undertakings, and their auditors and other parties, to provide the auditor of a corporate parent undertaking with such information and explanations as that auditor may reasonably require for the purposes of the audit.<sup>5a</sup> Where there is no such statutory obligation (e.g., for non corporate entities), permission may be needed by the auditors of the subsidiary undertakings, from those charged with governance of the subsidiary undertakings, to disclose the contents of any communication to them to the auditor of the parent undertaking and also for the auditor of the parent undertaking to pass those disclosures onto those charged with governance of the parent undertaking. The auditor of the parent undertaking seeks to ensure that appropriate arrangements are made at the planning stage for these disclosures. Normally, such arrangements for groups are recorded in the instructions to the auditors of subsidiary undertakings and relevant engagement letters.

*Communication with a Subgroup of Those Charged with Governance* (Ref: Para. 12)

A5. When considering communicating with a subgroup of those charged with governance, the auditor may take into account such matters as:

- The respective responsibilities of the subgroup and the governing body.
- The nature of the matter to be communicated.
- Relevant legal or regulatory requirements.
- Whether the subgroup has the authority to take action in relation to the information communicated, and can provide further information and explanations the auditor may need.

A6. When deciding whether there is also a need to communicate information, in full or in summary form, with the governing body, the auditor may be influenced by the auditor's assessment of how effectively and appropriately the subgroup communicates relevant information with the governing body. The auditor may make explicit in agreeing the terms of engagement that, unless prohibited by law or regulation, the auditor retains the right to communicate directly with the governing body.

A6-1. Audit committees report to the board on various matters related to the discharge of their responsibilities, including those related to the financial statements, the annual report and the audit process (see paragraph A20-1 below). The auditor, when assessing whether there is a need to communicate with the full board regarding matters communicated by the auditor to the audit committee, takes into consideration the adequacy of the communications between the audit committee and the board, including whether they appropriately address relevant matters communicated to the audit committee by the auditor. This may be achieved in one or more ways including: where judged appropriate attending the relevant part of a board meeting where the audit committee reports to the board, holding discussions with individual board members, or reviewing any written reports from the audit committee to the board.

A7. Audit committees (or similar subgroups with different names) exist in many jurisdictions. Although their specific authority and functions may differ, communication

<sup>5a</sup> Relevant legislation is set out in Section 388 of the Companies Act 2014.



with the audit committee, where one exists, has become a key element in the auditor's communication with those charged with governance. Good governance principles suggest that:

- The auditor will be invited to regularly attend meetings of the audit committee.
- The chair of the audit committee and, when relevant, the other members of the audit committee, will liaise with the auditor periodically.
- The audit committee will meet the auditor without management present at least annually.

*When All of Those Charged with Governance Are Involved in Managing the Entity* (Ref: Para.13)

A8. In some cases, all of those charged with governance are involved in managing the entity, and the application of communication requirements is modified to recognize this position. In such cases, communication with person(s) with management responsibilities may not adequately inform all of those with whom the auditor would otherwise communicate in their governance capacity. For example, in a company where all directors are involved in managing the entity, some of those directors (e.g., one responsible for marketing) may be unaware of significant matters discussed with another director (e.g., one responsible for the preparation of the financial statements).

## **Matters to Be Communicated**

*The Auditor's Responsibilities in Relation to the Financial Statement Audit* (Ref: Para. 14)

A9. The auditor's responsibilities in relation to the financial statement audit are often included in the engagement letter or other suitable form of written agreement that records the agreed terms of the engagement.<sup>7</sup> Law, regulation or the governance structure of the entity may require those charged with governance to agree the terms of the engagement with the auditor. When this is not the case, providing those charged with governance with a copy of that engagement letter or other suitable form of written agreement may be an appropriate way to communicate with them regarding such matters as:

- The auditor's responsibility for performing the audit in accordance with ISAs (Ireland), which is directed towards the expression of an opinion on the financial statements. The matters that ISAs (Ireland) require to be communicated, therefore, include significant matters arising during the audit of the financial statements that are relevant to those charged with governance in overseeing the financial reporting process.
- The fact that ISAs (Ireland) do not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate with those charged with governance.

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<sup>7</sup> See paragraph 10 of ISA (Ireland) 210 (Updated October 2023), *Agreeing the Terms of Audit Engagements*.

- When ISA (Ireland) 701 (Revised December 2025)<sup>8</sup> applies, the auditor's responsibilities to determine and communicate key audit matters in the auditor's report.
- When applicable, the auditor's responsibility for communicating particular matters required by law or regulation, by agreement with the entity or by additional requirements applicable to the engagement, for example, the standards of a national professional accountancy body.

A9-1. The provision of copies of the audit engagement letter to the audit committees of listed companies facilitates their review and agreement of the audit engagement letter. As part of their review, the audit committee should consider whether the audit engagement letter has been updated to reflect changes in circumstances since the previous year.

A10. Law or regulation, an agreement with the entity or additional requirements applicable to the engagement may provide for broader communication with those charged with governance. For example, (a) an agreement with the entity may provide for particular matters to be communicated when they arise from services provided by a firm or network firm other than the financial statement audit; or (b) the mandate of a public sector auditor may provide for matters to be communicated that come to the auditor's attention as a result of other work, such as performance audits.

