

Chapter 5

Profile of the prescribed accountancy bodies

Chapter 5

Profile of the prescribed accountancy bodies

1. Introduction

This Chapter provides a statistical profile of the nine prescribed accountancy bodies coming within IAASA's supervisory remit in relation to their:

- membership;
- investigation and disciplinary procedures;
- student population;
- members with practising authorisation;
- members with registration as auditors; and
- related quality assurance activities.

The information given herein relates to the year ended 31 December, 2006.

2. Context for the prescribed accountancy bodies' annual returns

Previously, under the conditions of their recognition for audit purposes, as granted by the Minister under the Companies Act, 1990, the six recognised bodies were required to submit an annual report to the Minister. The information provided was subsequently published annually in the Companies Report (published by the Department of Enterprise, Trade & Employment)⁸¹.

With the enactment and commencement of the Act, the prescribed accountancy bodies no longer come within the Minister's remit. Rather, IAASA has developed revised annual reporting formats for use by the bodies.

3. Purpose of information sought from the prescribed accountancy bodies

IAASA has relied on the prescribed accountancy bodies for the provision of this information, which was submitted to the Authority as part of the completion of their respective annual returns.

The annual return process has a dual objective:

- firstly, to provide IAASA with the information necessary to:
 - monitor the bodies' ongoing regulatory and monitoring activities; and
 - plan future reviews of those bodies and, in particular, to identify key areas to which to devote focus during reviews; and
- secondly, to provide relevant information to the Authority for publication purposes.

Given the dual purpose of the data sought, certain of same is of a confidential nature and, accordingly, while used for supervisory purposes, is not reproduced in this Report.

4. Issues relating to the submission by the bodies of their first annual returns to the Authority

In order to serve IAASA's supervisory requirements, the prescribed accountancy bodies have been asked to provide a substantial volume of data in their first annual returns. While those bodies that were recognised bodies prior to the Authority's establishment previously submitted returns to the Department of Enterprise, Trade & Employment, the data sought by the Authority, nevertheless, represents a significant increase on what was previously requested of them. The three additional bodies prescribed by the Minister shortly after IAASA's establishment had not previously been required to submit returns to the Department and, accordingly, the requirement to complete annual returns is a significant new development for those bodies.

In recognition of the challenges that providing the additional/new data would present to the prescribed accountancy bodies, the Authority provided each

81. Previous years' Companies Reports can be accessed on the Department's website at <http://www.entemp.ie>

body with a template annual return form in September, 2006 and gave each body until 31 January, 2007 to return same. However, notwithstanding the foregoing, as might reasonably be expected, some of the prescribed accountancy bodies have been unable to provide certain information in their first returns as their information systems are not configured to accommodate the generation of same. Given that to be the case, IAASA acknowledges the efforts that the prescribed accountancy bodies have made in compiling their first annual returns under the new supervisory regime.

The Authority anticipates that, as the prescribed accountancy bodies continue to adapt their databases to meet IAASA's ongoing information requirements and IAASA develops and refines its requirements having regard to its supervisory activities, these challenges will be addressed over a relatively short timeframe.

5. Methodology regarding annual returns

Upon receipt, Authority staff reviewed each annual return submission and requested clarification as necessary from the prescribed accountancy bodies. On the satisfactory resolution of queries, each prescribed accountancy body was provided with those extracts from this Chapter of relevance to itself and was given the opportunity to comment on the information contained therein, including bringing any inaccuracies to the attention of the Authority. This process resulted in certain amendments being made to the individual profiles on foot of suggestions made and clarifications offered by the bodies.

6. Considerations regarding the comparability of data presented

In reading and analysing the data presented in this Chapter, it is important to note the inherent limitations of the data provided. Differences in the structure and operations of the nine bodies, as well as in the bodies' interpretations of the information requested may present some difficulties in comparisons. Accordingly, care is needed in

interpretation and direct comparison may not be appropriate or meaningful in some cases.

7. Further information regarding the prescribed accountancy bodies

Further information regarding each of the nine prescribed accountancy bodies is available on their respective websites. Website addresses of each body are set out hereunder:

ACCA	www.ireland.accaglobal.com
AIA	www.aia.org.uk
CIMA	www.cimaglobal.com
CIPFA	www.cipfa.org.uk
ICAEW	www.icaew.co.uk
ICAI	www.icaei.ie
ICAS	www.icas.org.uk
ICPAI	www.cpaireland.ie
IIPA	www.iipa.ie

8. Invitation to comment on the structure and format of this Chapter

Given that the purpose of this Chapter from IAASA's perspective is, *inter alia*, to provide the public with an insight into:

- the scale of the Authority's supervisory remit *vis a vis* the prescribed accountancy bodies;
- the scale of the prescribed accountancy bodies, both individually and collectively; and
- the nature and scale of the prescribed accountancy bodies' regulatory and monitoring activities,

IAASA would welcome:

- comments from users of this Report as to the extent to which the data set out herein serves those ends; and
- suggestions as to how the usefulness of such information might be enhanced in future Reports.

Comments in this regard can be sent by post or emailed to info@iaasa.ie.

Chapter 5

Profile of the prescribed accountancy bodies

9. Structure of the remainder of this Chapter

The remainder of this Chapter is divided into the following parts:

Part A Membership

Part B Investigation and disciplinary activities

Part C Student population

Part D Practising authorisation

Part E Registered auditors

Part F Individually authorised auditors

Part G Recognised accountancy bodies' monitoring of registered auditors

Part A – Membership

The tables and charts in this Part provide information regarding the membership profile of each of the nine prescribed accountancy bodies. For the purposes of this Part, a *'member'* of a body is an individual who has applied for, and been admitted to, full membership of that body. Admission to membership involves applicants satisfactorily fulfilling various criteria, which normally include:

- completing a course of study and successfully completing a body's professional examinations;
- obtaining a minimum period of relevant work experience; and
- undertaking to comply with the relevant body's constitutional documents, bye-laws, regulations, standards and codes of ethics and conduct, as applicable.

Once admitted to membership, members of the prescribed accountancy bodies are:

- entitled to use the designatory letters as provided for in the bodies' respective constitutional provisions; and
- required to fulfil certain obligations on an ongoing basis in order to retain that status, including maintaining up to date professional competence through undertaking continuing professional development ('CPD') and ongoing compliance with the relevant body's various rules, regulations and standards etc. Failure to comply with same may render a member liable to disciplinary action.

It should be noted that the prescribed accountancy bodies impose additional requirements on those of their members wishing to engage in public practice (i.e. wishing to offer services to members of the public and in reserved areas such as audit or investment business). Part D of this Chapter provides further information regarding the requirements relating to practising authorisations.

This Part contains the following tables and charts, which are based on information provided by the prescribed accountancy bodies as part of their first annual returns to the Authority:

Members Worldwide – Location

- Table A.1. Location
- Chart A.1. Location
- Chart A.2. Comparison of Location (by body)

Members in Ireland – Gender Profile

- Table A.2. Gender Profile
- Chart A.3. Gender Profile
- Chart A.4. Comparison of Gender Profile (by body)

Members in Ireland – Employment Status

- Table A.3. Employment Status
- Chart A.5. Employment Status
- Chart A.6. Comparison of Employment Status (by body)

Members in Ireland – Age Profile

- Table A.4. Age Profile
- Chart A.7. Age Profile
- Chart A.8. Comparison of Age Profile (by body)

Members in Ireland – Changes during 2006

- Table A.5. Movement during the year

Chapter 5

Profile of the prescribed accountancy bodies

Table A.1: Members Worldwide - Location

Recognised Accountancy Bodies										
As at 31 Dec 2006	TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIFPA
Ireland	24,033	6,368	425	10,468	51	2,849	191	195	3,416	70
UK	251,328	55,018	110,469	3,861	14,484	110	8	1,893	52,164	13,321
Other EU Member States	9,729	5,009	3,091	322	275	24	-	92	848	68
Other Locations	83,240	48,950	14,431	1,140	1,900	132	-	2,897	13,588	202
Total Members worldwide	368,330	115,345	128,416	15,791	16,710	3,115	199	5,077	70,016	13,661

Chart A.1: Members Worldwide - Location

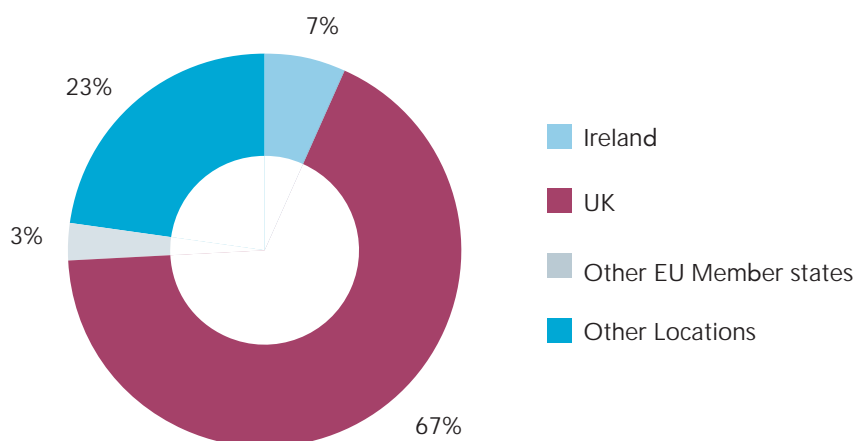
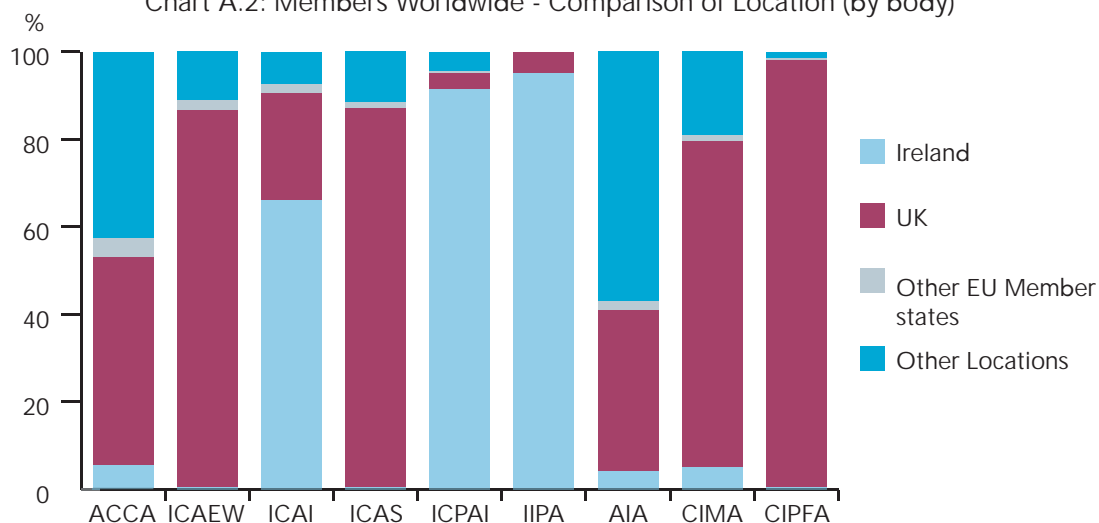


