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IAASA Insights Podcast Episode #6: 'IAASA: Two Decades On'

Host: Welcome to IAASA Insights, the podcast that explores the work of the Irish Auditing and Accounting Supervisory Authority to uphold quality corporate reporting and an accountable profession.

I'm Eileen Townsend, Head of Standards Policy and Organisational Development here at IAASA.

This episode marks 20 years since IAASA was given its statutory functions in 2006. To reflect on that milestone and the road ahead, I'm joined by IAASA's Chief Executive, Kevin Prendergast.

Kevin, welcome to the podcast.

Guest: Thanks, Eileen.

Host: So, IAASA's vision is public trust and confidence in quality auditing and accounting. That phrase, public trust, it's central to everything IAASA does, but it can sound abstract. Can you tell us what exactly that means in practice?

Whose trust are we talking about?

Guest: So when we say public trust, in my view, what we mean are people who will never meet us, but who do rely on the system that we help maintain.

For example, pension holders, small investors, company creditors.

All those people who depend on reliable financial information that's been independently checked by auditors who are themselves held to rigorous standards of quality and accountability.

And that's our mission, to uphold quality corporate reporting and an accountable profession.

We hold companies and their auditors accountable to the standards that they are required to meet.

And if you think about it, without that oversight, the system relies on trust, but there's nothing to buttress that trust which just leaves it open to failing under stress.

So you end up with cases like Enron, going back to around when IAASA was founded, which wasn't just individual misconduct, but it was a failure, or perhaps at that time, an effective absence of the oversight framework that should have caught it.

Host So take us back to 2005, 2006. Can you remind listeners of why the old system of self-regulation of the accounting profession was regarded as no longer sufficient here in Ireland?

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What gap was IAASA created to fill?

Guest: Well, I've mentioned Enron already, and back around the late 1990s, early 2000s, it was Enron, there was WorldCom.

But also here in Ireland, there were well-ventilated concerns about widespread evasion of tax on non-resident bank accounts.

The impact of that actually was spread all across corporate Ireland.

Some of the major players were implicated in that wrongdoing.

So because of those apparent failures, in many cases by professional accountants and auditors to act properly, responsibly, and in some cases legally, the question being asked was, can the accounting and audit profession really regulate itself in the public interest?

So in Ireland, the government established a review group on auditing to examine that question.

And what it concluded was that self-regulation wasn't sufficient.

And what was needed was a body with statutory powers that was independent of the profession.

So that was one of the founding principles that IAASA had to be, and indeed is one of our current values, to be independent.

That's independence from the profession and also from government, and that's written into our founding legislation.

Host: And very soon after IAASA's establishment to oversee the profession, it was also tasked with supervising financial reports.

Guest: Yes, it was. Although it was written into the legislation that we would oversee corporate reporting, the details were left unclear. Somewhat fortuitously, the EU Transparency Directive came into effect in Ireland very shortly afterwards.

And IAASA was made the competent authority for supervising the financial reports of primarily certain companies listed on the stock exchange.

So as well as accounting and audit, we added public trust in corporate reporting to our mission right from the outset.

Host: So with IAASA's purpose and early remit in mind, let's look at key milestones.

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I mean, I think it's fair to say that in the 20 years of IAASA's existence, it's not so much a steady growth story as a story of a handful of major turning points or milestones that changed IAASA and its work.

What would you name as the two or three milestones in IAASA's existence?

Guest: I don't think you can get away from the 2008 global financial crisis as being probably the most consequential turning point for IAASA.

The EU's response to that, which was multifaceted, but if you look at the audit reform directives in particular, they fundamentally changed what IAASA was.

So we went from overseeing the profession through the professional bodies to directly inspecting the audits of the most significant companies in Ireland, the banks, the insurance companies, those listed companies whose stakeholders most depend on accurate financial information.

So I think that was the key. But if I look at other key turning points since then, we had Brexit, which brought significant challenge and significant change to the profession.

And more recently, bringing us right to the present day, we do have the Corporate Sustainability Reporting Directive, which is what we're grappling with right now.