*Planned Scope and Timing of the Audit* (Ref: Para. 15)

A11. Communication regarding the planned scope and timing of the audit may:

- (a) Assist those charged with governance to understand better the consequences of the auditor's work, to discuss issues of risk and the concept of materiality with the auditor, and to identify any areas in which they may request the auditor to undertake additional procedures<sup>7a</sup> and
- (b) Assist the auditor to understand better the entity and its environment.

A11-1. The communication of the planned scope of the audit includes, where relevant, any limitations on the work the auditor proposes to undertake (e.g., if limitations are imposed by management).<sup>7b</sup>

A12. Communicating significant risks identified by the auditor helps those charged with governance understand those matters and why they were determined to be significant risks. The communication about significant risks may assist those charged with governance in fulfilling their responsibility to oversee the financial reporting process.

A13. Matters communicated may include:

<sup>8</sup> ISA (Ireland) 701 (Revised December 2025), *Communicating Key Audit Matters in the Independent Auditor's Report*.

<sup>7a</sup> The Irish Corporate Governance Code contains, inter alia, recommendations about the audit committee's relationship with the auditor.

<sup>7b</sup> ISA (Ireland) 210 (Updated October 2023), *Agreeing the Terms of Audit Engagements*, paragraph 7 requires that if management or those charged with governance impose a limitation on the scope of the auditor's work in the terms of a proposed audit engagement such that the auditor believes the limitation will result in the auditor disclaiming an opinion on the financial statements, the auditor shall not accept such a limited engagement as an audit engagement, unless required by law or regulation to do so.

- How the auditor plans to address the significant risks of material misstatement, whether due to fraud or error.
- How the auditor plans to address areas of higher assessed risks of material misstatement.
- The auditor's approach to the entity's system of internal control.
- The application of the concept of materiality in the context of an audit.<sup>9</sup>
- The nature and extent of specialized skill or knowledge needed to perform the planned audit procedures or evaluate the audit results, including the use of an auditor's expert.<sup>10</sup>
- When ISA (Ireland) 701 (Revised December 2025) applies, the auditor's preliminary views about matters that may be areas of significant auditor attention in the audit and therefore may be key audit matters.
- The auditor's planned approach to addressing the implications on the individual statements and the disclosures of any significant changes within the applicable financial reporting framework or in the entity's environment, financial condition or activities.

A13-1. The nature and detail of the planning information communicated will reflect the size and nature of the entity and the manner in which those charged with governance operate.

A13-2 In any particular year, the auditor may decide that there are no significant changes in the planned scope and timing of the audit that have been communicated previously and judge that it is unnecessary to remind those charged with governance of all or part of that information. In these circumstances, the auditor need only make those charged with governance aware that the auditor has no new matters to communicate concerning the planned scope and timing of the audit. Matters that are included in the audit engagement letter need not be repeated.

A14. Other planning matters that it may be appropriate to discuss with those charged with governance include:

- Where the entity has an internal audit function, how the external and internal auditors can work together in a constructive and complementary manner, including any planned use of the work of the internal audit function, and the nature and extent of any planned use of internal auditors to provide direct assistance.<sup>11</sup>
- The views of those charged with governance about:
  - The appropriate person(s) in the entity's governance structure with whom to communicate.

<sup>9</sup> ISA (Ireland) 320 (Updated October 2024), *Materiality in Planning and Performing an Audit*.

<sup>10</sup> See ISA (Ireland) 620 (Updated October 2023), *Using the Work of an Auditor's Expert*.

<sup>11</sup> ISA (Ireland) 610 (Updated October 2024), *Using the Work of Internal Auditors*, paragraphs 20 and 31.

The use of internal auditors to provide direct assistance is prohibited in an audit in accordance with ISAs (Ireland) – see ISA (Ireland) 610 (Updated October 2024), paragraph 5-1.

- The allocation of responsibilities between those charged with governance and management.
  - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
  - Matters those charged with governance consider warrant particular attention during the audit, and any areas where they request additional procedures to be undertaken.
  - Significant communications between the entity and regulators.
  - Other matters those charged with governance consider may influence the audit of the financial statements.
- The attitudes, awareness, and actions of those charged with governance concerning (a) the entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control, and (b) the detection or possibility of fraud.
  - The actions of those charged with governance in response to developments in accounting standards, corporate governance practices, exchange listing rules, and related matters, and the effect of such developments on, for example, the overall presentation, structure and content of the financial statements, including:
    - The relevance, reliability, comparability and understandability of the information presented in the financial statements; and
    - Considering whether the financial statements are undermined by the inclusion of information that is not relevant or that obscures a proper understanding of the matters disclosed.
  - The responses of those charged with governance to previous communications with the auditor.
  - The documents comprising the other information (as defined in ISA (Ireland) 720 (Revised December 2025)) and the planned manner and timing of the issuance of such documents. When the auditor expects to obtain other information after the date of the auditor's report, the discussions with those charged with governance may also include the actions that may be appropriate or necessary if the auditor concludes that a material misstatement of the other information exists in other information obtained after the date of the auditor's report.<sup>10a</sup>
- A15. While communication with those charged with governance may assist the auditor to plan the scope and timing of the audit, it does not change the auditor's sole responsibility to establish the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.
- A16. Care is necessary when communicating with those charged with governance about the planned scope and timing of the audit so as not to compromise the effectiveness of the audit, particularly where some or all of those charged with governance are

<sup>10a</sup> ISA (Ireland) 700 (Revised December 2025) requires that "The auditor shall not sign, and hence date, the auditor's report earlier than the date on which all the other information contained in the annual report has been approved by those charged with governance and the auditor has considered all necessary available evidence."

involved in managing the entity. For example, communicating the nature and timing of detailed audit procedures may reduce the effectiveness of those procedures by making them too predictable.