Chart A.2: Members Worldwide - Comparison of Location (by body)



82. Reference to 'Ireland' throughout this Chapter means located in the Republic of Ireland.

Table A2: Members in Ireland - Gender Profile

		Recognised Accountancy Bodies								
As at 31 Dec 2006	TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIFPA
Male	15,886	3,884	335	7,199	42	1,610	183	189	2,397	47
Female	8,147	2,484	90	3,269	9	1,239	8	6	1,019	23
Total	24,033	6,368	425	10,468	51	2,849	191	195	3,416	70

Chart A3: Members in Ireland - Gender Profile

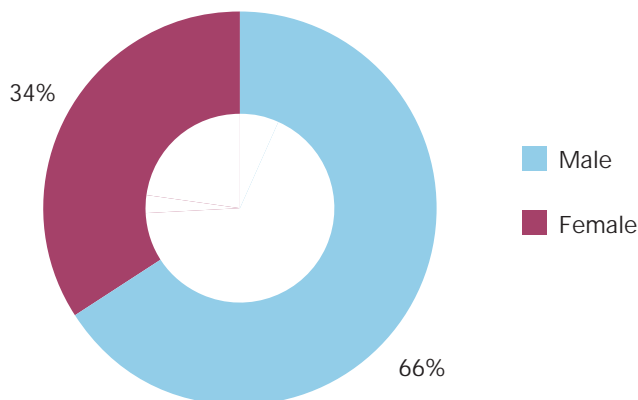
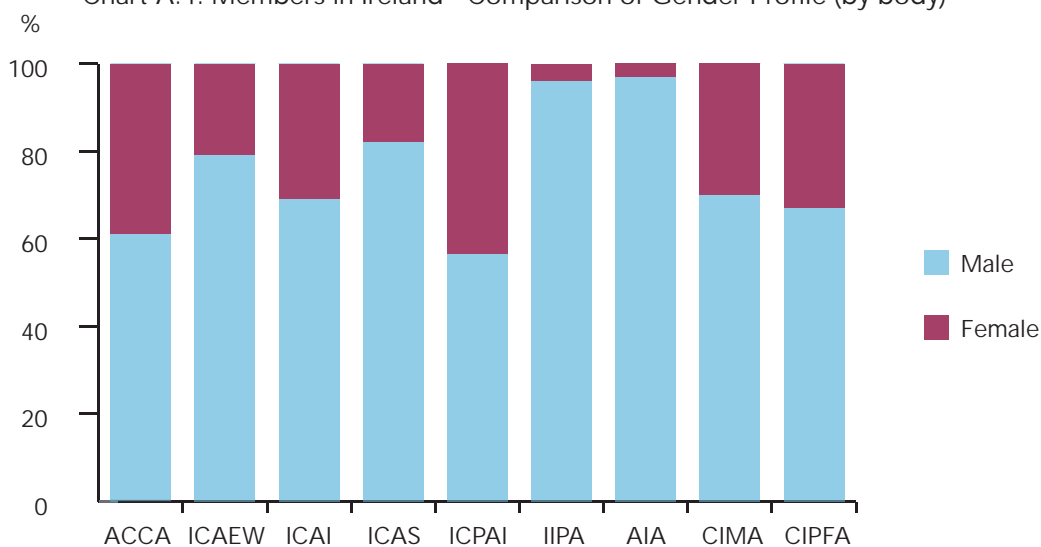


Chart A.4: Members in Ireland - Comparison of Gender Profile (by body)



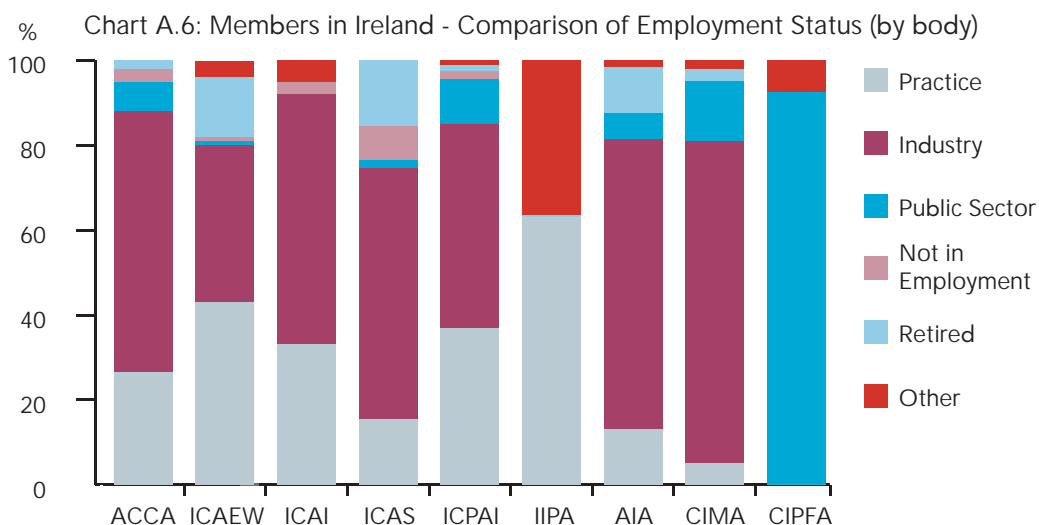
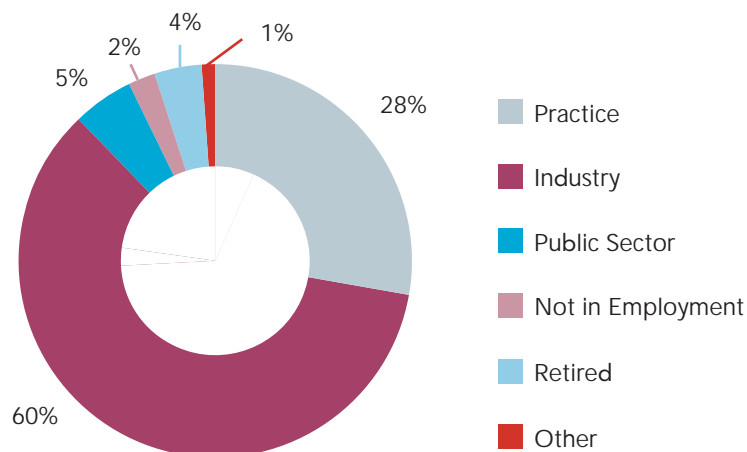
Chapter 5

Profile of the prescribed accountancy bodies

Table A.3: Members in Ireland - Employment Status

As at 31 Dec 2006	Recognised Accountancy Bodies									
	TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIFPA
Practice	6,713	1,681	183	3,470	8	1,054	120	26	171	-
Industry	14,391	3,916	157	6,187	30	1,371	-	134	2,596	-
Public Sector	1,307	446	5	Incl. in Industry	1	301	-	11	478	65
Not in Employment	573	185	4	334	4	46	-	-	Incl. in Other	-
Retired	850	140	59	477	8	41	1	21	103	-
Other	199	-	17	-	-	31	70	3	68	5
Total	24,033	6,368	425	10,468	51	2,849	191	195	3,416	70

Chart A.5: Members in Ireland - Employment Status



83. The IIPA does not collate information relating to members' or students' employment status, other than those in practice. Neither does it keep records of members' or students' age profiles.

Table A.4: Members in Ireland - Age Profile

Recognised Accountancy Bodies

As at 31 Dec 2006	TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIFPA
< 25	80	27	-	19	-	26		7	1	-
25 - 34	8,219	2,304	69	3,977	7	938		16	906	2
35 - 44	8,597	2,642	140	3,222	14	1,019		44	1,481	35
45 - 54	3,852	871	66	1,729	14	592		62	495	23
55 - 64	1,942	351	95	944	10	150		52	331	9
65+	1,056	173	55	577	6	28		14	202	1
not known	287	-	-	-	-	96	191	-	-	-
Total	24,033	6,368	425	10,468	51	2,849	191	195	3,416	70

Chart A.7: Members in Ireland - Age Profile

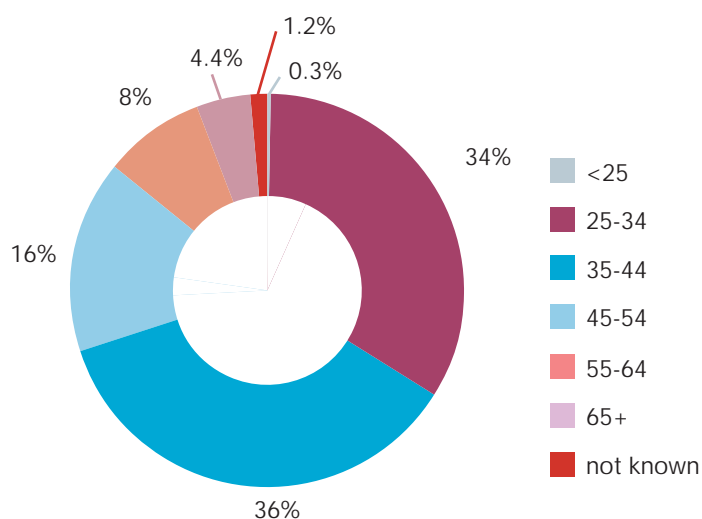
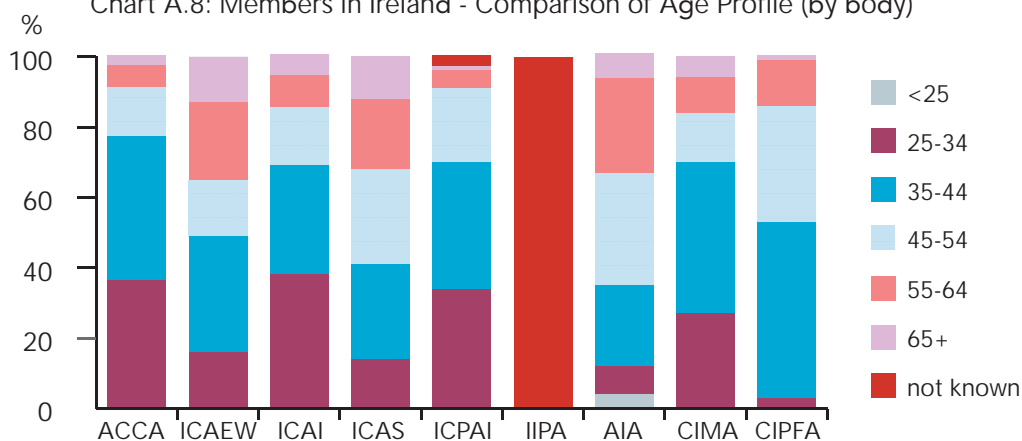


Chart A.8: Members in Ireland - Comparison of Age Profile (by body)



Chapter 5

Profile of the prescribed accountancy bodies

Table A.5: Members in Ireland – Movement during the year

	Recognised Accountancy Bodies									
	TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Members in Ireland at 1 January, 2006	22,569	5,973	461	9,822	51	2,649	187	192	3,234	
During the year:										
ADD: Student admitted as members	1,554	440	1	692	-	229	-	-	192	
Members of other bodies admitted as members	28	4	3	3	-	8	5	5	-	
Other individuals admitted as members	-	-	-	-	-	-	-	-	-	
Former members re-admitted to membership	118	27	-	10	-	8	-	-	73	
LESS: Members excluded from membership	(60)	(48)	-	(12)	-	-	-	-	-	
Members resigning from membership	(101)	(17)	(2)	(26)	-	(44)	(1)	-	(11)	
Members deceased	(40)	(11)	(2)	(21)	-	(1)	-	(2)	(3)	
Other	(35)	-	(36) ⁸⁴	-	-	-	-	-	(69) ⁸⁵	70 ⁸⁶
Members in Ireland at 31 December, 2006	24,033	6,368	425	10,468	51	2,849	191	195	3,416	70

84. ICAEW 'other' of 36 has arisen due to the timing of various year end computer processes around 31 December, 2005 which meant that some member records were updated in the wrong period. This is the resulting adjustment.

