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# PROFILE OF THE PROFESSION **2014**

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**IAASA**

Irish Auditing & Accounting  
Supervisory Authority



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#### DISCLAIMER

Whilst every effort has been made to ensure the accuracy of the information contained in this document, the Irish Auditing & Accounting Supervisory Authority accepts no responsibility or liability howsoever arising from any errors, inaccuracies, or omissions occurring.

## 1. Chief Executive Introduction

It is with pleasure that I present the Irish Auditing and Accounting Supervisory Authority's Profile of the Profession 2014, the purpose of which is to provide readers with an insight into:

- the PABs membership, student numbers, and public practice profiles; and
- the nature and scale of the PABs' regulatory and monitoring activities.

Additional information regarding IAASA's supervision of the PABs will be available in Chapter 3 of IAASA's 2014 Annual Report.

### **Overall trends**

At 31 December 2014:

- there were 33,706 PAB members resident in Ireland, an increase of 3% from 2013;
- the PABs' aggregate student membership resident in Ireland was 16,473, an increase of less than 1% on the previous year;
- 3,441 PAB members located in Ireland were authorised to provide services to members of the public; and
- the number of registered audit firms located in Ireland stood at 1,542.

### **Acknowledgement**

I acknowledge the efforts made by each of the PABs in compiling the information contained in this document and thank them for their cooperation in responding to IAASA's queries.

### **Helen Hall**

Chief Executive

May 2015

## 2. Prescribed Accountancy Bodies

A Prescribed Accountancy Body, or PAB, is an accountancy body that comes within IAASA's supervisory remit. There are currently nine PABs:

- **ACCA** Association of Chartered Certified Accountants;
- **AIA** Association of International Accountants;
- **CIMA** Chartered Institute of Management Accountants;
- **CIPFA** Chartered Institute of Public Finance & Accountancy;
- **ICAEW** Institute of Chartered Accountants in England and Wales;
- **ICAI** Institute of Chartered Accountants in Ireland;
- **ICAS** Institute of Chartered Accountants of Scotland;
- **ICPAI** Institute of Certified Public Accountants in Ireland; and
- **IIPA** Institute of Incorporated Public Accountants.

Six of the nine PABs are also Recognised Accountancy Bodies ('RABs'). RABs are permitted to approve their members/member firms to practice as statutory auditors. The six RABs are ACCA, ICAEW, ICAI, ICAS, ICPAI and the IIPA. Further information regarding each of the nine PABs is available on their respective websites. Links can be found to these websites at section 6 below.

## 3. Provision of information by the PABs

IAASA has relied on the PABs to provide the information contained in this document, which relates to the year ended 31 December 2014 and was submitted as part of the annual return process. At the start of each year, the PABs are required to complete an annual return for the previous year in order to:

- provide IAASA with the information necessary to monitor the PABs' ongoing regulatory activities and to develop supervisory responses as necessary; and
- enable IAASA to provide the public with an insight into the PABs' scale and composition, as well as their principal regulatory activities.

Given the dual purpose of the data contained in the PABs' annual returns, as detailed above, not all of the information gathered by IAASA is included in this document.

## 4. Comparability of data

In analysing the information presented in this document it is important to note that there are differences in the structure and operations of the nine PABs. There may also be differences in their interpretation of the information requested. These inherent limitations may cause some difficulties in making comparisons. While IAASA has tried to minimise such differences through the design of the annual return templates, care is needed in interpreting the data presented in this document and direct comparison may not be appropriate or meaningful in some cases.

## 5. Definitions used in this document

The following definitions are used in this document:

<b>'complaint'</b>	any expression of dissatisfaction with accounting related services, whether communicated to a PAB by a member of the public or otherwise
<b>'Ireland'</b>	the Republic of Ireland
<b>'Irish relevant'</b>	relating to members and students located in Ireland, firms based in Ireland and/or members/firms with clients based in Ireland
<b>'location'</b>	the primary address used for correspondence by the member, student or in the case of a firm the situ of the office
<b>'member(s)'</b>	an individual who has applied for and is currently admitted to full membership of the relevant PAB
<b>'PAB'</b>	A Prescribed Accountancy Body that comes within IAASA's supervisory remit
<b>'Public Interest Entity' ('PIE')</b>	Public Interest Entity ('PIE') as defined in Regulation 3 of S.I. 220 of 2010, includes certain listed entities, credit institutions and insurance undertakings.
<b>'principal'</b>	a partner in a member firm and includes a sole practitioner
<b>'RAB'</b>	a Recognised Accountancy Body permitted to approve its members/member firms as statutory auditors/firms
<b>'regulatory committee'</b>	any committee of the PAB with any role or responsibility in relation to the admission, licensing, registration, quality assurance or disciplining of members and/or students
<b>'S.I.220 of 2010'</b>	S.I. No. 220 of 2010 European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010
<b>'statutory auditor'</b>	an individual that is approved in accordance with S.I. 220 of 2010 to carry out statutory audits
<b>'statutory audit firm'</b>	an audit firm which is approved in accordance with S.I. 220 of 2010 to carry out statutory audits
<b>'student'</b>	an individual who is registered with the relevant PAB as a student and is actively pursuing the education process for admission to full membership. It includes individuals who are exam qualified but have not yet been admitted to full membership. It does not include individuals who are pursuing an accounting technician qualification or any qualification other than full membership
<b>'worldwide'</b>	'worldwide' throughout this document includes 'Ireland'

## 6. Links to the PABs' websites

Further information regarding each of the nine PABs is available on their respective websites, as set out below.

Association of Chartered Certified Accountants	<a href="http://www.accaglobal.com">www.accaglobal.com</a>
Association of International Accountants	<a href="http://www.aiaworldwide.com">www.aiaworldwide.com</a>
Chartered Institute of Management Accountants	<a href="http://www.cimaglobal.com">www.cimaglobal.com</a>
Chartered Institute of Public Finance and Accountancy	<a href="http://www.cipfa.org">www.cipfa.org</a>
Institute of Chartered Accountants in England and Wales	<a href="http://www.icaew.com">www.icaew.com</a>
Institute of Chartered Accountants in Ireland	<a href="http://www.charteredaccountants.ie">www.charteredaccountants.ie</a>
Institute of Chartered Accountants of Scotland	<a href="http://www.icas.org.uk">www.icas.org.uk</a>
Institute of Certified Public Accountants in Ireland	<a href="http://www.cpaireland.ie">www.cpaireland.ie</a>
Institute of Incorporated Public Accountants	<a href="http://www.iipa.ie">www.iipa.ie</a>

# PART A

## Membership

### Admission to PAB membership

Admission to PAB membership requires applicants to satisfy various criteria, which typically include:

- successfully completing the relevant PAB's professional examinations;
- obtaining a minimum period of relevant supervised work experience; and
- undertaking to comply with the relevant PAB's standards, including its bye-laws, rules, regulations and code of ethics and conduct.