*Significant Findings from the Audit* (Ref: Para. 16-16-1)

- A17. The communication of findings from the audit may include requesting further information from those charged with governance in order to complete the audit evidence obtained. For example, the auditor may confirm that those charged with governance have the same understanding of the facts and circumstances relevant to specific transactions or events.
- A18. When ISA (Ireland) 701 (Revised December 2025) applies, the communications with those charged with governance required by paragraph 16, 16-1 and 16R-2, as well as the communication about the significant risks identified by the auditor required by paragraph 15, are particularly relevant to the auditor's determination of matters that required significant auditor attention and which therefore may be key audit matters.<sup>12</sup>

*Significant Qualitative Aspects of Accounting Practices* (Ref: Para. 16(a))

- A19. Financial reporting frameworks ordinarily allow for the entity to make accounting estimates, and judgments about accounting policies and financial statement disclosures for example, in relation to the use of assumptions in the development of accounting estimates. In addition, law, regulation or financial reporting frameworks may require disclosure of a summary of significant accounting policies or make reference to "critical accounting estimates" or "critical accounting policies and practices" to identify and provide additional information to users about the most difficult, subjective or complex judgments made by management in preparing the financial statements.
- A20. As a result, the auditor's views on the subjective aspects of the financial statements may be particularly relevant to those charged with governance in discharging their responsibilities for oversight of the financial reporting process. For example, in relation to the matters described in paragraph A19, those charged with governance may be interested in the auditor's views on the degree to which complexity, subjectivity or other inherent risks factors affect the selection or application methods, assumptions and data used in making a significant accounting estimate, as well as the auditor's evaluation of whether management's point estimate and related disclosures in the financial statements are reasonable in the context of the applicable financial reporting framework. Open and constructive communication about significant qualitative aspects of the entity's accounting practices also may include comment on the acceptability of significant accounting practices and on the quality of the disclosures. Where applicable, this may include whether a significant accounting practice of the entity relating to accounting estimates is considered by the auditor not to be most appropriate to the particular circumstances of the entity, for example, when an alternative acceptable method for making an accounting estimate would, in the auditor's judgement, be more appropriate. Appendix 2 identifies matters that may be included in this communication.

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<sup>12</sup> ISA (Ireland) 701(Revised December 2025), paragraphs 9–10.

## Significant Difficulties Encountered during the Audit (Ref: Para. 16(b))

A21. Significant difficulties encountered during the audit may include such matters as:

- Significant delays by management, the unavailability of entity personnel, or an unwillingness by management to provide information necessary for the auditor to perform the auditor's procedures.
- An unreasonably brief time within which to complete the audit.
- Extensive unexpected effort required to obtain sufficient appropriate audit evidence.
- The unavailability of expected information.
- Restrictions imposed on the auditor by management.
- Management's unwillingness to make or extend its assessment of the entity's ability to continue as a going concern when requested.

In some circumstances, such difficulties may constitute a scope limitation that leads to a modification of the auditor's opinion.<sup>13</sup>

## Significant Matters Discussed, or Subject to Correspondence with Management (Ref: Para. 16(c)(i))

A22. Significant matters discussed, or subject to correspondence with management may include such matters as:

- Significant events or transactions that occurred during the year.
- Business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement.
- Concerns about management's consultations with other accountants on accounting or auditing matters.
- Discussions or correspondence in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services.
- Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information.

## Circumstances that Affect the Form and Content of the Auditor's Report (Ref: Para 16(d))

A23. ISA (Ireland) 210 (Updated October 2023) requires the auditor to agree the terms of the audit engagement with management or those charged with governance, as appropriate.<sup>14</sup> The agreed terms of the audit engagement are required to be recorded in an audit engagement letter or other suitable form of written agreement and include, among other things, reference to the expected form and content of the auditor's report.<sup>15</sup> As explained in paragraph A9, if the terms of engagement are not agreed with

<sup>13</sup> ISA (Ireland) 705 (Updated October 2024), *Modifications to the Opinion in the Independent Auditor's Report*.

<sup>14</sup> ISA (Ireland) 210 (Updated October 2023), paragraph 9.

<sup>15</sup> ISA (Ireland) 210 (Updated October 2023), paragraph 10.

those charged with governance, the auditor may provide those charged with governance with a copy of the engagement letter to communicate about matters relevant to the audit. The communication required by paragraph 16(d) is intended to inform those charged with governance about circumstances in which the auditor's report may differ from its expected form and content or may include additional information about the audit that was performed.

A24. Circumstances in which the auditor is required or may otherwise consider it necessary to include additional information in the auditor's report in accordance with the ISAs (Ireland), and for which communication with those charged with governance is required, include when:

- The auditor expects to modify the opinion in the auditor's report in accordance with ISA (Ireland) 705 (Updated October 2024).<sup>16</sup>
- A material uncertainty related to going concern is reported in accordance with ISA (Ireland) 570 (Revised December 2025).<sup>17</sup>
- Key audit matters are communicated in accordance with ISA (Ireland) 701 (Revised December 2025).<sup>18</sup>
- The auditor considers it necessary to include an Emphasis of Matter paragraph or Other Matters paragraph in accordance with ISA (Ireland) 706<sup>19</sup> (Updated October 2024) or is required to do so by other ISAs.
- The auditor has concluded that there is an uncorrected material misstatement of the other information in accordance with ISA (Ireland) 720 (Revised December 2025).<sup>20</sup>

In such circumstances, the auditor may consider it useful to provide those charged with governance with a draft of the auditor's report to facilitate a discussion of how such matters will be addressed in the auditor's report.