Host: Well, maybe focusing on direct inspections and that role first. You joined IAASA in 2016, just as it began its direct inspections of the largest audit firms. Can you give listeners some insights into what that change meant in practice and what it required of the organisation?

Guest Yes. If you go back to before 2016, IAASA's role in relation to auditors was indirect.

We supervised the professional bodies and they in turn regulated their members who were the statutory auditors.

But from 2016, we had our own staff that we hired, on-site, directly regulating the largest audit firms.

We were reviewing audit files ourselves.

We were assessing quality of work, issuing findings to those firms.

And of course, we also now publish quality assurance reports.

So that's a fundamentally different kind of regulatory relationship.

And in terms of numbers, so between 2006 and 2014, IAASA had grown to 15 people.

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And then in the relatively short period from 2015 to 2020, we doubled in size to 30, and that was primarily to support our direct inspections role.

During that period, we also had to build an enforcement capacity, and we also took responsibility for the adoption of auditing and ethical standards in Ireland.

So building all that capability from scratch, recruiting people with the right expertise, developing methodologies, engaging with EU peers on best practice, that did take years of sustained effort.

And the organisation today is genuinely different from what it was when I joined in 2016 in terms of what we can do and how we do it.

Host: And you mentioned Brexit also. It had significant consequences for audit oversight in Ireland. Can you expand on how IAASA navigated that transition?

Guest: So there was a shared professional history between Ireland and the UK, which long predated the EU. Back before Brexit, four of the six recognised accountancy bodies whose members could become statutory auditors were either UK-based or had a UK presence, and their members were effectively recognised in both jurisdictions. And Brexit put that entire structure at risk. We had to work through enormously complex questions.

Would members of UK accountancy bodies remain eligible to register as statutory auditors in Ireland? What happened to the all-Ireland dimension for bodies who structured themselves on an all-Ireland basis?

Ultimately, the approach we took was to redraw the regulatory requirements for a post-Brexit environment and required the bodies to redraw their processes and procedures in turn.

And while most could work within those new parameters, Chartered Accountants in England and Wales and Chartered Accountants in Scotland chose to withdraw from the Irish Register as a result of that change.

That was a transition that we had to manage carefully and with continuity for existing members, but it did fundamentally reshape Ireland's regulatory landscape and indeed partly drove further reshaping of the professional landscape since then.

So where we once had six recognised accountancy bodies, today we have two.

Host: And for the last year you've been chair of IFIAR, the International Forum of Independent Audit Regulators, and that's an organisation that represents 56 jurisdictions across the globe.

What does it mean for Ireland for you to hold that position?

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Guest: Ireland was one of the original members of IFIAR back in 2006, and we were elected to the board for the first time in 2021. And I've been honoured to be elected vice chair and then chair in 2025.

IFIAR is in fact also celebrating its 20th anniversary this year, with this year's plenary back in Paris, where the first IFIAR meeting took place. First and foremost, IFIAR is a forum. It's a forum for members to learn from each other and to work together on common issues, which is particularly important for smaller regulators like IAASA.

And as a board member and personally as Chair, it gives Ireland a voice in shaping both international dialogue and the future direction of standards and regulation. And we've gained a tremendous amount from this and our other international engagements within the EU at CEAOB for audit, ESMA for corporate reporting. It's also a fantastic opportunity for our staff to engage with their international colleagues.

And I have to say, they represent Ireland incredibly well at those fora.

Host: Kevin, changing tack for a moment, what's the biggest misconception about IAASA that you find yourself correcting most often?

Guest: Well, the most common one that we see is probably people expecting that we will investigate all accountants suspected of any wrongdoing.

We don't, and the vast majority of this is still undertaken by the profession, but it's done so under rules and procedures that are governed by us.

And then people also sometimes think we're part of the central bank or we're part of a government department, and we're neither.

We're statutorily independent. We have our own board, our own governance, although, of course, we do have a very strong relationship with government through the Department of Enterprise, Tourism and Employment and we are ultimately answerable to the Oireachtas. And in fact, we appeared before the Oireachtas Committee on Enterprise last year.