### Obligations of members

In order to retain their membership status, PAB members are required to fulfil certain obligations, including:

- undertaking Continuing Professional Development ('CPD') to maintain their professional competence; and
- complying on an ongoing basis with the relevant PAB's standards, including its bye-laws, rules, regulations and code of ethics and conduct.

Failure to comply with these requirements may result in disciplinary action being taken against a member by the PAB.

### Membership - Tables and Charts

Table A.1 & A.2 and Chart A.1 show the PABs' membership numbers at 31 December 2014, the location of these members throughout the world and the movements in Irish membership numbers during 2014. Tables A.3 to A.5 and Charts A.2 to A.4 break down the numbers of Irish based members by gender, employment status and age.

- During 2014, there was a 3% increase in membership of the nine PABs for both members resident in Ireland and for worldwide membership. ICAI (at 46%) has the largest number of members in Ireland (15,529), while ACCA (at 36%) has the largest membership worldwide (174,227).
- ICAI, ICPAI and IIPA members are mainly resident in Ireland, with the majority of ICAEW, ICAS, CIMA and CIPFA members being resident in the UK. Almost half of ACCA members are resident in the UK and Ireland, while the majority of AIA members are resident outside of the EU.
- Four PABs account for 97% of PAB membership located in Ireland:
  - ICAI (46.1%);
  - ACCA (27.8%);
  - CIMA (12.7%); and
  - ICPAI (10.8%).
- 42% of PAB members resident in Ireland are female. Table A.3 shows that for membership of eight of the nine PABs in Ireland, males comprise the majority gender. Females comprise the majority gender in ICPAI. The student gender statistics at table B.3 indicate likely future trends in membership gender profiles.
- While the majority of PAB members resident in Ireland are employed in business (62%), a significant minority are employed in practice (24%).



**Table A.1:** Members worldwide - location

As at 31 December	2013 TOTAL	2014 TOTAL	Recognised Accountancy Bodies								
			ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Ireland	32,641	33,706	9,367	437	15,529	69	3,635	219	111	4,274	65
UK	298,094	305,284	73,055	121,730	5,461	17,366	103	3	1,463	73,275	12,828
Other EU Member States	17,942	19,137	10,869	5,442	333	432	47	0	180	1,759	75
Other locations	124,171	131,163	80,936	16,558	2,455	2,534	189	2	7,496	20,634	359
<b>Total members worldwide</b>	<b>472,848</b>	<b>489,290</b>	<b>174,227</b>	<b>144,167</b>	<b>23,778</b>	<b>20,401</b>	<b>3,974</b>	<b>224</b>	<b>9,250</b>	<b>99,942</b>	<b>13,327</b>

**Chart A.1:** Share of members located in Ireland

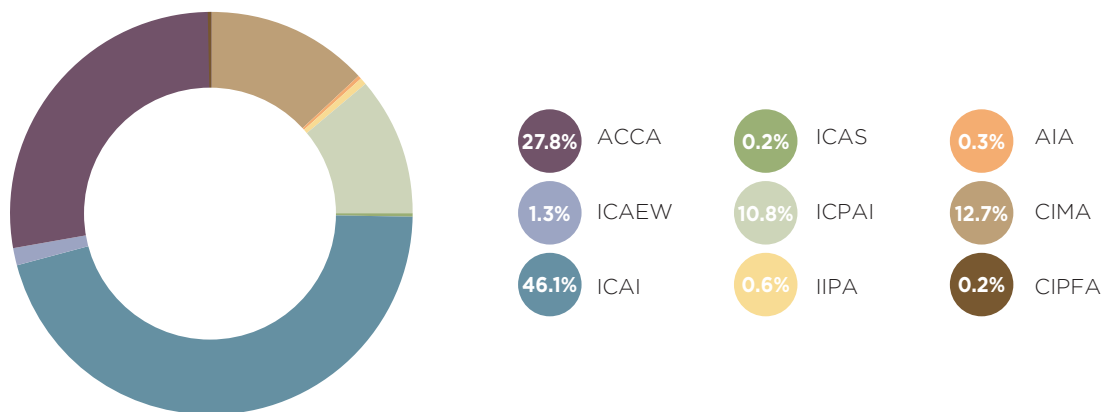


Table A.2: Members in Ireland - movement during the year

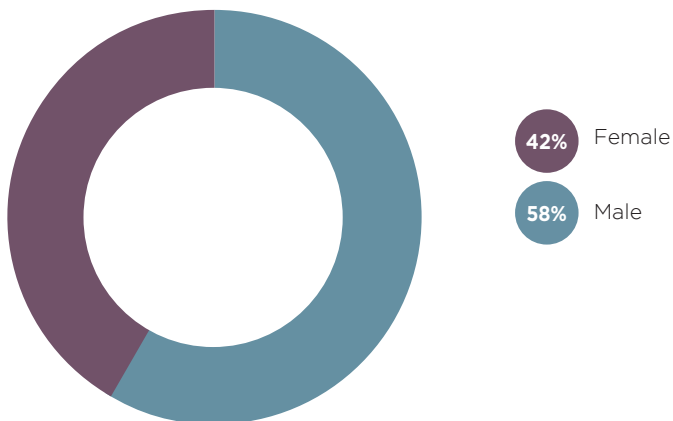
	2013 TOTAL	2014 TOTAL	Recognised Accountancy Bodies						AIA	CIMA	CIPFA
			ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA			
Members in Ireland at 1 January	31,709	32,641	9,029	436	14,894	70	3,611	221	111	4,205	64
During the Year:											
<b>ADD:</b> Students admitted as members	1,554	1,588	480	1	856	-	101	3	-	147	-
Members of other bodies admitted as members	19	22	1	1	2	-	8	9	-	-	1
Former members re-admitted to membership on payment of outstanding fees	176	227	105	-	12	-	-	1	-	109	-
Former members re-admitted to membership for other reasons	6	4	-	-	-	-	2	2	-	-	-
<b>LESS:</b> Members excluded from membership for non payment of fees	(449)	(474)	(233)	(2)	(18)	-	(47)	(8)	-	(166)	-
Members excluded from membership for other reasons	(5)	(2)	-	(1)	-	-	(1)	-	-	-	-
Members resigning from membership	(97)	(102)	(8)	(2)	(41)	-	(31)	(7)	-	(12)	(1)
Members deceased	(47)	(49)	(7)	(3)	(31)	-	(2)	(2)	-	(4)	-
Other	(225)	(149)	-	7	(145)	(1)	(6)	-	-	(5)	1
<b>Members in Ireland at 31 December</b>	<b>32,641</b>	<b>33,706</b>	<b>9,367</b>	<b>437</b>	<b>15,529</b>	<b>69</b>	<b>3,635</b>	<b>219</b>	<b>111</b>	<b>4,274</b>	<b>65</b>

Footnote: ICAI 'other' category arises due to movement of students admitted as members between jurisdictions during the year of admission.