A25. In the rare circumstances that the auditor intends not to include the name of the engagement partner in the auditor's report in accordance with ISA (Ireland) 700 (Revised December 2025), the auditor is required to discuss this intention with those charged with governance to inform the auditor's assessment of the likelihood and severity of a significant personal security threat.<sup>21</sup> The auditor also may communicate with those charged with governance in circumstances when the auditor elects not to include the description of the auditor's responsibilities in the body of the auditor's report as permitted by ISA (Ireland) 700 (Revised December 2025).<sup>22</sup>

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<sup>16</sup> ISA (Ireland) 705 (Updated October 2024), paragraph 30.

<sup>17</sup> ISA (Ireland) 570 (Revised December 2025), *Going Concern*, paragraph 25(d).

<sup>18</sup> ISA (Ireland) 701 (Revised December 2025), paragraph 17.

<sup>19</sup> ISA (Ireland) 706 (Updated October 2024), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*, paragraph 12.

<sup>20</sup> ISA (Ireland) 720 (Revised December 2025), *The Auditor's Responsibilities Relating to Other Information*, paragraph 18(a).

<sup>21</sup> ISA (Ireland) 700 (Revised December 2025), paragraphs 46 and A63.

<sup>22</sup> ISA (Ireland) 700 (Revised December 2025), paragraph 40.

## Other Significant Matters Relevant to the Financial Reporting Process (Ref: Para. 16(e))

- A26. ISA (Ireland) 300<sup>23</sup> (Updated October 2024) notes that, as a result of unexpected events, changes in conditions, or the audit evidence obtained from the results of audit procedures, the auditor may need to modify the overall audit strategy and audit plan and thereby the resulting planned nature, timing and extent of further audit procedures, based on the revised consideration of assessed risks. The auditor may communicate with those charged with governance about such matters, for example, as an update to initial discussions about the planned scope and timing of the audit.
- A27. Other significant matters arising during the audit that are directly relevant to those charged with governance in overseeing the financial reporting process may include such matters as material misstatements of the other information that have been corrected.
- A28. To the extent not already addressed by the requirements in paragraphs 16(a)-(d) and related application material, the auditor may consider communicating about other matters discussed with, or considered by, the engagement quality reviewer, if one has been appointed.

*Entities that Report on Application of the Irish Corporate Governance Code (Ref: Para. 16-1)*

A28-1. In fulfilling the responsibilities of the directors under the Irish Corporate Governance Code principles and provisions relating to Audit, Risk and Internal Control,<sup>23a</sup> the audit committee and the board will be assisted by an understanding of:

- (a) Issues that involve significant judgment; and
- (b) Other matters communicated to them by the auditor relevant to those responsibilities.

This will include an understanding of the rationale and supporting evidence for the auditor's significant professional judgments made in the course of the audit and in reaching the opinion on the financial statements, and of other matters communicated to the audit committee by the auditor in accordance with the requirements of paragraph 16-1, including relevant information communicated in accordance with the requirements of paragraphs 15 and 16. The auditor's communications include information regarding separate components of a group where relevant.

A28-2. The audit procedures that the auditor designs as part of the audit of the financial statements are not designed for the purpose of expressing an opinion on the effectiveness of the entity's system of internal control as a whole and accordingly the auditor does not express such an opinion on the basis of those procedures. However, communication of the auditor's views about the effectiveness of elements of the entity's system of internal control, based on the audit procedures performed in the audit of the financial statements, may help the audit committee and the board fulfil their respective responsibilities with respect to the entity's system of internal control and risk management systems.

A28-3. The auditor's understanding of the entity includes the entity's objectives and strategies and those related business risks that may result in risks of material misstatement,

<sup>23</sup> ISA (Ireland) 300 (Updated October 2024), *Planning an Audit of Financial Statements*, paragraph A13.

<sup>23a</sup> The Irish Corporate Governance Code, 4—*Audit, Risk and Internal Control*, provisions 25–32.



obtained in compliance with ISA (Ireland) 315 (updated October 2024),<sup>23b</sup> and may also include other risks arising from the entity's business model that are relevant to an understanding of that model and the entity's strategy. To the extent that the auditor has obtained an understanding of such risks and the effectiveness of the entity's system of internal control in addressing them, communicating its views on those matters may be helpful to the audit committee and the board in their evaluation of whether the annual report is fair, balanced and understandable and provides the information necessary for users to assess the entity's position and performance, business model and strategy.<sup>23c</sup> However, the auditor is not required to design and perform audit procedures expressly for the purpose of forming views about the effectiveness of the entity's controls in addressing such risks. Accordingly, to the extent applicable, the auditor may communicate that they have not obtained an understanding of, and therefore are not able to express views about, such risks and related aspects of the entity's controls.