85. CIMA 'other' comprises an adjustment relating to 69 members whose membership lapsed during 2006 and who were also re-admitted to membership during 2006. The adjustment is required to ensure that they are not double-counted in the figures in this table.

86. CIPFA was unable to provide this information and all members in Ireland are therefore included in the 'other' category.

Part B – Investigation and disciplinary activities

The tables in this Part of the Chapter provide information regarding the investigation and disciplinary activities of the prescribed accountancy bodies.

Under the supervisory model provided for by the Act, primary responsibility for the investigation of complaints relating to the prescribed accountancy bodies' members and member firms resides with those bodies, who are required to process same in accordance with investigation and disciplinary procedures approved by the Authority. Rather than being to supplant the prescribed accountancy bodies' responsibility to investigate complaints received, the Authority's role is to supervise the manner in which the bodies' complaints, investigations, disciplinary and appeals processes operate and whether they operate in accordance with approved procedures. However, notwithstanding the foregoing, following the receipt of a complaint or otherwise on its own initiative, the Authority is empowered to initiate enquiries into whether a prescribed accountancy body has complied with its approved procedures under section 23 of the Act.

Each body's established systems and procedures are tailored to its specific requirements. Accordingly, the manner in which complaints concerning members and member firms are processed varies across the bodies. However, notwithstanding the differences in these processes, due to the requirement that disciplinary processes respect the principles of constitutional and natural justice as well as applicable human rights legislation, there are many similarities across the bodies, such as the organisation of investigation, disciplinary and appeals systems through committee structures.

This Part contains the following tables, which are based on information provided by the prescribed accountancy bodies as part of their first annual returns to the Authority:

Investigation & Disciplinary Committees

Table B.1. Meetings & Membership

Summary of Complaints

Table B.2. – Ireland Relevant

Table B.3. – Registered Auditors

Nature of Complaints Received

Table B.4. – Ireland Relevant

Table B.5. – Registered Auditors

Sanctions

Table B.6. Available Sanctions

Table B.7. Analysis of Sanctions Imposed – Ireland Relevant

Table B.8. Analysis of Sanctions Imposed – Registered Auditors

Chapter 5

Profile of the prescribed accountancy bodies

Table B.1: Investigation and Disciplinary Committees – Meetings & Membership⁸⁷

Year to/as at 31 December, 2006	Recognised Accountancy Bodies								
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
No. of meetings held in 2006									
Complaints/Investigation Committee	Note B.A.	12	6	5	8	1	0	11	Note B.B.
Disciplinary Committee/Tribunal	31	33	7	73	8	1	0	6	5
Appeal Committee/Tribunal	24	9	1	0	0	-	0	0	1
Disciplinary Committee/Tribunal									
Meetings held in public	31	0	6	0	3	1	0	6	5
Meetings held in Ireland	2	0	7	0	3	1	0	0	0
No. of Committee Members									
Complaints/Investigation Committee	Note B.A.	18	12	16	9	6	5	14	11
Disciplinary Committee	Note B.A.	21	13	20	9	5	5	15	24
Appeal Committee	Note B.A.	17	11	14	3	-	5	12	6
No. of non-body (lay) Members									
Complaints/Investigation Committee	Note B.A.	8	7	5	5	3	1	6	5
Disciplinary Committee	Note B.A.	9	8	6	5	3	1	9	13
Appeal Committee	Note B.A.	5	6	5	2	-	4	8	4

Note B.A: ACCA does not operate a Complaints/Investigation Committee. Instead, complaints are investigated by investigation officers. Following investigation, complaints are referred to an independent assessor who is responsible for deciding whether a *prima facie* case has been made out, and if so, whether to refer the case to the Disciplinary Committee. The Disciplinary and Appeal Committees are drawn from a panel who also sit on the Admissions and Licensing Committee. At 31 December, 2006, there were 60 panel members (excluding chairpersons) comprising

27 lay members, 19 members in practice and 14 non-practising or retired members.

Note B.B: CIPFA's Investigation Committee does not routinely meet in person to conduct business, as the disciplinary regulations provide that the Committee may conduct business through the use of voice, video, electronic mail or other communication. During 2006, the Investigation Committee considered 8 new complaints under its preliminary screening remit and 3 reports following investigation.

⁸⁷ The information in this table relates to the worldwide operations of each body.

Table B.2: Summary of Complaints – Ireland Relevant⁸⁸

Recognised Accountancy Bodies									
Year to 31 December, 2006	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Complaints outstanding at 1 Jan 2006	58	Note B.C	81	-	18	3	-	-	-
During the year:									
ADD: New cases arising during the year	43		160	-	17	2	-	1	-
LESS: Cases closed during the year by:									
- Secretary/Staff	(17)		(79)	-	(11)	(1)	-	-	-
- Investigaton/ Complaints Committee	-		(30)	-	(6)	-	-	-	-
- Disciplinary Committee	(3)		(4)	-	(3)	(1)	-	-	-
- Appeal Committee	(1)		-	-	-	-	-	-	-
- Other	-		(6)	-	(2)	-	-	(1)	-
Complaints outstanding at 31 Dec 2006	80		122	-	13	3	-	-	-

Note B.C: ICAEW has reported that it does not have data as to where a firm's clients are situated and its systems do not specifically identify the location of a firm or member against whom a complaint is made. Therefore, it cannot provide data in relation to 'Ireland relevant' cases. However, ICAEW has specifically checked whether any complaints were made during the year against its registered auditor members based in Ireland and has reported a nil response.

88. 'Ireland relevant' means complaints relating to members and students located in Ireland, firms based in Ireland and members/firms with clients based in Ireland.

Chapter 5

Profile of the prescribed accountancy bodies

Table B.3: Summary of Complaints – Registered Auditors⁸⁹

Year to 31 December 2006	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Complaints outstanding at 1 Jan 2006	2	Note B.C see page 83	60	-	3	3
ADD: New cases arising during the year	7		112	-	11	2
LESS: Cases closed during the year by:						
- Secretary/Staff	(3)		(60)	-	(4)	(1)
- Investigation/ Complaints Committee	-		(20)	-	(2)	-
- Disciplinary Committee	-		(3)	-	(2)	(1)
- Appeal Committee	-		-	-	-	-
- Other	-		(2)	-	-	-
Complaints outstanding at 31 Dec 2006	6		87	-	6	3

89. 'Registered auditor', in this context, means a firm or an individual that is registered to undertake statutory audits under the Companies Acts 1963 to 2006.

Table B.4: Nature of Complaints Received⁹⁰ – Ireland Relevant

Year to 31 December 2006	Recognised Accountancy Bodies								
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Obtaining professional work/change in professional appointment related	-	Note B.C see page 83	4	-	3	-	-	-	-
Poor work or inadequate or unsatisfactory service or professional conduct	-		72	-	5	2	-	1	-
Fee disputes	-		13	-	-	-	-	-	-
Branch of institute/ Association Rules or Regulations (such as in relation to client monies, professional indemnity insurance)	-		16 ⁹¹	-	3	-	-	-	-
Matters relating to investment business, insolvency work or conduct of liquidation	5		42 ⁹²	-	1	-	-	-	-
Delay/failure to respond and/or co-operate with the Institute/Association or an external party	-		12	-	-	-	-	-	-
Failure to satisfy judgement debts/criminal conviction/ restriction or disqualification as a director/breach of company law	-		25	-	1	-	-	-	-
Breach of ethical guide (e.g. independence issues)	-		- ⁹²	-	3	-	-	-	-
Training/student related matters	-		-	-	1	-	-	-	-
Other	38 ⁹³		14	-	1	-	-	-	-
Total	43		160	-	17	2	-	1	-

90. Some complaints may contain a number of different elements, but have been categorised into only one category in this table.

91. ICAI has reported 13 cases under 'other audit or investment business issues under Ethical Guide or Standards or Guidance' and 3 as 'clients' money/fraud/dishonesty'.

92. ICAI complaints relating to investment business are included in the category 'Breach of Institute/Association Rules or Regulations'. ICAI complaints arising from ethical issues are also included in the same category.

93. ACCA has reported that 2 of these relate to audit, 3 to breaches of fundamental principles of professional behaviour or professional competence & due care, and 2 relate to carrying on public practice whilst not authorised to do so. The remaining 31 were categorised as 'other'.

Chapter 5

Profile of the prescribed accountancy bodies

Table B.5: Nature of Complaints Received⁹⁰ – Registered Auditors

Year to 31 December 2006	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Obtaining professional work/change in professional appointment related	-	Note B.C see page 83	1	-	3	-
Poor work or inadequate or unsatisfactory service or professional conduct	-		55	-	4	2
Fee disputes	-		11	-	-	-
Breach of institute/ Association Rules or Regulations (such as in relation to client monies, professional indemnity insurance)	-		15 ⁹¹	-	-	-
Matters relating to investment business, insolvency work or conduct of liquidation	5		4 ⁹²	-	1	-
Delay/failure to respond and/or co-operate with the Institute/Association or an external party	-		8	-	-	-
Failure to satisfy judgement debts/criminal conviction/ restriction or disqualification as a director/breach of company law	-		12	-	1	-
Breach of ethical guide (e.g. independence issues)	-		- ⁹²	-	1	-
Training/student related matters	-		-	-	1	-
Other	2		14	-	1	-
Total	7		112	-	11	2

90. ICAI has reported 12 cases under 'other audit or IB [investment business] issues under Ethical Guide or Standards or Guidance' and 3 as 'clients' money/fraud/dishonesty'.