**Table A.3:** Members in Ireland - gender profile

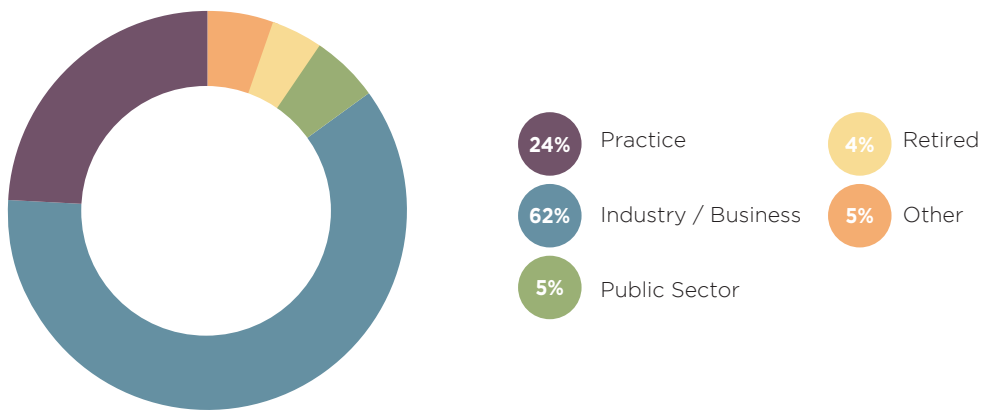
As at 31 December	2013 TOTAL	2014 TOTAL	Recognised Accountancy Bodies								
			ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Female	13,380	13,993	4,301	116	6,209	17	1,857	31	7	1,431	24
Male	19,261	19,713	5,066	321	9,320	52	1,778	188	104	2,843	41
<b>Total membership</b>	<b>32,641</b>	<b>33,706</b>	<b>9,367</b>	<b>437</b>	<b>15,529</b>	<b>69</b>	<b>3,635</b>	<b>219</b>	<b>111</b>	<b>4,274</b>	<b>65</b>

**Chart A.2:** Members in Ireland - gender profile



**Table A.4:** Members in Ireland - employment status

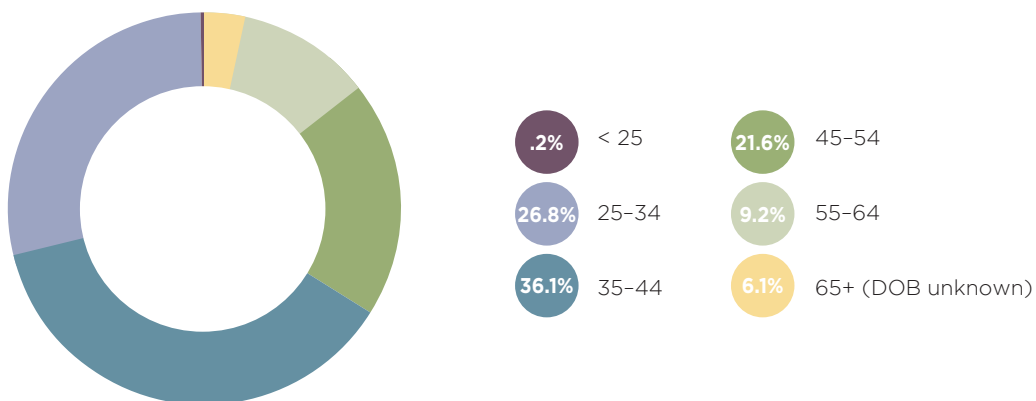
As at 31 December	2013 TOTAL	2014 TOTAL	Recognised Accountancy Bodies								
			ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Practice	7,957	7,969	1,980	100	4,374	12	1,238	184	13	66	2
Industry/Business	19,831	20,771	6,061	187	8,941	42	1,740	21	63	3,708	8
Public Sector	1,658	1,708	666	27	492	1	314	2	7	155	44
Retired	1,314	1,364	241	85	555	12	95	3	24	345	4
Other	1,881	1,894	419	38	1,167	2	248	9	4	-	7
<b>Total</b>	<b>32,641</b>	<b>33,706</b>	<b>9,367</b>	<b>437</b>	<b>15,529</b>	<b>69</b>	<b>3,635</b>	<b>219</b>	<b>111</b>	<b>4,274</b>	<b>65</b>

**Chart A.3:** Members in Ireland - employment status

**Table A.5:** Members in Ireland - age profile

As at 31 December	2013 TOTAL	2014 TOTAL	Recognised Accountancy Bodies								
			ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
< 25	42	61	10	-	37	-	10	-	-	4	-
25 - 34	9,608	9,029	2,280	31	5,519	16	703	20	6	453	1
35 - 44	11,836	12,179	4,035	120	4,740	14	1,348	52	7	1,849	14
45 - 54	6,346	7,273	2,087	126	2,752	18	1,029	37	13	1,184	27
55 - 64	2,893	3,092	626	60	1,447	9	440	63	37	393	17
65+ or (DOB not known)	1,916	2,072	329	100	1,034	12	105	47	48	391	6
<b>Total</b>	<b>32,641</b>	<b>33,706</b>	<b>9,367</b>	<b>437</b>	<b>15,529</b>	<b>69</b>	<b>3,635</b>	<b>219</b>	<b>111</b>	<b>4,274</b>	<b>65</b>

**Chart A.4:** Members in Ireland - age profile



# PART B

## Student population

### Student membership

The education and training of students is an important element of the PABs' overall activities. While students are required to comply with the applicable bye-laws, rules and regulations of the relevant PAB, they:

- do not have membership status and cannot hold themselves out to be PAB members;
- cannot be granted a certificate to provide accounting services to the public; and
- are not entitled to use the designatory letters reserved for members of that PAB.

### Student population - Tables and Charts

B.1 & B.2 and Chart B.1 indicate the PABs' student numbers at 31 December 2014, the location of these students and the movements of Irish based students during 2014. Tables B.3 to B.4 and Charts B.2 to B.3 break down the Irish student numbers by gender and employment status.