Host: And to turn to the next chapter for IAASA, 2025 was dominated by IAASA's new role under the Corporate Sustainability Reporting Directive.

But the EU omnibus has now significantly scaled back the requirements, so fewer companies in scope, later timelines and so on. How is IAASA navigating its changed role?

Guest Yes, CSRD has been a challenge.

But just on that specifically, as you pointed out, when the EU signaled that fundamental review of CSRD, we were actually already quite well prepared for that, because the

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approach we had taken was to embed sustainability requirements into our existing corporate reporting and audit oversight structures, rather than, for example, building a separate function.

And that was a deliberate choice, and it gave us the flexibility to adapt quickly.

More broadly, looking at all of the challenges and change that IAASA has to face, I spoke in our latest work programme for 2026 to 2028 about unknown unknowns.

And looking back at every work programme we've published, any attempt to predict future priorities has always been overtaken by a radically different reality.

So we don't try to predict everything. Instead, we invest in our capability to respond.

So our new third strategic strand, which talks about enhancing organisational capability, is explicitly about that.

Building workforce agility, resilience, horizon scanning for technological and legal developments, and the capacity to flex when reality diverges from the plan.

Host: And beyond CSRD, then, what trends do you expect will most shape IAASA's next chapter?

Guest: Well, the environment ahead includes a review of EU statutory audit legislation.

I think AI is also emerging as a real factor in corporate reporting and audit processes.

Private equity is changing the nature of the accounting profession.

We can't predict exactly how any or all of these will play out, but what we can make sure is that we're watching closely and we're ready for whatever comes.

Host: Kevin, we started with the importance of public trust. As you look to the next 20 years, I mean, the pace of new technology, as you mentioned, evolving standards, the new audit firm structures, do you think IAASA's core vision and mission stay the same? Or does what public trust means need to evolve to?

Guest: I think the vision stays the same. So public trust and confidence in quality auditing and accounting. But clearly what evolves is the landscape.

So to give just one example of that evolution, sustainability reporting now means that quality corporate reporting has to include non-financial information such as environmental data, social impacts, governance structures.

The public's interest in that information is growing, so our mandate naturally expands to encompass it.

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Artificial intelligence, also the next frontier, generative AI, agentic AI, already being used in corporate reporting, already being used in audit processes. That does bring opportunities for efficiency, for insight, for quality, but it does also bring new risks as well. Our job is to ensure that as these technologies are adopted, the standards and oversight frameworks keep pace.

So the tools and approaches might change, but the vision, I think, remains the anchor. The work program tells us how to get there given where things stand right now. But I'm pretty confident that as an organisation guided by our vision, our mission and our values, IAASA will continue to deliver on its mandate for the benefit of the public, the profession and the wider economy.

But I do think a lot will change over 20 years, especially if the past 20 is anything to go by.

Host: One final question. 20 years in, what are you most proud of about what IAASA has become?

Guest: Honestly, it's the people, the people who have worked here and the people who continue to work here.

IAASA's reputation both in Ireland and amongst our international peers, the positions we hold across IFIAR, CEAOB, ESMA, they rest entirely on the quality of our staff and watching them rise to challenge after challenge, most recently the way they redesigned how we work for CSRD, it is just amazing to see in practice.

I'm also proud of what the organisation stands for. We're independent, we act with integrity, we strive for excellence. 20 years in, those values are embedded, not because it's written in a document or printed on a wall, but because the people who work here believe in it. And I'm also proud that building on both of these, in my view, we play a critical role in maintaining quality and therefore trust.

We're not always visible to all the players, nor should we be, but we quietly do our work to ensure quality in corporate reporting and audit. That's what keeps us relevant. That remains our mission.

Host Kevin, thank you. 20 years of working for public trust and confidence in auditing and accounting. And as we've heard from you today, the work will certainly continue apace.

For any listeners who'd like to know more about IAASA's work, visit [IAASA.ie](https://iaasa.ie), where you can download reports and find a range of other useful resources.

Thank you for listening to IAASA Insights.

Until next time.