Chapter 5

Profile of the prescribed accountancy bodies

Table B.6: Available Sanctions

	Recognised Accountancy Bodies								
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Reprimand	√	√	√	√	√	√	√	√	√
Severe reprimand	√	√	√	√	√	√	√	√	√
Consent order	X	√	√	√	√	X	√	√	√
Regulatory fine	√	√	√	√	√	√	√	√	√
Regulatory costs	√	X	√	√	√	√	√	√	√
Suspension of audit registration	√	√	√	√	√	√	N/A	N/A	N/A
Withdrawal of audit registration	√	√	√	√	√	√	N/A	N/A	N/A
Suspension of other registration/licence/certificate	√	√	√	√	√	√	√	√	X
Withdrawal of other registration/licence/certificate	√	√	√	√	√	√	√	√	X
Refund of fees/commission to the complainant	√	√	X	X	X	X	√	X	X ⁹⁵
Payment of compensation to the complainant	√	√ ⁹⁶	X	X	X	X	√	X	X ⁹⁵
Exclusion from membership	√	√	√	√	√	√	√	√	√
Suspension from membership	X	X	√	√	√	√	√	√	√
Case to rest on file or similar sanction	√	√	√	X	√	√	√	X	√
Student exclusion	√	√	√	√	√	√	√	√	√
Student suspension of registration	X	√	√	√	X	√	√	√	√
Student – temporarily ineligible to sit exams	√	√	√	√	√	√	√	√	X
Student – disqualification from an exam	√	√	√	√	√	√	√	X	X
Other	√	√	X	√	√	X	X	√	X

Key: √ = Available as a sanction; X = Not available as a sanction; N/A = Not applicable to body in Ireland.

95. This sanction is available to CIPFA from February 2007.

96. This sanction is available to ICAEW in the context of the provision of investment advice and in cases where the firm cannot meet a claim against it.

Chapter 5

Profile of the prescribed accountancy bodies

Table B.7: Analysis of Sanctions Imposed – Ireland Relevant

As at 31 Dec 2006	Recognised Accountancy Bodies								
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIFPA
Number of concluded complaint cases where an adverse finding was made	4	Note B.C see page 83	28	-	7	1	-	-	-
Number of concluded complaint cases where an adverse finding was not made	17		91	-	15	1	-	1	-
Number of reprimands imposed	1		19	-	7	1	-	-	-
Number of severe reprimands imposed	2		5	-	-	-	-	-	-
Number of cases where fines were imposed	3		15	-	6	1	-	-	-
Aggregate value of fines imposed (€)	15,474		36,750	-	9,500	2,000	-	-	-
Number of cases where costs were imposed	4		20	-	7	1	-	-	-
Aggregate value of costs imposed (€)	6,932		44,598	-	9,800	1,000	-	-	-
Number of suspensions of audit registration applied	-		-	-	-	-	N/A	N/A	N/A
Number of withdrawals of audit registration applied	-		1	-	-	-	N/A	N/A	N/A
Number of suspensions of practising certificate or other registrations/authorisations etc. applied	-		-	-	-	-	-	-	X
Number of withdrawals of practising certification or other registrations/authorisations etc. applied	-		1	-	-	-	-	-	X
Number of refunds of fees/commissions applied	-		X	X	X	-	-	X	-
Aggregate value of compensation to complainants (€)	-		X	X	X	-	-	X	-
Number of member exclusions applied	-		1	-	-	-	-	-	-
Number of member suspensions applied	X		1	-	-	-	-	-	-
Number of cases resting on file	-		-	X	-	-	-	X	-
Number of student exclusions/suspensions applied	1		-	-	-	-	-	-	-
Number of students temporarily ineligible to sit exams	-		-	-	-	-	-	-	X
Number of students disqualified from an exam sitting	-		-	-	-	-	-	-	X
Other	-		-	-	-	X	X	-	X
Number of consent orders offered during the year	X		22	-	4	X	-	-	-
Number of consent orders accepted during the year	X		14	-	1	X	-	-	-

Key: X = Not available as a sanction; N/A = Not applicable to body in Ireland.

Chapter 5

Profile of the prescribed accountancy bodies

Table B.8: Analysis of Sanctions Imposed – Registered Auditors

As at 31 Dec 2006	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Number of concluded complaint cases where an adverse finding was made	-	Note B.C see page 83	14	-	2	1
Number of concluded complaint cases where an adverse finding was not made	3		71	-	6	1
Number of reprimands imposed	-		10	-	2	1
Number of severe reprimands imposed	-		3	-	-	-
Number of cases where fines were imposed	-		9	-	2	1
Aggregate value of fines imposed (€)	-		23,750	-	4,000	2,000
Number of cases where costs were imposed	-		10	-	2	1
Aggregate value of costs imposed (€)	-		19,005		5,000	1,000
Number of suspensions of audit registration applied	-		-	-	-	-
Number of withdrawals of audit registration applied	-		1	-	-	-
Number of suspensions of practising certificate or other registrations/authorisations etc. applied	-		-	-	-	-
Number of withdrawals of practising certification or other registrations/authorisations etc. applied	-		1	-	-	-
Number of refunds of fees/commissions applied	-		X	X	X	-
Aggregate value of compensation to complainants (€)	-		X	X	X	-
Number of member exclusions applied	-		-	-	-	-
Number of member suspensions applied	X		-	-	-	-
Number of cases resting on file	-		-	X	-	-
Number of student exclusions/suspensions applied	-		-	-	-	-
Number of students temporarily ineligible to sit exams	-		-	-	-	-
Number of students disqualified from an exam sitting	-		-	-	-	-
Other	-		-	-	-	X
Number of consent orders offered during the year	X		11	-	-	X
Number of consent orders accepted during the year	X		6	-	-	X

Key: X = Not available as a sanction; N/A = Not applicable to body in Ireland.

Chapter 5

Profile of the prescribed accountancy bodies

Part C - Student Population

The tables and charts in this Part of the Chapter provide information about the student population of each prescribed accountancy body.

The education and training of students forms a significant part of the overall activities of the prescribed accountancy bodies. While students are subject to the provisions of applicable bye-laws, rules and regulations of the relevant body, they:

- do not have the status of membership of that body;
- cannot hold themselves out to be members; and
- are not entitled to use the designatory letters reserved for members of that body.

This Part contains the following tables and charts, which are based on information provided by the prescribed accountancy bodies as part of their first annual returns to the Authority. The analyses are similar to that undertaken in respect of the overall membership of the prescribed accountancy bodies in Part A.

Students Worldwide - Location

- Table C.1 Location
- Chart C.1 Location
- Chart C.2 Comparison of Location (by body)

Students in Ireland – Gender Profile

- Table C.2 Gender Profile
- Chart C.3 Gender Profile
- Chart C.4 Comparison of Gender Profile (by body)

Students in Ireland – Employment Status

- Table C.3 Employment Status
- Chart C.5 Employment Status
- Chart C.6 Comparison of Employment Status (by body)

Students in Ireland – Age Profile

- Table C.4 Age Profile
- Chart C.7 Age Profile
- Chart C.8 Comparison of Age Profile (by body)

Students in Ireland – Changes during 2006

- Table C.5 Movement during the year

Students in Ireland – Educational Background of New Students

- Table C.6 Educational Background of New Students
- Chart C.9 Educational Background of New Students
- Chart C.10 Comparison of New Students Registered during 2006 (by body)

Table C.1: Students Worldwide - Location

Recognised Accountancy Bodies										
As at 31 Dec 2006	TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Students resident in Ireland	17,545	9,092	2	3,732	-	1,883	57	40	2,716	23
Students resident in the UK	149,215	76,174	10,880	793	3,150	9	-	496	54,726	2,987
Students resident in other EU Member States	15,031	13,520	323	-	4	4	-	90	1,087	3
Students resident in other locations	236,499	197,272	475	-	-	30	-	8,928	29,736	58
Total students worldwide	418,290	296,058	11,680	4,525	3,154	1,926	57	9,554	88,265	3,071

Chart C.1: Students Worldwide - Location

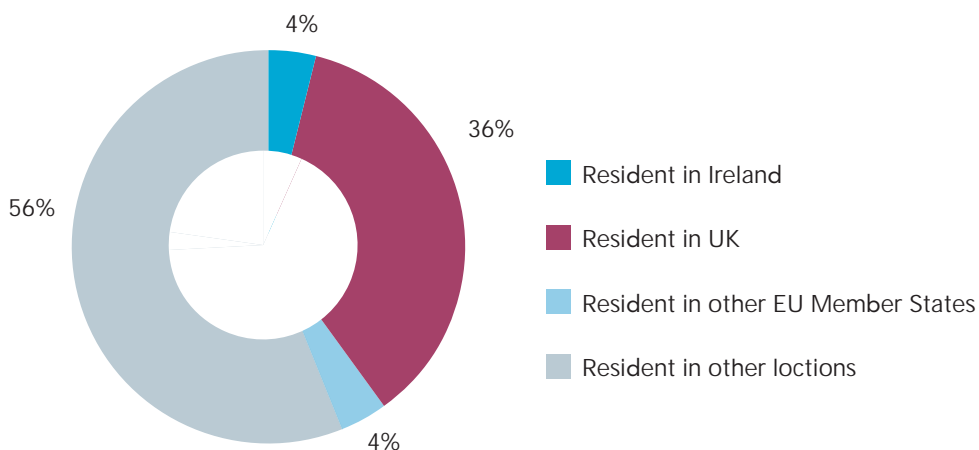
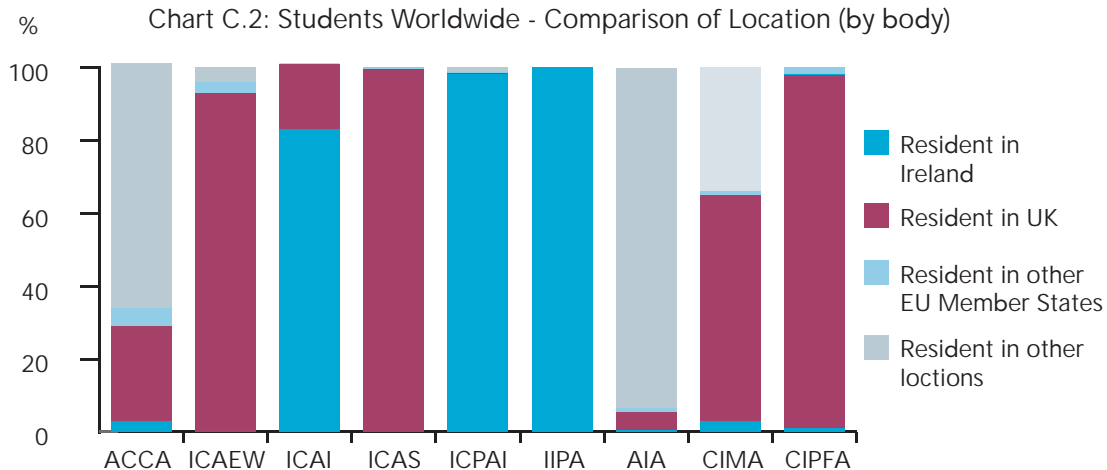


Chart C.2: Students Worldwide - Comparison of Location (by body)



Chapter 5

Profile of the prescribed accountancy bodies

Table C.2: Students in Ireland - Gender Profile

As at 31 Dec 2006	Recognised Accountancy Bodies									
	TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Male	7,922	3,850	2	1,770	-	674	43	38	1,532	13
Female	9,623	5,242	-	1,962	-	1,209	14	2	1,184	10
Total	17,545	9,092	2	3,732	-	1,883	57	40	2,716	23