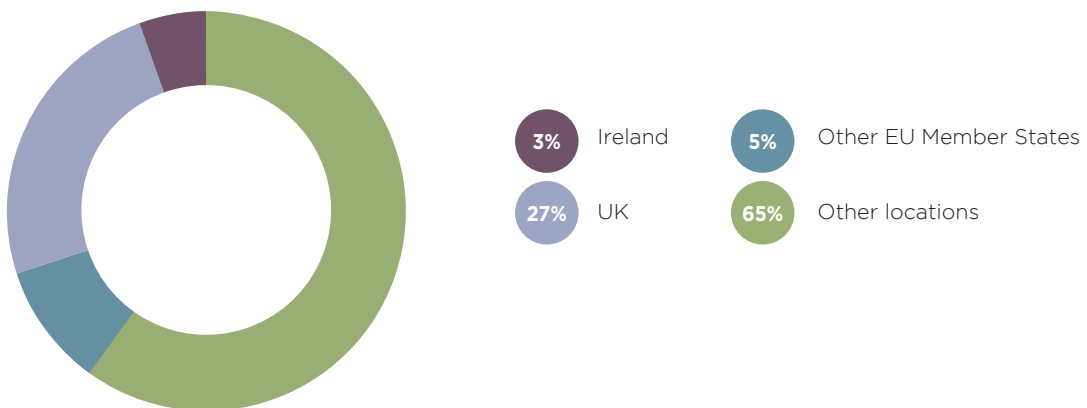
- The PABs' worldwide student numbers rose by 4% in 2014 whilst numbers of students resident in Ireland rose by less than 1%.

- As with membership, ICAI, ICPAI and IIPA students are mainly based in Ireland, with the majority of students in ICAEW, ICAS and CIPFA being resident in the UK. 43% of CIMA students are resident in Ireland and the UK, while a majority of ACCA (72%) and AIA (96%) students are resident outside the EU.
- Four bodies dominate the student market in Ireland - 49% of all PAB students in Ireland are registered with ACCA, followed by ICAI (33%), CIMA (13%) and ICPAI (5%). ICAEW, IIPA, AIA and CIPFA have very low student numbers in Ireland. ICAS does not currently have any students located in Ireland.
- In contrast to the membership statistics (see Part A) over 51% of students resident in Ireland are female. Whilst six of the PABs have either a majority of male students or equal numbers for both genders, both ACCA and ICPAI have a majority of female students.
- Industry/Business is the sector employing the most students in Ireland at 47% with a further 33% being employed in Practice.

**Table B.1:** Students worldwide - location

As at 31 December	2013 TOTAL	2014 TOTAL	Recognised Accountancy Bodies								
			ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Ireland	16,380	16,473	8,058	3	5,376	-	810	42	5	2,175	4
UK	146,193	150,005	74,280	16,708	1,163	3,058	10	1	265	52,509	2,011
Other EU Member States	25,585	26,883	23,506	977	3	13	3	-	73	2,262	46
Other locations	333,776	352,982	267,824	4,313	6	-	43	1	8,721	70,772	1,302
<b>Total students worldwide</b>	<b>521,934</b>	<b>546,343</b>	<b>373,668</b>	<b>22,001</b>	<b>6,548</b>	<b>3,071</b>	<b>866</b>	<b>44</b>	<b>9,064</b>	<b>127,718</b>	<b>3,363</b>

**Chart B.1:** Students worldwide - location



**Table B.2:** Students in Ireland - movement during the year

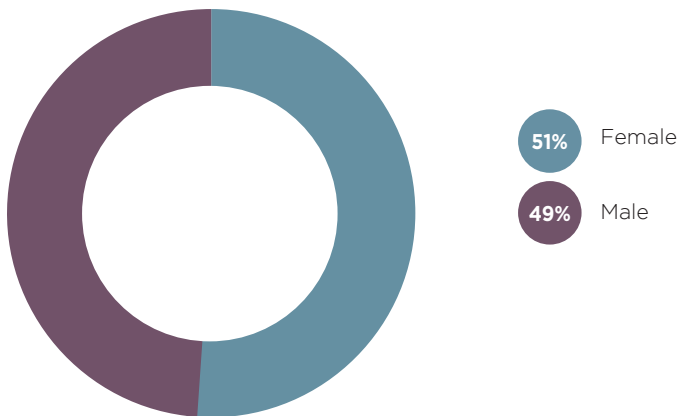
			Recognised Accountancy Bodies								
	2013 TOTAL	2014 TOTAL	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Students in Ireland at 1 January	16,141	16,380	8,057	3	5,290	-	832	59	5	2,130	4
During the year:											
<b>ADD:</b> New students registered	3,213	3,201	1,279	1	1,198	-	177	7	-	537	2
<b>LESS:</b> Lapsed student registrations	(1,372)	(1,318)	(766)	-	(73)	-	(98)	-	-	(379)	(2)
Student registrations cancelled	(122)	(202)	(32)	-	(120)	-	-	(21)	-	(29)	-
Students admitted as full members	(1,554)	(1,588)	(480)	(1)	(856)	-	(101)	(3)	-	(147)	-
Other	74	-	-	-	(63)	-	-	-	-	63	-
<b>Students in Ireland at 31 December</b>	<b>16,380</b>	<b>16,473</b>	<b>8,058</b>	<b>3</b>	<b>5,376</b>	<b>-</b>	<b>810</b>	<b>42</b>	<b>5</b>	<b>2,175</b>	<b>4</b>



**Table B.3:** Students in Ireland - gender profile

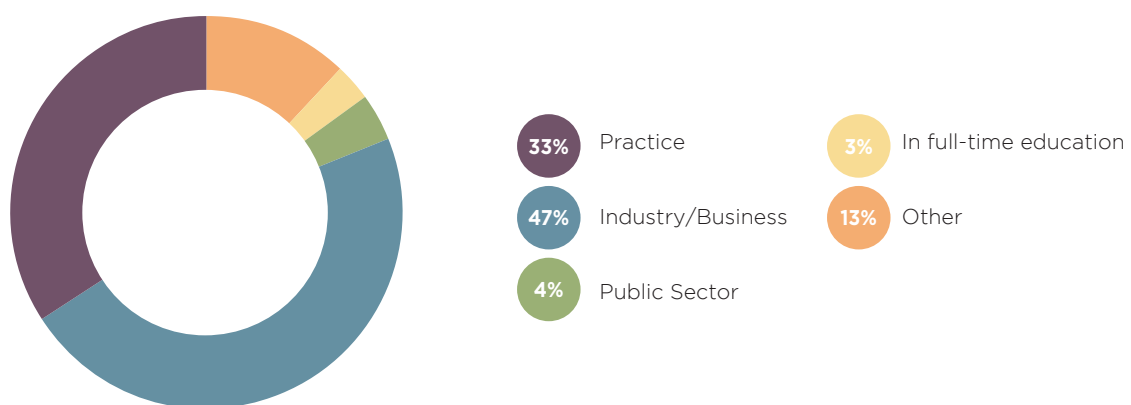
As at 31 December	2013 TOTAL	2014 TOTAL	Recognised Accountancy Bodies								
			ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Female	8,550	8,467	4,548	-	2,557	-	473	19	1	866	3
Male	7,830	8,006	3,510	3	2,819	-	337	23	4	1,309	1
<b>Total</b>	<b>16,380</b>	<b>16,473</b>	<b>8,058</b>	<b>3</b>	<b>5,376</b>	<b>-</b>	<b>810</b>	<b>42</b>	<b>5</b>	<b>2,175</b>	<b>4</b>