A28-4. The auditor's communication of views about the effectiveness of the entity's system of internal control may include, or refer to, the communication of significant deficiencies in internal control, if any, that is required by ISA (Ireland) 265 (updated October 2022). However, views about effectiveness can go beyond just identifying such deficiencies. For example they may include views about such matters as the entity's strategies for identifying and responding quickly to significant new financial or operational risks; the quality of the reports that the board receives to provide them with information about risks and the operation of internal control; or how the entity's systems compare in general terms with those of other relevant entities of which the auditor has knowledge, such as the impact on internal control effectiveness that may result from different approaches to maintaining an appropriate control environment. The auditor's communications include the auditor's views relating to separate components of a group where relevant.

*Public Interest Entities* (Ref: Para. 16R-2)

A28-5. The information to be provided to those charged with governance may be more useful if it is described in the context of the responsibilities of the respective parties (i.e., information that would be relevant to the audit committee in carrying out their oversight role).

A28-6. The auditor also considers the extent of the reporting required by paragraph 16R-2 in the context of the requirement to explain the results of the audit carried out. For example, the auditor would not need to report on a valuation method used by management, where the auditor determined that there was not a risk of material misstatement for a particular class of transactions, account balances or disclosures.

*Auditor Independence* (Ref: Para. 17)

A29. The auditor is required to comply with relevant ethical requirements, including those related to independence, relating to financial statement audit engagements.<sup>24</sup>

<sup>23b</sup> ISA (Ireland) 315 (Updated October 2024), paragraph 19.

<sup>23c</sup> Responsibility for ensuring the annual report is fair, balanced and understandable rests with the board as a whole, in accordance with Code provision 27. The board may ask the audit committee to provide advice on this, in accordance with Code provision 25.

<sup>24</sup> ISA (Ireland) 200 (Updated October 2023), *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (Ireland)*, paragraph 14.

A29-1. In Ireland, auditors are subject to ethical requirements from two sources: IAASA's Ethical Standard concerning the integrity, objectivity and independence of the auditor,<sup>24a</sup> and the ethical pronouncements established by the auditor's relevant professional body.

A30. The relationships and other matters, and safeguards to be communicated, vary with the circumstances of the engagement, but generally address:

- (a) Threats to independence, which may be categorized as: self-interest threats, self-review threats, advocacy threats, familiarity threats, and intimidation threats; and
- (b) Safeguards created by the profession, legislation or regulation, safeguards within the entity, and safeguards within the firm's own systems and procedures.

A31. Relevant ethical requirements or law or regulation may also specify particular communications to those charged with governance in circumstances where breaches of independence requirements have been identified. For example, the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards) (IESBA Code) requires the auditor to communicate with those charged with governance in writing about any breach and the action the firm has taken or proposes to take.<sup>25</sup>

A32. The communication requirements relating to auditor independence that apply in the case of listed entities and public interest entities may also be appropriate in the case of some other entities, including those that may be of significant public interest, for example because they have a large number and wide range of stakeholders and considering the nature and size of the business. Examples of such entities may include financial institutions (such as banks, insurance companies, and pension funds), and other entities such as charities. On the other hand, there may be situations where communications regarding independence may not be relevant, for example, where all of those charged with governance have been informed of relevant facts through their management activities. This is particularly likely where the entity is owner-managed, and the auditor's firm and network firms have little involvement with the entity beyond a financial statement audit.

#### *Auditor Independence for Public Interest Entities (Ref: Para. 17R-1)*

A32-1. As part of the auditor's annual confirmation to the audit committee, the auditor identifies the ethical requirements relevant to the group audit that are applicable to component auditors in accordance with Supporting Ethical Provision A2.4 of IAASA's Ethical Standard.<sup>25b</sup>

<sup>24a</sup> IAASA's Ethical Standard, *Part B, Section 1 – General Requirements and Guidance*, paragraphs 1.54 to 1.62 address communication with those charged with governance.

<sup>25</sup> See Section 290.39–49 of the IESBA Code, which addresses breaches of independence.

In Ireland, IAASA's Ethical Standard, *Part B, Section 1 – General Requirements and Guidance*, paragraph 1.54 requires the engagement partner to ensure that those charged with governance are "informed on a timely basis of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons."

<sup>25b</sup> IAASA's Ethical Standard, *Part A – Overarching Principles and Supporting Ethical Provisions*, Supporting Ethical Provision A2.4.

*Supplementary Matters* (Ref: Para. 3)

- A33. The oversight of management by those charged with governance includes ensuring that the entity designs, implements and maintains appropriate internal control with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.
- A34. The auditor may become aware of supplementary matters that do not necessarily relate to the oversight of the financial reporting process but which are, nevertheless, likely to be significant to the responsibilities of those charged with governance in overseeing the strategic direction of the entity or the entity's obligations related to accountability. Such matters may include, for example, significant issues regarding governance structures or processes, and significant decisions or actions by senior management that lack appropriate authorization.
- A35. In determining whether to communicate supplementary matters with those charged with governance, the auditor may discuss matters of this kind of which the auditor has become aware with the appropriate level of management, unless it is inappropriate to do so in the circumstances.
- A36. If a supplementary matter is communicated, it may be appropriate for the auditor to make those charged with governance aware that:
- (a) Identification and communication of such matters is incidental to the purpose of the audit, which is to form an opinion on the financial statements;
  - (b) No procedures were carried out with respect to the matter other than any that were necessary to form an opinion on the financial statements; and
  - (c) No procedures were carried out to determine whether other such matters exist.