Chart C.3: Students in Ireland - Gender Profile

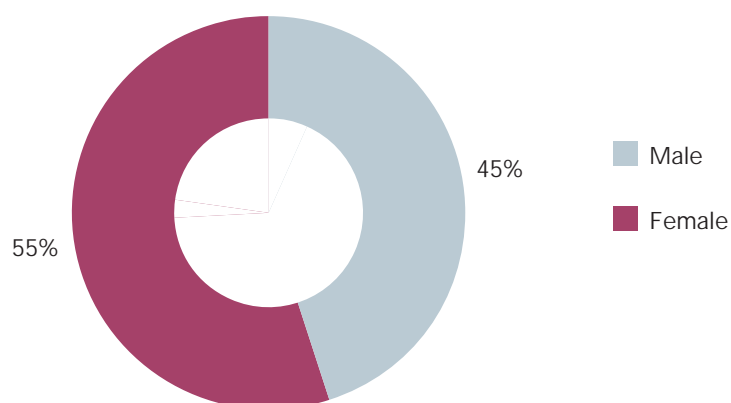


Chart C.4: Students in Ireland - Comparison of Gender Profile (by body)

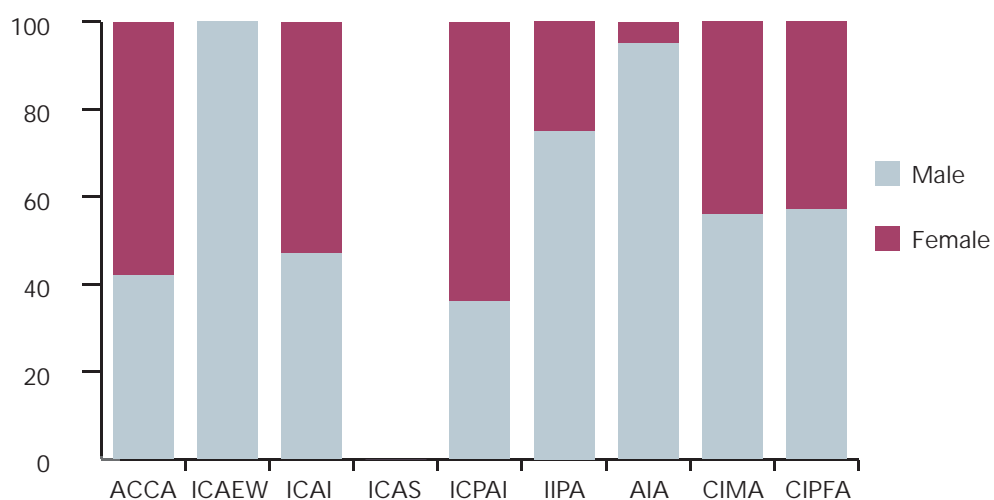


Table C.3: Students in Ireland - Employment Status

As at 31 Dec 2006	Recognised Accountancy Bodies									
	TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Practice	6,674	2,520	2	3,545	-	533		20	54	-
Industry	7,050	3,582	-	85	-	1,059		15	2,309	-
Public Sector	1,014	530	-	8	-	182		2	272	20
In Full-time Education	1,038	934	-	94	-	8		2	-	-
Not in Employment	1,629	1,526	-	-	-	101		1	-	1
Other	140	-	-	-	-	-	57 ⁸³	-	81 ⁹⁷	2
Total	17,545	9,092	2	3,732	-	1,883	57	40	2,716	23

Chart C.5: Students in Ireland - Employment Status

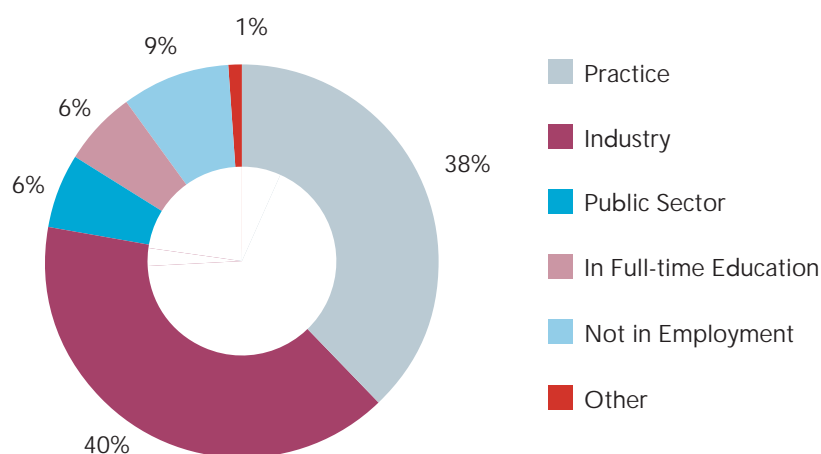
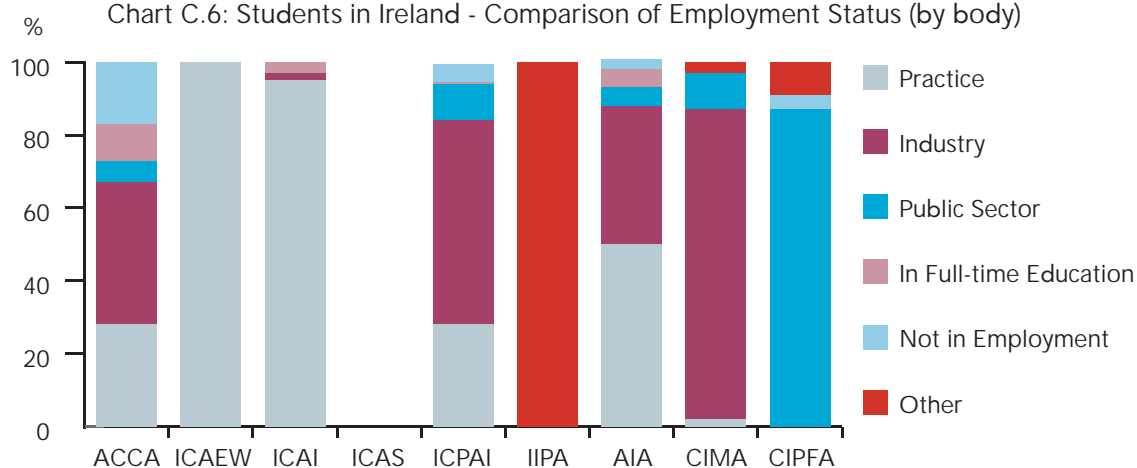


Chart C.6: Students in Ireland - Comparison of Employment Status (by body)



97. CIMA 'other' category includes students in 'full-time education' and 'not in employment'.

Chapter 5

Profile of the prescribed accountancy bodies

Table C.4: Students in Ireland - Age Profile

Recognised Accountancy Bodies										
As at 31 Dec 2006	TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
< 25	5,062	1,959	2	2,489	-	350		12	249	1
25 - 34	9,771	5,671	-	1,237	-	1,044		21	1,792	6
35 - 44	2,070	1,156	-	6	-	361		4	530	13
45 - 54	471	249	-	-	-	106		3	110	3
55 - 64	105	51	-	-	-	22		-	32	-
65 and over	9	6	-	-	-	-		-	3	-
DOB not known	57	-	-	-	-	-	57	-	-	-
Total	17,545	9,092	2	3,732	-	1,883	57	40	2,716	23

Chart C.7: Students in Ireland - Age Profile

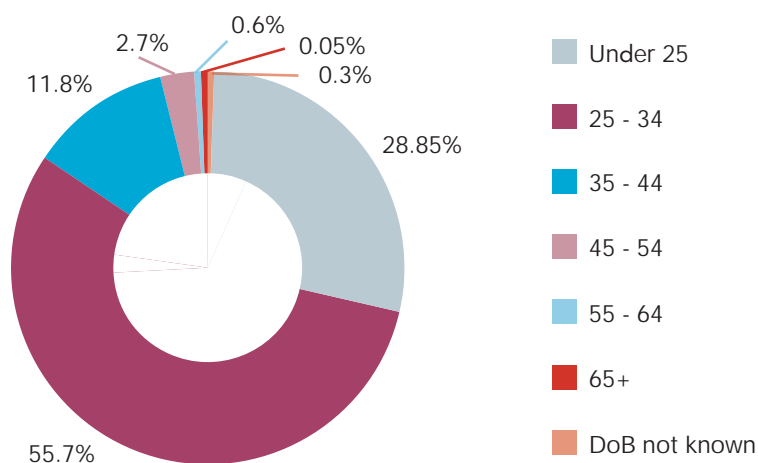
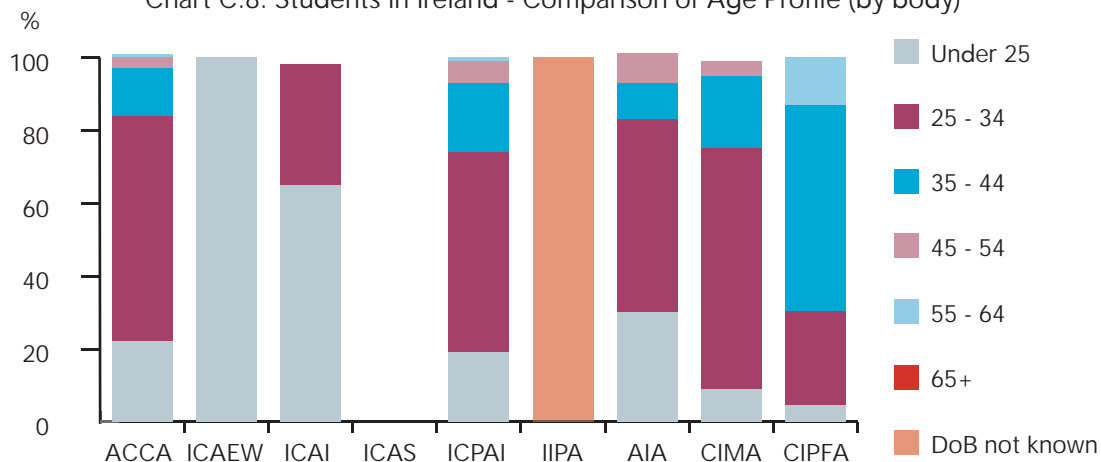


Chart C.8: Students in Ireland - Comparison of Age Profile (by body)



Chapter 5

Profile of the prescribed accountancy bodies

Table C.5: Students in Ireland – Movement during the year

	Recognised Accountancy Bodies								
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
As at 1 January, 2006	7,973	3	3,218 ⁹⁹	-	1,929	53	32	2,776	
During the year:									
ADD: New students registered	2,747	1	1,244	-	459	6	9	414	
LESS: Student registrations lapsed	(1,071)	-	(496)	-	(304)	(2)	(1)	(282)	
Student registrations cancelled	(113)	-	(54)	-	-	-	-	-	
Students admitted as full members	(444)	(2)	(692)	-	(228)	-	-	(192)	
Other	-	-	-	-	27	-	-	-	23 ⁹⁸
As at 31 December, 2006	9,092	2	3,732 ⁹⁹	-	1,883	57	40	2,716	23

98. CIPFA was unable to provide this reconciliation and therefore all students in Ireland are included in the 'other' category.