**Chart B.2:** Students in Ireland - gender profile



**Table B.4:** Students in Ireland - employment status

As at 31 December	2013 TOTAL	2014 TOTAL	Recognised Accountancy Bodies								
			ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Practice	5,549	5,417	968	-	4,298	-	129	19	3	-	-
Industry/Business	7,746	7,783	4,998	-	95	-	520	19	2	2,149	-
Public Sector	630	666	574	-	11	-	51	3	-	26	1
In full-time education	481	494	494	-	-	-	-	-	-	-	-
Other	1,974	2,113	1,024	3	972	-	110	1	-	-	3
<b>Total</b>	<b>16,380</b>	<b>16,473</b>	<b>8,058</b>	<b>3</b>	<b>5,376</b>	<b>-</b>	<b>810</b>	<b>42</b>	<b>5</b>	<b>2,175</b>	<b>4</b>

**Chart B.3:** Students in Ireland - employment status

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# PART C

## Practising certificates

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### Criteria for practising certificates

The PABs impose additional requirements on their members who wish to engage in public practice, i.e. to offer accounting related services to the public. These additional requirements normally include:

- holding professional indemnity insurance cover;
- putting in place practice continuity arrangements whereby, in the event of cessation of a practice (for example, in the case of illness or death), clients will have continuity of service;
- obtaining a minimum level of post-membership experience; and
- undertaking CPD in areas of relevance to their practice.

Members or member firms who satisfy the specified criteria are granted a practising certificate, although they are not permitted to provide services in reserved areas such as audit or investment business, for which additional authorisations are required. Members and member firms are generally required to renew their practising authorisation each year. An employee of a practising member or member firm is not usually required to hold a practising certificate, unless he/she is providing services to the public in an individual capacity.

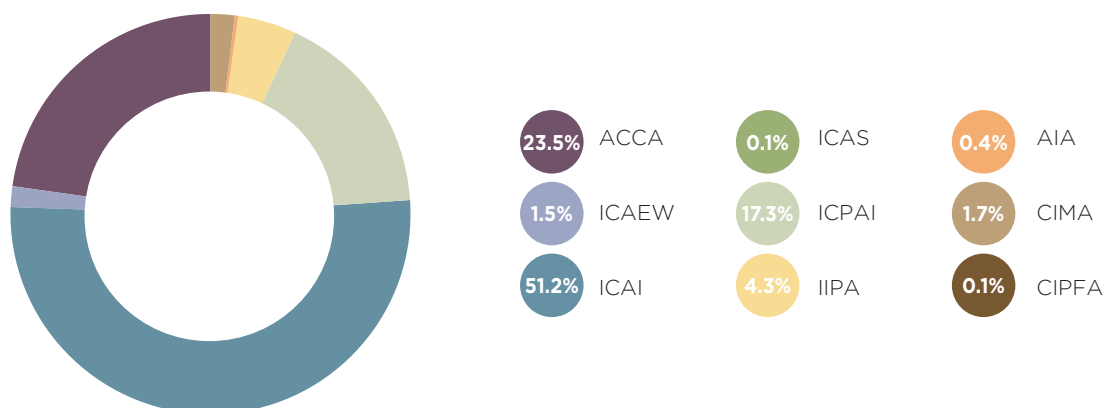
### Practising certificates - Table and Chart

Table C.1 details the number of members in Ireland with practising certificates along with movements during the year. Chart C.1 illustrates the share of members with practising certificates by PAB.

- There were 3,441 PAB members authorised to engage in public practice in Ireland at 31 December 2014 with three bodies dominating the population - ICAI (51%), ACCA (24%), and ICPAI (17%).
- There were 30,563 PAB members located worldwide (including Ireland) authorised to practice in Ireland, of which ICAEW members comprise 73%.

**Table C.1:** Members with practising certificates who are located in Ireland

As at 31 December	2013 TOTAL	2014 TOTAL	Recognised Accountancy Bodies								
			ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Members with practising certificates at 1 January	3,341	3,423	780	50	1,770	5	581	154	12	69	2
During the year:											
<b>Add:</b> Members who were granted a new certificate during the year	189	157	44	-	64	-	34	13	1	1	-
<b>Less:</b> Members who did not renew their practising certificate during the year	(90)	(124)	(6)	-	(73)	(1)	(12)	(19)	-	(13)	-
<b>Less:</b> Practising certificates withdrawn by the Institute/Association during the year	(11)	(18)	(9)	-	(2)	-	(7)	-	-	-	-
Other	(6)	3	-	-	3	-	-	-	-	-	-
<b>Practising certificates at 31 December (for members located in Ireland)</b>	<b>3,423</b>	<b>3,441</b>	<b>809</b>	<b>50</b>	<b>1,762</b>	<b>4</b>	<b>596</b>	<b>148</b>	<b>13</b>	<b>57</b>	<b>2</b>
<b>Practising certificates at 31 December to practice in Ireland (for members worldwide)</b>	<b>30,917</b>	<b>30,563</b>	<b>1,397</b>	<b>22,283</b>	<b>2,430</b>	<b>1,718</b>	<b>597</b>	<b>148</b>	<b>13</b>	<b>1,566</b>	<b>411</b>

**Chart C.1:** Share of members with practising certificates located in Ireland

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# PART D

## Statutory auditors & audit firms

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### Criteria for audit authorisation

Six of the PABs are also RABs and are thereby authorised to approve statutory auditors and audit firms. Membership of a RAB does not automatically entitle an individual or firm to provide audit services. Rather, if a member or firm satisfies the company law requirements and the relevant RAB's additional criteria, they may obtain approval and registration from the RAB to audit. Such company law and RAB criteria usually include:

- an audit qualification for any individual who proposes to sign an audit report;
- sufficient and appropriate audit experience;
- holding sufficient professional indemnity insurance cover;
- putting in place continuity arrangements whereby, in the event of cessation of an audit practice (for example, in the case of illness or death), clients will have continuity of service; and
- undertaking relevant CPD.

### Statutory auditors and audit firms - Tables

The tables in this part provide information in respect of the member firms approved by the six RABs to perform statutory audits in Ireland along with the movement in the numbers of firms based in Ireland during the year.

- 1,542 statutory audit firms with offices in Ireland have been approved by the RABs to offer auditing services in Ireland.
- The majority (70%) of statutory audit firms with offices in Ireland operate as firms with only one audit principal. These may be sole traders and may or may not employ staff. A significant majority (93%) of statutory audit firms with offices in Ireland operate from one office only.
- Three of the RABs who approve member firms in both Ireland and the UK (ICAEW, ICAI and ICAS) generally approve their UK based member firms to perform statutory audits in Ireland also. Therefore, in total, there are 5,529 firms who are authorised as statutory auditors in Ireland.