**The Communication Process***Establishing the Communication Process* (Ref: Para. 18)

- A37. Clear communication of the auditor's responsibilities, the planned scope and timing of the audit, and the expected general content of communications helps establish the basis for effective two-way communication.
- A38. Matters that may also contribute to effective two-way communication include discussion of:
- The purpose of communications. When the purpose is clear, the auditor and those charged with governance are better placed to have a mutual understanding of relevant issues and the expected actions arising from the communication process.
  - The form in which communications will be made.
  - The person(s) in the engagement team and amongst those charged with governance who will communicate regarding particular matters.
  - The auditor's expectation that communication will be two-way, and that those charged with governance will communicate with the auditor matters they consider relevant to the audit, for example, strategic decisions that may significantly affect the nature, timing and extent of audit procedures, the suspicion or the detection of fraud, and concerns with the integrity or competence of senior management.

- The process for taking action and reporting back on matters communicated by the auditor.
- The process for taking action and reporting back on matters communicated by those charged with governance.

A39. The communication process will vary with the circumstances, including the size and governance structure of the entity, how those charged with governance operate, and the auditor's view of the significance of matters to be communicated. Difficulty in establishing effective two-way communication may indicate that the communication between the auditor and those charged with governance is not adequate for the purpose of the audit (see paragraph A52).

#### Considerations Specific to Smaller Entities

A40. In the case of audits of smaller entities, the auditor may communicate in a less structured manner with those charged with governance than in the case of listed or larger entities.

#### Communication with Management

A41. Many matters may be discussed with management in the ordinary course of an audit, including matters required by this ISA (Ireland) to be communicated with those charged with governance. Such discussions recognize management's executive responsibility for the conduct of the entity's operations and, in particular, management's responsibility for the preparation of the financial statements.

A42. Before communicating matters with those charged with governance, the auditor may discuss them with management, unless that is inappropriate. For example, it may not be appropriate to discuss questions of management's competence or integrity with management. In addition to recognizing management's executive responsibility, these initial discussions may clarify facts and issues, and give management an opportunity to provide further information and explanations. Similarly, when the entity has an internal audit function, the auditor may discuss matters with appropriate individuals within the function before communicating with those charged with governance.

#### Communication with Third Parties

A43. Those charged with governance may be required by law or regulation, or may wish to provide third parties, for example, bankers or certain regulatory authorities, with copies of a written communication from the auditor. In some cases, disclosure to third parties may be illegal or otherwise inappropriate. When a written communication prepared for those charged with governance is provided to third parties, it may be important in the circumstances that the third parties be informed that the communication was not prepared with them in mind, for example, by stating in written communications with those charged with governance:

- (a) That the communication has been prepared for the sole use of those charged with governance and, where applicable, the group management and the group auditor, and should not be relied upon by third parties;
- (b) That no responsibility is assumed by the auditor to third parties; and
- (c) Any restrictions on disclosure or distribution to third parties.

- A44. In some jurisdictions the auditor may be required by law or regulation to, for example:
- Notify a regulatory or enforcement body of certain matters communicated with those charged with governance. For example, in some countries the auditor has a duty to report misstatements to authorities where management and those charged with governance fail to take corrective action;
  - Submit copies of certain reports prepared for those charged with governance to relevant regulatory or funding bodies, or other bodies such as a central authority in the case of some public sector entities; or
  - Make reports prepared for those charged with governance publicly available.
- A45. Unless required by law or regulation to provide a third party with a copy of the auditor's written communications with those charged with governance, the auditor may need the prior consent of those charged with governance before doing so.

*Forms of Communication* (Ref: Para. 19)

- A46. Effective communication may involve structured presentations and written reports as well as less structured communications, including discussions. The auditor may communicate matters other than those identified in paragraphs 19-20R-1 either orally or in writing. Written communications may include an engagement letter that is provided to those charged with governance.

A46-1. The auditor discusses issues clearly and unequivocally with those charged with governance so that the implications of those issues are likely to be fully comprehended by them.

- A47. In addition to the significance of a particular matter, the form of communication (e.g., whether to communicate orally or in writing, the extent of detail or summarization in the communication, and whether to communicate in a structured or unstructured manner) may be affected by such factors as:
- Whether a discussion of the matter will be included in the auditor's report. For example, when key audit matters are communicated in the auditor's report, the auditor may consider it necessary to communicate in writing about the matters determined to be key audit matters.
  - Whether the matter has been satisfactorily resolved.
  - Whether management has previously communicated the matter.
  - The size, operating structure, control environment, and legal structure of the entity.
  - In the case of an audit of special purpose financial statements, whether the auditor also audits the entity's general purpose financial statements.
  - Legal requirements. In some jurisdictions, a written communication with those charged with governance is required in a prescribed form by local law.
  - The expectations of those charged with governance, including arrangements made for periodic meetings or communications with the auditor.
  - The amount of ongoing contact and dialogue the auditor has with those charged with governance.

- Whether there have been significant changes in the membership of a governing body.

A47-1. The judgment of whether to communicate significant matters orally or in writing may also be affected by the evaluation, required by paragraph 22, of whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. The auditor may judge also that for effective communication a written communication is issued even if its content is limited to explaining that there is nothing the auditor wishes to draw to the attention of those charged with governance. To avoid doubt where there are no matters the auditor wishes to communicate in writing, the auditor may communicate that fact in writing to those charged with governance.