99. ICAI does not hold statistics on students not under training contracts. The figure in table C.5 for 1 January 2006 includes only students under contract, while the number of students admitted as full members includes those out of contract. Therefore, it is not possible to provide the reconciliation required in this table.

Chapter 5

Profile of the prescribed accountancy bodies

Table C.6: New students registered in Ireland - Educational Background

Students registered during 2006	Recognised Accountancy Bodies									
	TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Non-relevant primary degree	1,276	1,089	-	112	-	16	-	-	59	-
Relevant primary degree	1,823	602	1	854	-	178	1	3	184	-
Non-relevant post-graduate qualification	58	44	-	-	-	2	-	-	12	-
Relevant post-graduate qualification	282	1	-	263	-	8	-	-	10	-
Without a degree qualification	1,441	1,011	-	15	-	255	5	6	149	-
New students registered during 2006	4,880	2,747	1	1,244	-	459	6	9	414	-

Chart C.9: Students in Ireland - Educational Background

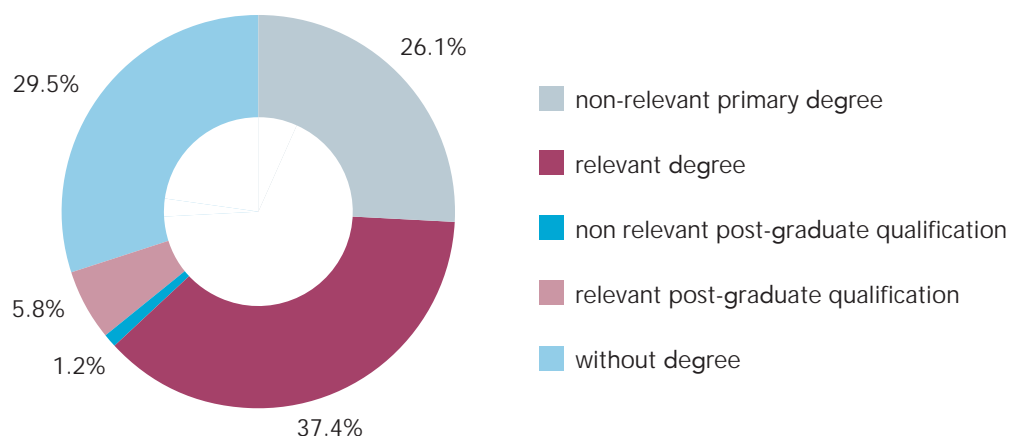
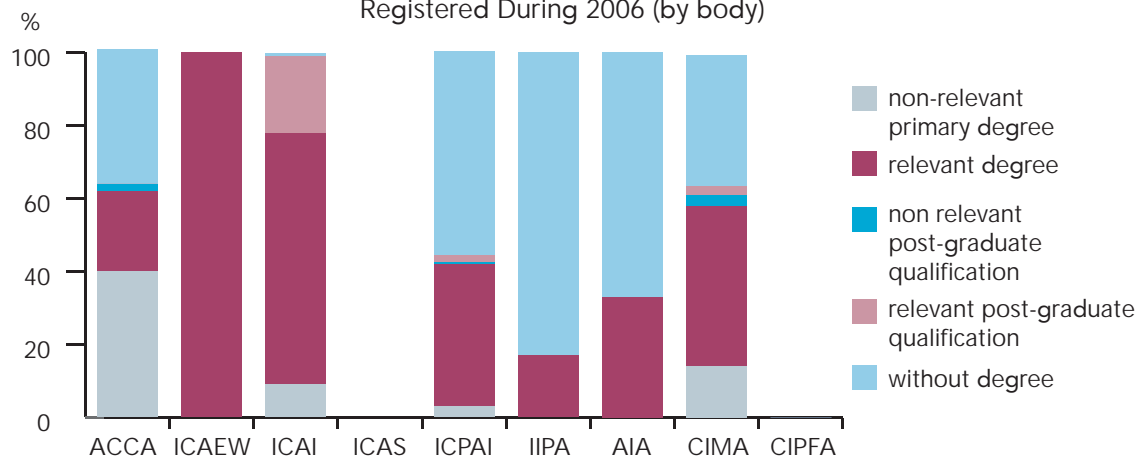


Chart C.10: Students in Ireland - Comparison of New Students Registered During 2006 (by body)



Part D - Practising Authorisation

The table in this Part of the Chapter provides information about the practising authorisation/licensing activities of each of the prescribed accountancy bodies. As alluded to in Part A, the prescribed accountancy bodies impose additional requirements on those of their members wishing to engage in public practice (i.e. offer services to the public) before authorising them to do so.

These additional requirements normally include:

- the necessity to arrange minimum levels of professional indemnity insurance cover;
- putting in place practice continuity arrangements whereby in the event of non-continuation of the practice (e.g. in the case of illness or death) clients' affairs will be afforded continuity of service;
- obtaining minimum levels of post admittance to membership experience; and
- undertaking additional continuing professional development in relevant practice areas.

Members or member firms who satisfy the specified criteria are granted a practising certificate, which authorises them to engage in public practice (but not to carry out work in reserved areas such as audit or investment business, for which additional authorisations are required), and are generally required to renew this authorisation annually. Employees of a practising member or firm are not usually required to hold a practising certificate, unless they are holding themselves out to provide services to the public in their individual capacity as a member.

The following table shows how many members of each accountancy body that are located in Ireland have satisfied the relevant requirements and have been authorised to engage in public practice. However, it should be noted that the prescribed accountancy bodies also authorise members located outside of Ireland to practice in Ireland and these are not included in the table.

The following table is based on information provided by the prescribed accountancy bodies as part of their first annual returns to the Authority.

Chapter 5

Profile of the prescribed accountancy bodies

Table D.1: Members with Practising Certificates who are located in Ireland

	Recognised Accountancy Bodies								
As at 31 December 2006	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Whether the grant of a practising certificate is to an individual member or a firm	Member	Member	Member	Member	Both ¹⁰⁰	Member	Member	Member	N/A ¹⁰¹
Members with practising certificates at 1 January 2006	1,199	62	1,515	4	456	125	10	4	-
During the year:									
ADD: Members who were granted a new practising certificate during the year	53	4	99	-	30	3	2	4	-
LESS: Members who did not renew their practising certificate during the year	(56)	(5)	(28)	-	(13)	(8)	-	-	-
Practising certificates withdrawn by the Institute/Association during the year	-	-	(6)	-	-	-	-	-	-
Other (Change of address to outside Ireland)	-	-	(2)	-	-	-	-	-	-
Members with practising certificates at 31 December 2006 located in Ireland	1,196	61	1,578	4	473	120	12	8	-

100. ICPAI registers both firms and members for practising certificates. Figures are given in relation to members.

101. CIPFA does not authorise members to engage in public practice and does not have any members employed in practice.

Part E - Registered Auditors

The tables and charts in this Part of the Chapter provide information about the registered auditor members/member firms of each of the six¹⁰² recognised accountancy bodies.

Certain companies are obliged under company law to have their financial statements audited by a suitably qualified auditor or audit firm on an annual basis¹⁰³. To be eligible to undertake statutory audits of a company, an individual or a firm must meet the criteria set out in section 187 of the Companies Act 1990. These criteria include (i) being a member of a recognised accountancy body; and (ii) holding a valid practising certificate (conferring the entitlement to audit) from such a body.

Section 187 also provides that certain persons who, while not being members of a recognised accountancy body, are entitled to perform statutory audit work on foot of individual Ministerial authorisations granted prior to 3 February, 1983 and registered under the provisions of section 199(3) of the Companies Act, 1990. By virtue of such authorisations, those persons are, following the enactment and commencement of the Act, deemed to be authorised to act in that capacity by the Authority. Further details of these individuals are provided in Part F of this Chapter.

'Registered auditor', in the context of the following tables, means a firm or an individual that is registered to undertake statutory audits under the Companies Acts 1963 to 2006, being a member or member firm of a recognised accountancy body and holding the appropriate practising certificate/authorisation from such a body.

A member/member firm of a recognised accountancy body wishing to provide audit services must first obtain the appropriate practising certificate (i.e. allowing the member/firm to offer services to the public). Therefore, membership of a recognised accountancy body does not automatically entitle an individual or firm to provide audit services. Rather, to obtain audit registration, a member or firm must satisfy the relevant body's additional criteria (i.e. over and above those required for (i) membership; and (ii) practising authorisation) which normally include:

- an audit qualification for any individual who proposes to sign an audit report; and
- sufficient and appropriate audit related post-membership audit experience.

Each recognised body has its own system for audit registration, with five of the six bodies registering by firm and one by member. It should be noted that the bodies can register firms who do not reside in Ireland to audit in Ireland. Therefore, table E.1 presents details of each body's total number of registered auditors, while table E.2 provides details of those registered auditors who have offices in Ireland.

Registered Auditors

- Table E.1 Analysis by Principals and Offices
- Chart E.1 Comparison of Number of Principals (by body)
- Chart E.2 Comparison of Number of Offices (by body)
- Table E.3 Movement during the year

Registered Auditors with Offices in Ireland

- Table E.2 Analysis by Principals and Offices
- Table E.4 Movement during the year

102. The other three prescribed accountancy bodies (i.e. AIA, CIMA and CIPFA) are not recognised and cannot, therefore, confer audit authorisations in Ireland on their members/member firms.

103. Certain companies who meet defined criteria may avail of an exemption from the general requirement to have financial statements audited.

Chapter 5

Profile of the prescribed accountancy bodies

Table E.1: Registered Auditors – Analysis by Principals and Offices

As at 31 December, 2006	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Whether audit registration is by member or by firm	Firm	Firm	Firm	Firm	Firm	Member
Total number of registered auditors at 31 December	585	4,817 ¹⁰⁴	1,028	268	350	120
Analysis of firms by number of principals:						
• 1 principal	437	2,481	666	118	254	N/A ¹⁰⁵
• 2 - 5 principals	139	1,967	339	91	96	
• 6 - 10 principals	7	252	12	52	-	
• 11 - 25 principals	2	91	5	5	-	
• 26 - 50 principals	-	14	5	1	-	
• 50 + principals	-	12	1	1	-	
Analysis of firms by number of offices:						
• 1 office	519	3,659	958	214	Not avail ¹⁰⁶	N/A ¹⁰⁵
• 2 offices	54	854	54	-		
• 3 offices	8	186	12	42		
• 4 – 5 offices	4	74	2	9		
• 6 - 10 offices	-	29	2	1		
• 11 - 20 offices	-	7	-	1		
• More than 20 offices	-	8	-	1		

104. ICAEW has reported the total number of registered firms at the end of 2006 as 4,817. However, included in this total are 1,307 corporate practices who under Irish company law cannot accept audit appointments in Ireland.

105. IIPA registers individual members rather than firms and therefore the analysis of firms by number of principals and offices is not relevant.