**Table D.1:** Statutory audit firms with offices in Ireland - analysis by principal, offices & PIE clients

As at 31 December 2014	TOTAL	Recognised Accountancy Bodies					
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
<i>Analysis of firms by number of principals who are Statutory Auditors:</i>							
1 principal	1,077	278	6	407	-	304	82
2 - 5 principals	442	68	-	298	-	67	9
6 - 10 principals	12	1	-	10	-	1	-
11 + principals	11	-	-	11	-	-	-
<i>Analysis of firms by number of offices:</i>							
1 office	1,441	316	6	673	-	355	91
2 offices	76	24	-	38	-	14	-
3 offices	14	4	-	7	-	3	-
4 + offices	11	3	-	8	-	-	-
<i>Analysis of firms by number of PIE clients:</i>							
No PIE clients	1,534	347	6	718	-	372	91
1-5 PIE clients	3	-	-	3	-	-	-
6-10 PIE clients	1	-	-	1	-	-	-
11+ PIE clients	4	-	-	4	-	-	-
<b>Total number of statutory audit firms with offices in Ireland at 31 December</b>	<b>1,542</b>	<b>347</b>	<b>6</b>	<b>726</b>	<b>-</b>	<b>372</b>	<b>91</b>
<b>Total number of statutory audit firms located Worldwide approved to audit in Ireland at 31 December</b>	<b>5,529</b>	<b>493</b>	<b>3,435</b>	<b>930</b>	<b>208</b>	<b>372</b>	<b>91</b>

**Table D.2:** Statutory audit firms with offices in Ireland - movement during the year

Year to 31 December 2014	Total	Recognised Accountancy Bodies					
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Audit registrations at 1 January 2014	1,592	360	6	758	-	371	97
During the year:							
<b>ADD:</b> New applications for audit registration accepted	74	10	-	35	-	22	7
<b>LESS:</b> Audit registrations withdrawn/not renewed following a request from the Statutory Auditor	(111)	(18)	-	(65)	-	(17)	(11)
Audit registrations withdrawn/suspended as a result of disciplinary or other regulatory action taken by the Institute/Association	(11)	(5)	-	(2)	-	(4)	-
Other	(2)	-	-	-	-	-	(2)
<b>Statutory audit firms at 31 December 2014</b>	<b>1,542</b>	<b>347</b>	<b>6</b>	<b>726</b>	<b>-</b>	<b>372</b>	<b>91</b>

# PART E

## Quality assurance of statutory audit firms

### Responsibility for quality assurance of statutory audit firms

Under the current legislation, the six RABs must operate a system of quality assurance in relation to their members' activities as statutory auditors and audit firms. IAASA's role is to supervise the manner in which the RABs meet these quality assurance responsibilities. Further details of this supervision will be described in the Authority's 2014 Annual Report.

Legislation requires the RABs to undertake a quality assurance review of each statutory audit firm at least once every six years with effect from 20 May 2010, or where they have at least one Public Interest Entity (PIE) client, at least once every 3 years<sup>1</sup>. Statutory audit firms with PIE clients at 20 May 2010 were due to have had their first statutory quality assurance review undertaken by 19 May 2013.

The information in part E relates to the quality assurance systems used by the RABs to assess statutory audit firms. While the quality assurance process of some RABs covers other areas of members'/member firms' activities, such as investment business activities, these are not reported on here.

In reviewing tables E.2 and E.3 it should be noted that the number of statutory audit firms changes regularly, as new registrations are approved and others cease. Therefore, there are a small percentage of statutory audit firms registered at 31 December 2014 where the requirement for a quality assurance review commenced after 20 May 2010.

### RABs' quality assurance systems - Tables

Tables E.1 - E.6 and Chart E.1 provide a summary of the quality assurance activities of the RABs during 2014, including an analysis of the number of quality assurance on-site visits undertaken, progress with the statutory cycle and regulatory actions and visit outcomes.

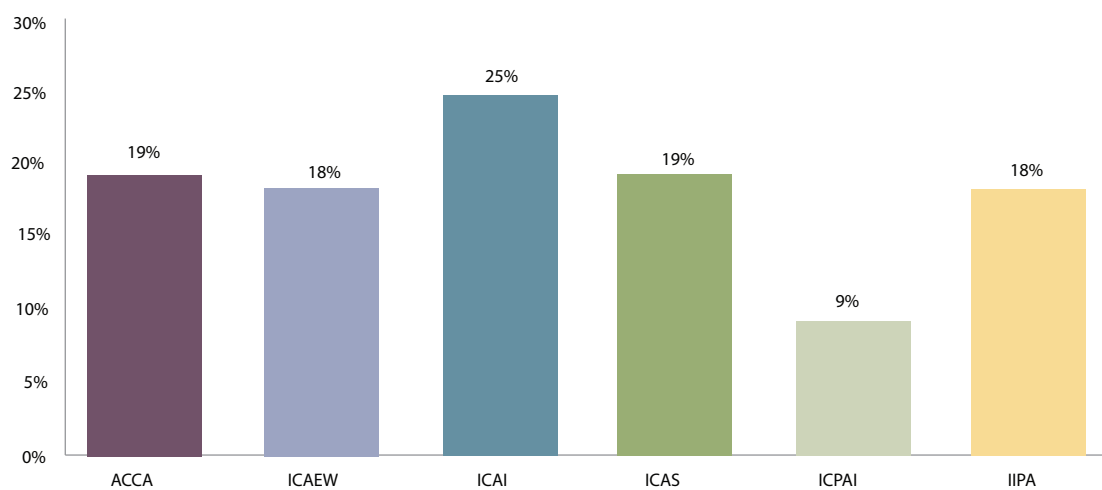
- A total of 306 on-site quality assurance reviews were concluded for audit firms located in Ireland during 2014, which represents 20% of all statutory audit firms located in Ireland. The RABs concluded an aggregate total of 1,041 on-site quality assurance reviews of statutory audit firms approved to carry out statutory audits in Ireland, located worldwide during 2014.
- Chart E.1 shows the number of on-site visits as a percentage of registered firms which ranges from 9% to 25%.
- Table E.5 shows the regulatory actions imposed by the RABs during 2014 following quality assurance reviews. The regulatory actions listed are imposed following both on-site reviews and desktop reviews. Of the listed regulatory actions, the three most common in 2014 were a requirement to be subject to external compliance review (140), a requirement to have a desktop or cold file review of client files undertaken (117) and a requirement to submit further documentation/information or clarification (108) to the RAB.
- The outcomes of the quality assurance on-site reviews are set out in table E.6. Of the reviews concluded by the RABs in 2014, 64% were awarded 'good overall' grades, 17% were awarded 'acceptable overall' grades and 19% were awarded an 'unacceptable' grade.