A48. When a significant matter is discussed with an individual member of those charged with governance, for example, the chair of an audit committee, it may be appropriate for the auditor to summarize the matter in later communications so that all of those charged with governance have full and balanced information.

*Timing of Communications* (Ref: Para. 21)

A49. Timely communication throughout the audit contributes to the achievement of robust two-way dialogue between those charged with governance and the auditor. However, the appropriate timing for communications will vary with the circumstances of the engagement. Relevant circumstances include the significance and nature of the matter, and the action expected to be taken by those charged with governance. For example:

- Communications regarding planning matters may often be made early in the audit engagement and, for an initial engagement, may be made as part of agreeing the terms of the engagement.
- It may be appropriate to communicate a significant difficulty encountered during the audit as soon as practicable if those charged with governance are able to assist the auditor to overcome the difficulty, or if it is likely to lead to a modified opinion. Similarly, the auditor may communicate orally to those charged with governance as soon as practicable significant deficiencies in internal control that the auditor has identified, prior to communicating these in writing as required by ISA (Ireland) 265 (updated October 2022).<sup>26</sup>
- When ISA (Ireland) 701 (Revised December 2025) applies, the auditor may communicate preliminary views about key audit matters when discussing the planned scope and timing of the audit (see paragraph A13), and the auditor also may have more frequent communications to further discuss such matters when communicating about significant audit findings.
- Communications regarding independence may be appropriate whenever significant judgments are made about threats to independence and related safeguards, for example, when accepting an engagement to provide non-audit services, and at a concluding discussion.

<sup>26</sup> ISA (Ireland) 265 (Updated October 2022), paragraphs 9 and A14.

- Communications regarding findings from the audit, including the auditor's views about the qualitative aspects of the entity's accounting practices, may also be made as part of the concluding discussion.
- When auditing both general purpose and special purpose financial statements, it may be appropriate to coordinate the timing of communications.

A50. Other factors that may be relevant to the timing of communications include:

- The size, operating structure, control environment, and legal structure of the entity being audited.
- Any legal obligation to communicate certain matters within a specified timeframe.
- The expectations of those charged with governance, including arrangements made for periodic meetings or communications with the auditor.
- The time at which the auditor identifies certain matters, for example, the auditor may not identify a particular matter (e.g., noncompliance with a law) in time for preventive action to be taken, but communication of the matter may enable remedial action to be taken.

A50-1. Findings from the audit that are relevant to the financial statements, including the auditor's views about the qualitative aspects of the entity's accounting and financial reporting, are ordinarily communicated to those charged with governance before they approve the financial statements.

Public Interest Entities (Ref: Para. 21R-1)

A50-2. Whilst the auditor is required to submit the additional report to the audit committee no later than the date of submission of the auditor's report, the auditor has regard to the requirement in paragraph 21 to communicate with those charged with governance on a timely basis and the requirement in 20R-1(c) which requires the auditor, where requested, to discuss key matters arising from the audit referred to in the additional report to the audit committee.

*Adequacy of the Communication Process* (Ref: Para. 22)

A51. The auditor need not design specific procedures to support the evaluation of the two-way communication between the auditor and those charged with governance; rather, that evaluation may be based on observations resulting from audit procedures performed for other purposes. Such observations may include:

- The appropriateness and timeliness of actions taken by those charged with governance in response to matters raised by the auditor. Where significant matters raised in previous communications have not been dealt with effectively, it may be appropriate for the auditor to inquire as to why appropriate action has not been taken, and to consider raising the point again. This avoids the risk of giving an impression that the auditor is satisfied that the matter has been adequately addressed or is no longer significant.
- The apparent openness of those charged with governance in their communications with the auditor.
- The willingness and capacity of those charged with governance to meet with the auditor without management present.

- The apparent ability of those charged with governance to fully comprehend matters raised by the auditor, for example, the extent to which those charged with governance probe issues, and question recommendations made to them.
  - Difficulty in establishing with those charged with governance a mutual understanding of the form, timing and expected general content of communications.
  - Where all or some of those charged with governance are involved in managing the entity, their apparent awareness of how matters discussed with the auditor affect their broader governance responsibilities, as well as their management responsibilities.
  - Whether the two-way communication between the auditor and those charged with governance meets applicable legal and regulatory requirements.
- A52. As noted in paragraph 4, effective two-way communication assists both the auditor and those charged with governance. Further, ISA (Ireland) 315 (Updated October 2024) identifies participation by those charged with governance, including their interaction with the internal audit function, if any, and external auditors, as an element of the entity's control environment.<sup>27</sup> Inadequate two-way communication may indicate an unsatisfactory control environment and influence the auditor's assessment of the risks of material misstatements. There is also a risk that the auditor may not have obtained sufficient appropriate audit evidence to form an opinion on the financial statements.
- A53. If the two-way communication between the auditor and those charged with governance is not adequate and the situation cannot be resolved, the auditor may take such actions as:
- Modifying the auditor's opinion on the basis of a scope limitation.
  - Obtaining legal advice about the consequences of different courses of action.
  - Communicating with third parties (e.g., a regulator), or a higher authority in the governance structure that is outside the entity, such as the owners of a business (e.g., shareholders in a general meeting), or the responsible government minister or parliament in the public sector.
  - Withdrawing from the engagement, where withdrawal is possible under applicable law or regulation.

#### **Documentation** (Ref: Para. 23)

- A54. Documentation of oral communication may include a copy of minutes prepared by the entity retained as part of the audit documentation where those minutes are an appropriate record of the communication.