106. This information is currently not available as the ICPAI's database is in transition.

Chart E.1: Comparison of Registered Auditors by Number of Principals

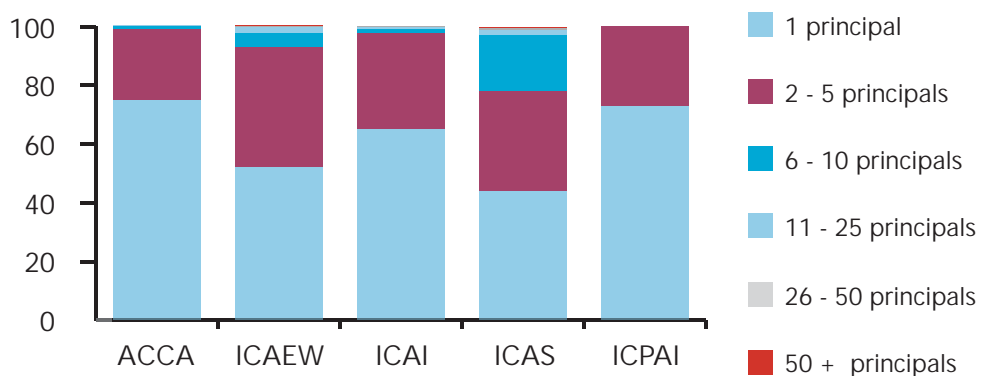
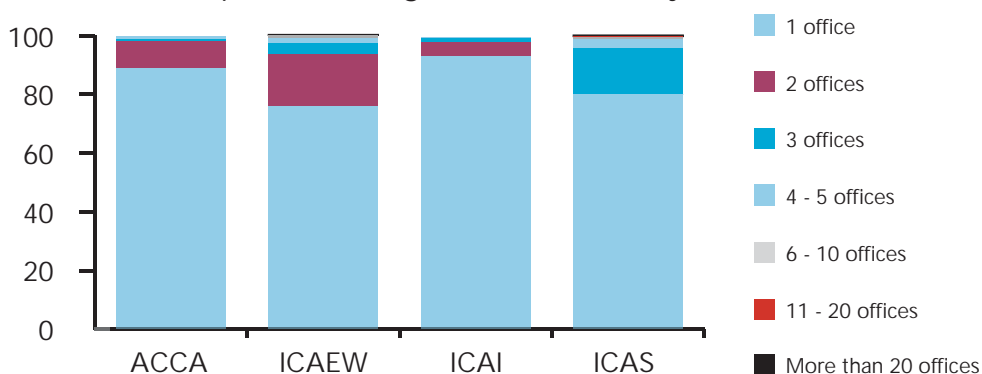


Chart E.2: Comparison of Registered Auditors by Number of Offices



Chapter 5

Profile of the prescribed accountancy bodies

Table E.2: Registered Auditors with offices in Ireland - Analysis by Principals and Offices

As at 31 December, 2006	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Total number of registered auditors at 31 December	311	10	792	1	350	120
Analysis of firms by number of principals:						
• 1 principal	233	10	522	1	254	N/A ¹⁰⁵
• 2 - 5 principals	73	-	252	-	96	
• 6 - 10 principals	5	-	8	-	-	
• 11 - 25 principals	-	-	4	-	-	
• 26 - 50 principals	-	-	5	-	-	
• 50 + principals	-	-	1	-	-	
Analysis of firms by number of offices:						
• 1 office	282	10	751	1	Not avail ¹⁰⁶	N/A ¹⁰⁵
• 2 offices	26	-	33	-		
• 3 offices	3	-	5	-		
• 4 - 5 offices	-	-	2	-		
• 6 - 10 offices	-	-	1	-		
• 11 - 20 offices	-	-	-	-		
• More than 20 offices	-	-	-	-		

Chapter 5

Profile of the prescribed accountancy bodies

Table E.3: Registered Auditors – Movement during the year

Year to 31 December 2006	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Audit registrations at 1 January 2006	592	5,153	1,044	312	352	125
During the year:						
ADD: New applications for audit registration accepted	34	260	35	4	13	3
LESS: Audit registrations withdrawn by the Institute/Association following a request from the registered auditor	(41)	(569)	(47)	(47)	(13)	-
Audit registrations withdrawn/suspended by the Accountancy Body as a result of disciplinary/regulatory action taken by the body	-	(27)	(3)	(1)	(2)	-
Other	-	-	(1)	-	-	(8)
Registered auditors at 31 December, 2006	585	4,817¹⁰⁷	1,028	268	350	120

107. This includes the 1,307 corporate practices noted above in the footnote to table E.1.

Chapter 5

Profile of the prescribed accountancy bodies

Table E.4: Registered Auditors with offices in Ireland – Movement during the year

Year to 31 December 2006	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Audit registrations at 1 January 2006	305	12	800	1	352	125
During the year:						
ADD: New applications for audit registration accepted	18	1	20	-	13	3
LESS: Audit registrations withdrawn by the Institute/Association following a request from the registered auditor	(11)	(3)	(27)	-	(13)	-
Audit registrations withdrawn/suspended by the Accountancy Body as a result of disciplinary/regulatory action taken by the body	-	-	(2)	-	(2)	-
Other	(1)	-	(1)	-	-	(8)
Change of address from outside Ireland to Ireland	-	-	2	-	-	-
Registered auditors with offices in Ireland at 31 December, 2006	311	10	792	1	350	120

Part F - Individually Authorised Auditors

As alluded to in Part E of this Chapter, section 187 of the Companies Act, 1990 provides that certain persons who, while not being members of a recognised accountancy body, are entitled to perform statutory audit work on foot of individual Ministerial authorisations granted prior to 3 February, 1983 and registered under the provisions of section 199(3) of the Companies Act, 1990. By virtue of such authorisations, those persons are,

following the enactment and commencement of the Act, deemed to be authorised to act in that capacity by the Authority. In accordance with the provisions of section 199(3A) of that Act, these individuals (referred to as 'individually authorised auditors') are required to notify the Registrar of Companies at least once in each year that they are continuing to act as an auditor. Table F.1 below provides details of individually authorised auditors as notified to the Companies Registration Office ('CRO') during 2006.

Table F.1
List of Individually Authorised Auditors notified to the CRO during 2006

Sean Ardagh 168 Walkinstown Road Dublin 12	John Fahey 60 O'Connell Street Clonmel, Co. Tipperary	Michael B. Keogh 49 Killiney Towers Killiney, Co. Dublin	Sean M. O'Carroll 53 Saran Wood Killarney Road Bray, Co. Wicklow
John Browne Leader House Dublin Road Longford	Patrick D. Finnegan 339 Meadowbrook Kilcoole, Co. Wicklow	Robert McDonald ACC House Shop Street Tuam, Co. Galway	Vincent O'Connor 12 Brookville Gardens Clareview, Limerick
Mary Desmond Collins Red House Hill Patrickswell, Co. Limerick	Charles J. Flynn Unit 1B 2nd Floor Village Court Lucan, Co. Dublin	Brian J. Martin Apt. 14 Mitchel House Appian Way, Dublin 6	Joseph Pattison 1 Jacob Street Kilkenny
St. John J. Costello "Prospect" Castletroy, Co. Limerick	Patrick David Glynn Windemere Glendine, Kilkenny	J. A. Mullins 12 Doneen Road Woodview, Limerick City	Michael J. Roche 51 Corbawn Drive Shankill, Co. Dublin
Stephen Cullinane Grealy & Co. Galway Retail Park Headford Road Galway	John Hardiman The Manse Northgate Street Athlone, Co. Westmeath	E.P. Murphy 3 Ballymace Green Templeogue, Dublin 14	Patrick J. Rocks 9/10 Park Street Monaghan
Gerard Joseph D'Arcy The Maples Drum Athlone, Co. Roscommon	Leslie Vincent Hogan Monaleen Road Castletroy, Limerick	Patrick J. Murphy "Cummeen" Strandhill Road, Sligo	Michael Sheridan 3 Tramore Heights Tramore, Co. Waterford
Cormac Gerard Duffy 44 Dominick Street Galway	John P. Keenan 25 St. Catherine's Park Glenageary Dun Laoghaire, Co. Dublin	Thomas O'Brien "Dunkerron" Leoville Dunmore Road Waterford	Lionel R. Steen 27 High Street Castlecomer, Kilkenny
			Edward Thornley 100 Strand Road Sandymount, Dublin 4

Source: Companies Registration Office

Chapter 5

Profile of the prescribed accountancy bodies

Part G - Recognised Accountancy Bodies' Monitoring of Registered Auditors

As discussed in some detail in Chapter 1 of this report, the Act confers upon the Authority a function of supervising how each recognised accountancy body monitors its members¹⁰⁸. Primary responsibility for the monitoring (i.e. quality assurance processes and monitoring of compliance with professional standards etc.) of members and member firms resides with the recognised accountancy bodies, under the Authority's supervision¹⁰⁹.

At this time, all of the recognised accountancy bodies have in place regimes for quality assurance review of their members/member firms. In the case of several of the recognised accountancy bodies, the quality assurance regime extends beyond audit into other areas of members' or member firms' activities such as, for example, investment business activities.

Each body's quality assurance process is tailored to its specific requirements and elements thereof may include, for example, desk-top reviews of members' annual returns, desk-top reviews of members' individual client engagement files and/or periodic quality assurance visits to registered auditors' offices by quality assurance reviewers (who are, generally, employees of the recognised accountancy bodies).

The scope of quality assurance visits to members or member firms typically includes:

- an assessment of the member's or member firm's compliance with the body's bye-laws, regulations, professional standards and applicable law;

- an assessment of the member's or member firm's internal quality control procedures; and
- a substantive review of individual client engagement files.

Each of the recognised accountancy bodies seeks to perform quality assurance reviews of members or member firms by reference to pre-set cycles. The length of cycles varies between the bodies and within bodies depending on the nature of members' or member firms' client bases (e.g. firms auditing listed clients or clients otherwise regulated would generally tend to be reviewed more frequently). Of relevance in this context are the quality assurance provisions of the recently revised EU 8th Company Law Directive (discussed in Chapter 1) which, *inter alia*, will introduce - with effect from mid 2008 at the latest - a statutory requirement in all Member States for independent quality assurance reviews of statutory auditors, which must be completed at least every 6 years, or in the case of statutory auditors having public interest entities as clients, every 3 years.

The following tables are based on information provided by the recognised accountancy bodies as part of their first annual returns to the Authority.

Registered Auditors

Table G.1 Quality Assurance Visit Cycle

Table G.2 Summary of Risk Indicators

Table G.3 Quality Assurance Visits

Table G.4 Staff involved in Quality Assurance

Table G.5 Outcome of Quality Assurance Visits

Table G.6 Quality Assurance Visit Sanctions

108. Section 9(2)(g) refers.

109. The recently revised EU 8th Company Law Directive on statutory audit, which is discussed in Chapter 1, contains certain provisions relating to Member States' obligations regarding the establishment of quality assurance systems. The Directive is not required to be transposed into domestic legislation until mid 2008 and it is not known at this time how the Oireachtas (Parliament) will elect to transpose the relevant aspects of the Directive or if, as a consequence, there will be any changes to the quality assurance arrangements that currently prevail.