<sup>1</sup> Article 84 of S.I. 220 of 2010



**Table E.1:** Statutory audit firms - quality assurance on-site reviews

Year to 31 December 2014	TOTAL	Recognised Accountancy Bodies					
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Number of quality assurance on-site reviews open at 1 January 2014	134	10	55	65	1	1	2
<b>Add:</b> Quality assurance on-site reviews commenced during 2014	1,065	108	647	212	39	37	22
<b>Less:</b> Quality assurance on-site reviews concluded during 2014	(1,041)	(94)	(628)	(230)	(40)	(33)	(16)
<b>Quality assurance on-site reviews open at 31 December 2014</b>	<b>158</b>	<b>24</b>	<b>74</b>	<b>47</b>	<b>-</b>	<b>5</b>	<b>8</b>
<b>Quality assurance on-site reviews of firms located in Ireland concluded during 2014</b>	<b>306</b>	<b>76</b>	<b>1</b>	<b>180</b>	<b>0</b>	<b>33</b>	<b>16</b>

**Chart E.1:** % of on-site visits by total number of statutory audit firms worldwide

**Table E.2:** Quality Assurance 3 year cycle - statutory audit firms with PIE clients

Year to 31 December 2014	TOTAL	Recognised Accountancy Bodies					
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
<b>Total number of statutory audit firms with PIE clients at 31 December 2014</b>	<b>108</b>	-	<b>97</b>	<b>8</b>	<b>3</b>	-	-
Number of these statutory audit firms where a quality assurance review has taken place since 20 May 2010	<b>103</b>	-	94	6	3	-	-
Number of quality assurance reviews of these statutory audit firms planned to take place in 2015	<b>52</b>	-	43	6	3	-	-

**Table E.3:** Quality Assurance 6 year cycle - statutory audit firms with no PIE clients

Year to 31 December 2014	TOTAL	Recognised Accountancy Bodies					
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
<b>Total number of statutory auditors/firms with no PIE clients at 31 December 2014</b>	<b>5,432</b>	<b>493</b>	<b>3,338</b>	<b>922</b>	<b>205</b>	<b>372</b>	<b>102</b>
Number of quality assurance reviews carried out since 20 May 2010	<b>3,877</b>	361	2,542	488	199	224	63
Number of quality assurance reviews planned to take place in 2015	<b>1,111</b>	99	620	240	38	90	24

Note: Table E.2: ICAEW figures include audit firms who conduct 'major audits' under UK Companies Act 2006 Schedule 10 which require triennial inspections. These are outside the S.I. 220 of 2010 definition of PIE.

**Table E.4:** Quality assurance review - analysis of reasons

Year to 31 December 2014	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Number of on site reviews undertaken in 2014	108	628	212	39	37	24
Number of desk top reviews undertaken in 2014	9	28	12	-	30	-
<b>Analysis of the reasons for each visit:</b>						
Part of normal cycle (randomly/routinely)	61	587	197	21	27	22
Due to heightened risk (excluding early follow-ups)	-	24	-	17	-	1
Following a referral from a committee	10	17	1	-	-	1
Re-review/early follow-up	37	-	5	1	10	-
Other reason	-	-	9	-	-	-

**Table E.5:** Statutory audit firms - quality assurance - regulatory actions

Year to 31 December 2014	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Number who have had their audit registration withdrawn as a result of the findings of a quality assurance review	4	8	1	-	-	-
Number who have had their audit registration suspended as a result of the findings of a quality assurance review	-	-	35	-	-	-
Number who voluntarily surrendered their audit registration as a result of the findings of a quality assurance review	3	4	24	-	2	1
Number referred to the investigations & disciplinary process	7	10	4	-	1	-
Number where the sanction included publication	7	29	-	2	-	-
Number where there is a requirement for a follow up review	5	3	8	-	6	2
Number who have had a hot file review restriction	5	13	45	3	-	-
Number who have had a desk-top/cold file review of client files imposed	-	29	48	10	27	3
Number who have had monetary penalties imposed	-	21	51	2	-	-
Number directed to address CPD/training matters	2	11	39	3	10	2
Number directed not to accept further audit appointments	-	20	54	1	-	-
Number directed to resign from an audit client	-	-	35	-	-	-
Number required to submit further documentation/information or clarification	1	8	37	4	58	-
Number required not to undertake file review for other firms	-	18	54	1	-	-
Number subject to external compliance review	-	6	131	3	-	-
Number to submit results of internal compliance review	-	-	-	-	9	-
Number of conditions/restrictions imposed as a result of the findings of a quality assurance review other than those listed above	-	67	-	-	-	-

**Table E.6:** Statutory audit firms - on-site quality assurance reviews - grades awarded

Year to 31 December, 2014 (for Quality Assurance on-site reviews concluded during 2014)	Recognised Accountancy Bodies					
	ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Good with limited improvements required	60	446	130	22	2	9
Acceptable overall with improvements required	5	114	19	16	21	2
Unacceptable with significant improvements required	29	68	81	2	10	5
<b>Total</b>	<b>94</b>	<b>628</b>	<b>230</b>	<b>40</b>	<b>33</b>	<b>16</b>

# PART F

## PABs' investigation and disciplinary activities

### PABs' investigation and disciplinary processes

The PABs are responsible for the investigation of complaints and are required to process them in accordance with their investigation and disciplinary procedures which are approved by IAASA. When a member of the public makes a complaint to a PAB, or relevant information comes to a PAB's attention concerning the conduct or competence of a member/member firm, the PAB has a number of options available to it. These typically include:

- investigation by a delegated staff member or by a Committee; or
- closure by conciliation or other means provided for in its approved investigation and disciplinary procedures. Usually, conciliation is only permitted for minor matters and requires the complaint to be resolved to the mutual satisfaction of all parties.

In cases where the initial investigation concludes that there appears to be a case against a member/member firm, the complaint may be referred to the formal disciplinary process or the member/member firm may be offered a consent order<sup>2</sup>. As each PAB's investigation and disciplinary procedures are tailored to its specific requirements, the manner in which complaints are processed varies. For example, not all of the PABs' processes and procedures provide for a conciliation or consent order process. However, there are many similarities, such as the organisation of investigation, disciplinary and appeals systems through Committee structures.

### PABs' investigation and disciplinary activities - Tables

Tables F.1 - F.6 provide information on the number of complaints made to the PABs during 2014, along with details of cases closed, outcome of complaint cases, commonly imposed sanctions and the more frequent nature of complaints.

- Table F.1 shows that there were 186 new Irish relevant complaint cases arising during 2014. There were 181 such cases open at the beginning of the year with 206 closed. 58% of cases are closed at an initial stage by conciliation, staff or assessor, with a further 42% dealt with by an investigation, disciplinary or appeal committee.
- Where an adverse finding was made, the most common sanction as per Table F.5 for both categories was the imposition of a monetary sanction: Irish relevant (43) and statutory auditors (68).
- Tables F.3 to F.4 detail that 61% of Irish relevant complaints and 49% of statutory auditor/audit firm cases were concluded with no adverse finding being made.
- Table F.6 sets out the nature of matters which give rise to complaints. Poor work or unsatisfactory professional service or conduct was the most frequent complaint type across both Irish relevant and statutory auditor/audit firms.