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<sup>27</sup> ISA (Ireland) 315 (Updated October 2024), Appendix 3.



**Appendix 1**

(Ref: Para. 3)

**Specific Requirements in ISQM (Ireland) 1 and Other ISAs (Ireland) that Refer to Communications with Those Charged With Governance**

This appendix identifies paragraphs in ISQM (Ireland) <sup>128</sup> (Updated September 2024) and other ISAs (Ireland) that require communication of specific matters with those charged with governance. The list is not a substitute for considering the requirements and related application and other explanatory material in ISAs (Ireland).

- ISQM (Ireland) 1 (Updated September 2024), “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” – paragraph 34(e)
- ISA (Ireland) 240 (Updated October 2024), “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements” – paragraphs 21-22-2
- ISA (Ireland) 250, Section A (Updated October 2024) “Consideration of Laws and Regulations in an Audit of Financial Statements” – paragraphs 15, 20 and 23-25
- ISA (Ireland) 265 (Updated October 2022), “Communicating Deficiencies in Internal Control to Those Charged with Governance and Management” – paragraph 9
- ISA (Ireland) 450 (Updated July 2017), “Evaluation of Misstatements Identified during the Audit” – paragraphs 12-13
- ISA (Ireland) 505 (Revised March 2024), “External Confirmations” – paragraph 9
- ISA (Ireland) 510 (Updated October 2024), “Initial Audit Engagements—Opening Balances” – paragraph 7
- ISA (Ireland) 540 (Updated October 2023), “Auditing Accounting Estimates and Related Disclosures” – paragraph 37
- ISA (Ireland) 550 (Updated October 2024), “Related Parties” – paragraph 27
- ISA (Ireland) 560, “Subsequent Events” – paragraphs 7(b)-(c), 10(a), 13(b), 14(a) and 17
- ISA (Ireland) 570 (Revised December 2025), “Going Concern” – paragraph 25
- ISA (Ireland) 600 (Updated October 2025), “Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)” – paragraph 57
- ISA (Ireland) 610 (Updated October 2024), Using the Work of Internal Auditors – paragraphs 20 and 31
- ISA (Ireland) 700 (Revised December 2025), Forming an Opinion and Reporting on Financial Statements – paragraph 46
- ISA (Ireland) 701 (Revised December 2025), Communicating Key Audit Matters in the Independent Auditor’s Report – paragraph 17

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<sup>28</sup> ISQM (Ireland) 1 (Updated September 2024), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*.

- ISA (Ireland) 705 (Updated October 2024), “Modifications to the Opinion in the Independent Auditor’s Report” – paragraphs 12, 14, 23 and 30
- ISA (Ireland) 706 (Updated October 2024), “Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report” – paragraph 12
- ISA (Ireland) 710 (Updated October 2024), “Comparative Information—Corresponding Figures and Comparative Financial Statements” – paragraph 18
- ISA (Ireland) 720 (Revised December 2025), “The Auditor’s Responsibilities Relating to Other Information” – paragraphs 17-19

### Qualitative Aspects of Accounting Practices

The communication required by paragraph 16(a), and discussed in paragraph A19-A20, may include such matters as:

#### Accounting Policies

- The appropriateness of the accounting policies to the particular circumstances of the entity, having regard to the need to balance the cost of providing information with the likely benefit to users of the entity's financial statements. Where acceptable alternative accounting policies exist, the communication may include identification of the financial statement items that are affected by the choice of significant accounting policies as well as information on accounting policies used by similar entities.
- The initial selection of, and changes in significant accounting policies, including the application of new accounting pronouncements. The communication may include: the effect of the timing and method of adoption of a change in accounting policy on the current and future earnings of the entity; and the timing of a change in accounting policies in relation to expected new accounting pronouncements.
- The effect of significant accounting policies in controversial or emerging areas (or those unique to an industry, particularly when there is a lack of authoritative guidance or consensus).
- The effect of the timing of transactions in relation to the period in which they are recorded.

#### Accounting Estimates

Appendix 2 of ISA (Ireland) 540 (Revised December 2018) includes matters that the auditor may consider communicating with respect to significant qualitative aspects of the entity's accounting practices related to accounting estimates and related disclosures.

#### Financial Statement Disclosures

- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures (e.g., disclosures related to revenue recognition, remuneration, going concern, subsequent events, and contingency issues).
- The overall neutrality, consistency and clarity of the disclosures in the financial statements.

#### Related Matters

- The potential effect on the financial statements of significant risks, exposures and uncertainties, such as pending litigation, that are disclosed in the financial statements.
- The extent to which the financial statements are affected by significant transactions, that are outside the normal course of business for the entity, or that otherwise appear to be unusual. This communication may highlight:
  - The non-recurring amounts recognized during the period.
  - The extent to which such transactions are separately disclosed in the financial statements.

- Whether such transactions appear to have been designed to achieve a particular accounting or tax treatment, or a particular legal or regulatory objective.
- Whether the form of such transactions appears overly complex or where extensive advice regarding the structuring of the transaction has been taken.
- Where management is placing more emphasis on the need for a particular accounting treatment than on the underlying economics of the transaction.
- The factors affecting asset and liability carrying values, including the entity's bases for determining useful lives assigned to tangible and intangible assets. The communication may explain how factors affecting carrying values were selected and how alternative selections would have affected the financial statements.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.



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