Table G.1: Registered Auditors – Recognised Accountancy Bodies' Quality Assurance Visit Cycles

Recognised Accountancy Body	Details of the Accountancy Body Quality Assurance Visit Cycle
ACCA	When a firm first obtains audit registration from ACCA, the Association's policy is that the firm will receive a monitoring visit within four years. Subsequent visits are carried out within a six year cycle. ACCA uses risk factors to determine when a firm will be visited within a visit cycle. Following a visit, where ACCA finds that a firm still needs to make some improvements to its audit work, it will be scheduled for a follow up visit within four years. Where the audit work is found to be seriously unsatisfactory, the follow up visit will take place within two years, or if the findings are referred to the relevant regulatory Committee, as the Committee directs.
ICAEW	The default cycle for all ICAEW firms is six years, but certain firms are visited more frequently. The top 25 UK firms have been visited on an annual or three yearly basis, depending on the nature and size of the firm. In addition, firms which have received a poor visit rating (D graded) are scheduled for a visit after three years, while firms that display specific risk indicators may be selected for earlier visits and any one of the four committees that consider visit reports from the Quality Assurance Directorate may request an early or follow up visit for a particular firm. It should also be noted that the Audit Inspection Unit of the Professional Oversight Board (part of the UK Financial Reporting Council), has taken over the monitoring of public interest entities in the UK.
ICAI	The ICAI's monitoring regime involves an annual review and risk analysis of every firm by way of a desk top review of an extensive annual return submitted by the firms. In addition, the Institute has established goals for itself in relation to inspection of firms. Firms are visited on a risk basis but the aim is to visit firms within an overall cycle. The cycle for firms with listed clients is 2-3 years, for firms with clients regulated under other legislation (for example credit unions) the cycle is 5 years, while for firms with other low risk audit clients the cycle is 10 years.
ICAS	The ICAS monitoring cycle involves monitoring one of the big nine national firms, which is registered by ICAS, every year. All other firms with listed clients are visited at least every three years. Those with public interest entity clients are selected by the Audit Inspection Unit of the Professional Oversight Board (part of the UK Financial Reporting Council). All other firms are monitored at least every six years and are selected by Annual Return desk top monitoring based on risk factors.
ICPAI	The Institute has a six year cycle for monitoring, the current cycle having commenced during 2006. Some risk based criteria are used for selection, but all firms are selected for review during the cycle. If a firm does not achieve a satisfactory grade on a visit then follow up action is taken. All new firms authorised receive a monitoring visit in the first twelve months of operation. The annual monitoring plan is set once a year and includes both field monitoring visits and desk based reviews.
IIPA	IIPA has two cycles in operation, comprising three years and five years. In January of each year, the Monitoring Committee meets to establish the number of visits to be carried out in the forthcoming year. Some visits will be based on random selection and others will be targeted based on risk assessment. Having carried out the assessment, this in turn helps determine the number of monitoring visits for the year. It will also determine the cycle that applies to each member. Those members in the risk category will be visited every 3 years, while all other members will be subject to a five year cycle unless their circumstances change.

Chapter 5

Profile of the prescribed accountancy bodies

Table G.2: Summary of Risk Indicators

Factors which the recognised accountancy bodies have reported as giving rise to a heightened risk assessment for an individual firm, leading to an increased likelihood of more frequent or earlier quality assurance visits are:

- The number of audit clients;
- The type of audit clients, specifically, public interest entity clients, which include listed entities, credit institutions, insurance brokers, investment firms, and pension firms;
- Specialist audit client base;
- No audit procedures, out-of-date procedures, or no specialist audit procedures when firm has specialist clients;
- Indication of control problems within the firm;
- History of complaints against the firm;
- Failure to make an annual return to the recognised body;
- Length of time since the last visit; and
- A poor grade on the previous visit.

Table G.3: Registered Auditors – Quality Assurance Visits

Year to 31 December, 2006	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
At 1 January, the number of expected audit monitoring visits to be undertaken in the year	122	Not provided ¹¹⁰	Not set ¹¹¹	50	75	10
Number of audit monitoring visits actually undertaken in the year	81	713	44	69	59	5
Number of members that were monitored following a referral from a regulatory committee	13	42	6	1	4	-
Number of members specifically selected for monitoring due to heightened risk (including early follow-ups)	30 ¹¹²	28	16	67	-	1
Number of members that were randomly selected for a monitoring visit	38	643	19	-	55	4
Other (selected for a monitoring visit)	-	-	3	1	-	-

110. ICAEW (i) has advised the Authority that it does not set annual targets in respect of firms in Ireland; and (ii) has not provided the target in respect of registered auditors based outside Ireland, noting, however, that these targets are driven by the requirements of the revised EU 8th Company Law Directive.

111. ICAI has advised the Authority that it does not set an annual visit target. Rather, it sets risk priorities for selection of firms to receive visits.

112. 14 were selected for two-year follow-up, while 16 were selected for four-year follow-up.

Table G.4: Registered Auditors – Staff involved in Quality Assurance

	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Year to 31 December, 2006						
Total number of registered auditors at 31 December	585	4,817	1,028	268	350	120
No. of whole-time equivalent staff involved in monitoring registered auditors ¹¹³	8	30	12	3	4	– ¹¹⁴

Table G.5: Registered Auditors – Outcome of Quality Assurance Visits

	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Grades awarded	See Note 1	Not provided	Note 2	Note 3	Note 4	Note 5

Note 1: ACCA Grades awarded

This table shows the reasons for, and outcomes of, quality assurance visits carried out by ACCA to firms holding a Firm's Auditing Certificate valid in Ireland during 2006.

Visit reason	A/B	C+	C-	D	Total
New/Routine	16 ¹	11	6	5	38
Early follow-up (4 years)	8 ²	2	1	5	16
Early follow-up (2 years)	7	-	-	7	14
Investigative	-	-	-	-	-
Committee ordered visit	9	-	-	4	13
Total	40	13	7	21	81

¹ – three of these firms had no audit clients

² – one of these firms had no audit clients

Key to grades awarded:

A/B: Satisfactory/Acceptable;

C+: Unsatisfactory & improvements required;

C-: Unsatisfactory & significant improvements required;

D: Referral to Committee (regulatory/disciplinary action).

113. These figures may include, *inter alia*, staff involved in the desk-top review of members' annual returns as well as the reviewers who conduct the quality assurance visits.

114. IIPA utilises the services of up to 4 individuals to perform the quality assurance visit function as required.

Chapter 5

Profile of the prescribed accountancy bodies

Note 2: ICAI Grades awarded

Grade	No.
A: No breaches recorded and no regulatory action required	-
B: Breaches noted but firm has undertaken to address all issues arising and no follow-up action is required.	10
C: Breaches noted and the firm has undertaken to take actions that address the issues raised, and follow-up is required.	18
D3: Condition or restriction to be imposed, but loss of registration or authorisation not being proposed	10
D2: Serious integrity concerns, flagrant breaches, lack of commitment, progress, competence or failure to comply with previous conditions/restrictions. The Quality Review Committee will be 'minded to withdraw' authorisation or registration. However, it may be possible for the problems to be corrected.	3
D1: Serious integrity concerns, flagrant breaches, lack of commitment, progress, competence or failure to comply with previous conditions/restrictions. Loss of registration or authorisation is proposed.	3
Total	44

Note 3: ICAS Grades awarded

Grade	No.
A: No issues to deal with	2
B: Some regulatory areas, but they have been adequately addressed by the firm's closing meeting responses	31
C: Regulatory issues arising and a need for the firm to show that planned changes have occurred	21
D: Committee to consider follow-up action such as imposition of conditions and restrictions	14
Not yet finalised	1
Total	69

Note 4: ICPAI Grades awarded

Grade	No.
A: No follow up action required	12
B: Desk based follow up action required	22
C: Re-review of firm required	14
D: Referral for urgent action, which may include disciplinary action	9
No Grade & report to Investigation Committee	2
Total	59

Note 5: IIPA Grades awarded

Grade	No.
A: No follow up action required or recommendations to be made.	-
B: No follow up action required but minor recommendations for improvement.	4
C: List of recommendations for improvement and implementation of recommendations to be monitored by reviewer without recourse to re-review.	-
D: List of recommendations for improvement and implementation of recommendations to be monitored by full re-review of firm within 12 months.	1
E: List of recommendations for improvement and agreed plan of action between firm and Institute to implement a plan. Firm to be subjected to ongoing monitoring until improvements are implemented.	-
F: Referral of matters to Council with recommendation for action to be taken by Council to address the gross deficiencies identified.	-
Total	5

Table G.6: Registered Auditors – Quality Assurance Visit Sanctions

Year to 31 December, 2006	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Number who have had conditions and/or restrictions imposed as a result of the findings of a monitoring visit.	20 ¹¹⁵ Note 1	27 Note 2	15 Note 3	23 Note 4	-	-
Number who have had a follow up visit/re-review imposed	14	5	1	-	43 ¹¹⁶	1
Number who have had their audit registration suspended as a result of the findings of a monitoring visit.	-	1	4	-	2	-
Number who have had their audit registration withdrawn as a result of the findings of a monitoring visit.	-	18	2	2	-	-

115. This comprises five cases brought forward from 2005 and fifteen arising during 2006. Six cases have been carried forward to be dealt with by the Committee in 2007.

116. This figure relates to both the number of follow-up visits and desk-top file reviews.

Chapter 5

Profile of the prescribed accountancy bodies

Note 1: ACCA

Conditions/Restrictions Imposed	No.
Hot reviews ¹¹⁷ and early follow-up visit	14
Auditing certificate relinquished and any future application to be referred to the Admissions & Licensing Committee	2
Remedied by practitioner and Regulation & Monitoring Department to follow up	2
Condition imposed to notify ACCA if the firm accepts further appointments and for the Regulation and Monitoring Department to then confirm that the firm is not subject to any influence that may affect its independence	1
Undertaking from the firm not to accept audit appointments from another firm which carries out the accountancy function for the same client	1

Note 2: ICAEW

Conditions/Restrictions Imposed	No.
Restrictions on accepting new clients until the satisfactory outcome of other measures	20
Hot file reviews ¹¹⁷	16
Cold file reviews ¹¹⁷	12
Matters relating to Continuing Professional Development (Some firms had more than one of the above outcomes)	9

Note 3: ICAI

Conditions/Restrictions Imposed	No.
Hot file reviews ¹¹⁷	2
Direction to resign from clients	2
External compliance reviews imposed	3
Direction to implement a programme of improvements	4
Referred to Complaints Committee (Some firms had more than one of the above outcomes)	6

Note 4: ICAS

Conditions/Restrictions Imposed	No.
Hot file reviews ¹¹⁷	6
Cold file reviews ¹¹⁷	17

117. A hot file review is a quality control review of an audit engagement, which is undertaken by a suitably qualified individual, **before** the audit report is issued. A cold file review is a similar review, but is undertaken **after** the audit report has issued.