<sup>2</sup> A consent order is where the member/member firm admits to the findings made against him/her and consents to the imposition of sanctions

**Table F.1:** Summary of complaints - Irish relevant

Year to 31 December 2014	TOTAL	Recognised Accountancy Bodies								
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA	AIA	CIMA	CIPFA
Complaints outstanding at 1 January 2014	181	72	-	83	-	17	9	-	-	-
During the year:										
<b>ADD:</b> New cases arising during the year	186	33	-	121	-	21	10	-	1	-
<b>LESS:</b> Cases closed during the year by:										
- Conciliation	(6)	(6)	-	-	-	-	-	-	-	-
- Secretary/Staff	(99)	(28)	-	(57)	-	(8)	(6)	-	-	-
- Assessor	(15)	(15)	-	-	-	-	-	-	-	-
- Investigation/Complaints Committee	(58)	-	-	(49)	-	(7)	(2)	-	-	-
- Disciplinary Committee	(26)	(19)	-	(1)	-	(5)	(1)	-	-	-
- Appeal Committee	(2)	-	-	-	-	(2)	-	-	-	-
- Other	-	-	-	-	-	-	-	-	-	-
<b>Cases closed</b>	<b>(206)</b>	<b>(68)</b>	<b>-</b>	<b>(107)</b>	<b>-</b>	<b>(22)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Complaints outstanding at 31 December 2014</b>	<b>161</b>	<b>37</b>	<b>-</b>	<b>97</b>	<b>-</b>	<b>16</b>	<b>10</b>	<b>-</b>	<b>1</b>	<b>-</b>

**Table F.2:** Summary of complaints - statutory auditors/audit firms

Year to 31 December, 2014	TOTAL	Recognised Accountancy Bodies					
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Complaints outstanding at 1 January 2014	249	67	102	63	1	11	5
During the year:							
<b>ADD:</b> New cases arising during the year	201	37	64	70	3	19	8
<b>LESS:</b> Cases closed during the year by:							
- Conciliation	(9)	(9)	-	-	-	-	-
- Secretary/Staff	(84)	(20)	(30)	(19)	(3)	(8)	(4)
- Assessor	(15)	(15)	-	-	-	-	-
- Investigation/Complaints Committee	(90)	-	(48)	(36)	-	(4)	(2)
- Disciplinary Committee	(18)	(8)	(7)	-	-	(2)	(1)
- Appeal Committee	(3)	-	(1)	-	-	(2)	-
<b>Cases closed</b>	<b>(219)</b>	<b>(52)</b>	<b>(86)</b>	<b>(55)</b>	<b>(3)</b>	<b>(16)</b>	<b>(7)</b>
<b>Complaints outstanding at 31 December 2014</b>	<b>231</b>	<b>52</b>	<b>80</b>	<b>78</b>	<b>1</b>	<b>14</b>	<b>6</b>

Footnote: ACCA's opening figure has been adjusted by 30 to rectify an error in their 2013 closing figure due to an IT system error, which ACCA has notified us as being resolved during 2014.



**Table F.3:** Summary of outcome of complaints closed - Ireland relevant

Year to 31 December 2014	TOTAL	Recognised Accountancy Bodies						AIA	CIMA	CIPFA
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA			
Number of concluded complaint cases where an adverse finding was made, and sanctions or other penalties imposed	45	18	-	15	-	9	3	-	-	-
Number of concluded complaint cases where an adverse finding was made, but no sanctions or other penalties imposed	30	20	-	6	-	4	-	-	-	-
Number of concluded complaint cases where an adverse finding was not made	126	25	-	86	-	9	6	-	-	-
Number of complaint cases concluded by conciliation	5	5	-	-	-	-	-	-	-	-
<b>Total</b>	<b>206</b>	<b>68</b>	<b>-</b>	<b>107</b>	<b>-</b>	<b>22</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table F.4:** Summary of outcome of complaints closed - statutory auditors/audit firms

Year to 31 December 2014	TOTAL	Recognised Accountancy Bodies					
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA
Number of concluded complaint cases where an adverse finding was made, and sanctions imposed	69	6	45	10	-	6	2
Number of concluded complaint cases where an adverse finding was made, but no sanctions imposed	35	20	8	6	-	1	-
Number of concluded complaint cases where an adverse finding was not made	107	18	33	39	3	9	5
Number of complaint cases concluded by conciliation	8	8	-	-	-	-	-
<b>Total</b>	<b>219</b>	<b>52</b>	<b>86</b>	<b>55</b>	<b>3</b>	<b>16</b>	<b>7</b>

**Table F.5:** Analysis of most frequent sanctions imposed

Year to 31 December 2014	TOTAL	Recognised Accountancy Bodies							AIA	CIMA	CIPFA
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA				
<b>Irish relevant</b>											
Number of cases where a monetary sanction was imposed incl. fine or costs	43	18	-	13	-	9	3	-	-	-	
Number of cases where an adverse finding was made and the publication of sanctions included the member's name	36	17	-	13	-	5	1	-	-	-	
Number of cases where a reprimand was imposed	33	7	-	15	-	9	2	-	-	-	
Number of cases where a consent order was accepted	18	-	-	14	-	2	2	-	-	-	
<b>Statutory auditor/audit firms</b>											
Number of cases where a monetary sanction was imposed incl. fine or costs	68	6	45	9	-	6	2				
Number of cases where an adverse finding was made and the publication of sanctions included the member's name	57	5	39	10	-	3	-				
Number of cases where a consent order was accepted	45	-	31	10	-	2	2				
Number of cases where a reprimand was imposed	36	5	14	10	-	6	1				

**Table F.6:** Nature of complaints - most frequently received

Year to 31 December 2014	TOTAL	Recognised Accountancy Bodies						AIA	CIMA	CIPFA
		ACCA	ICAEW	ICAI	ICAS	ICPAI	IIPA			
<b>Irish relevant</b>										
Poor work or unsatisfactory professional service or conduct	60	11	-	28	-	13	8	-	-	-
Breach of code of ethics	54	-	-	35	-	18	1	-	-	-
Other - e.g. CPD	41	-	-	40	-	1	-	-	-	-
Audit related matters	13	6	-	7	-	-	-	-	-	-
<b>Statutory auditor/audit firms</b>										
Poor work or unsatisfactory professional service or conduct	83	16	27	22	-	12	6	-	-	-
Breach of code of ethics	52	-	5	29	-	17	1	-	-	-
Other audit related matters	30	10	11	6	3	-	-	-	-	-
Professional appointment related	14	-	13	1	-	-	-	-	-	-





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