BYE LAW 7

QUALITY ASSURANCE

7.1

Introduction

7.1.1
In this Bye Law 7, a reference to any statute or statutory provision includes reference to that statute or statutory provision as from time to time amended, extended or re-enacted, with or without amendment.

7.1.2
In this Bye Law 7, unless there is something inconsistent in the subject or context, words denoting the singular number only, include the plural and vice-versa; words denoting one gender only, include the other genders; words denoting individuals include corporations and vice-versa; and references to "person" include reference to a *Firm*, or corporation, or other body of persons; words such as "hereunder", "hereto", "hereof" and "herein" and other words commencing with "here" shall refer, unless the context clearly indicates to the contrary, to the whole of this Bye Law 7 and not to any particular section or paragraph thereof. A "relevant individual(s)" may refer to a member, affiliated partner, responsible individual or statutory auditor of an authorised firm in the context of this Bye Law.

7.1.3
The headings and captions to the paragraphs in this Bye Law 7 are inserted for convenience of reference only and do not affect its construction or interpretation.

7.1.4
The defined terms set out in Article 1 and Article 48 of the *Articles* have the same meaning in this Bye Law 7.

7.2
The purpose of the quality assurance process is to ensure that all *Authorised Firm*s and relevant individuals maintain an appropriate level of professional standards in the performance of accounting and auditing services. This is achieved primarily by conducting reviews , amongst other tasks as set out in Bye Law 7.13, at such intervals as may be determined by the *Institute*.

All *Firm*s shall appoint a Compliance Principal. All *Firm*s shall notify the *Institute in Writing* of the name of its Compliance Principal on his/her appointment. The *Institute* shall be notified if the Compliance Principal is changed by a *Firm* and of the name of the new appointment. The Compliance Principal shall be the point of contact with the *Firm* for the purposes of the quality assurance process.

7.3
*Member*s, *Affiliated Partner*s, *Responsible Individual*s and *statutory auditors* of Authorised *Firm*s shall ensure that they and all persons associated with them co-operate fully with the *Institute* in its monitoring and enforcement of compliance with regulations and Bye-Laws relating to the operation of their Practice and co-operate fully with Quality Assurance Officers. A failure to co-operate fully with the *Institute* may result in disciplinary action as laid down in these Bye Laws.

7.4
All *Authorised* Firms and relevant individuals shall carry out their work according to accounting standards issued by the Financial Reporting Council (FRC) or the International Accounting Standards Board (IASB) as relevant, all auditing and ethical standards issued by the FRC or the Irish Auditing and Accounting Supervisory Authority (IAASA) as relevant and all quality management standards issued by the FRC or IAASA as relevant and the applicable Code of Ethics and relevant legislation.

All *Authorised* Firms and relevant individuals shall ensure that they will comply with all regulations as above to ensure the maintenance of proper professional standards and any other regulation, code, standard, law or Bye-Law concerned with the proper performance of professional work.

7.5
*Firm*s shall maintain adequate accounting records for their practice at all times.

7.6
Quality Assurance Officers engaged by the *Institute* carry out the quality assurance process independent of *Council*, on a confidential basis.

Quality Assurance Officers engaged by the *Institute* to carry out the quality assurance process shall declare (if such be the case) that there are no conflicts of interest between them and the statutory auditor and the audit firm to be reviewed.

All Practice and client information obtained during a review and communication concerning the quality assurance process between the Quality Assurance Officer(s), the *Professiona*l Standards Department of the *Institute* and *Firm*s will be confidential unless the result is subject to *Appeal* or the case is referred to the Director of Professional Standards or the *Investigation Committee,* or the *Disciplinary Committee*, or requested by the Irish Auditing and Accounting Supervisory Authority or Central Bank in the course of supervision of the Institute's regulatory activities or other disclosure required by law.

If the Registration Committee, Registration Appeals Committee, *Investigation Committee*, *Disciplinary Committee* or a *Disciplinary Tribunal* direct that a quality assurance review be carried out, the Quality Assurance Officer(s) may report back to the appropriate committee in relation to all aspects of the review including the findings and may provide the appropriate committee with all relevant documentation including correspondence if requested.

A Quality Assurance Officer, Practice Regulation Manager; Director of Professional Standards, Registration Committee; Registration Appeals Committee; Investigation Committee; Disciplinary Committee or Appeal Panel may utilise the services of an expert or seek external advice in relation to any matter relating to a quality assurance review if considered necessary.

The Quality Assurance Officer and any other parties involved in a quality assurance review of a Firm or relevant individual(s) shall confirm their independence in relation to the Firm and or relevant individual(s) as well as the clients whose files are the subject of the review.

The Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager may report the findings of a review to the Registration Committee, Registration Appeals Committee, *Investigation Committee*, *Disciplinary Committee* or a *Disciplinary Tribunal* if considered necessary.

7.7
Firms and relevant individuals will be advised of the findings at each stage of the Quality Assurance process. A full written report on the findings of each review in the quality assurance process will be sent to the Compliance Principal of the Firm as soon as practicable. The exception to this, is the review of CPD records for Statutory Auditors, in which case the report will be sent to the relevant statutory auditor directly. The reports shall include the main findings, outcome and where appropriate recommendations for improvement. Firms and relevant individuals must take all reasonable steps to ensure that recommendations arising from quality assurance reviews are implemented within a reasonable period.

7.8
A Quality Assurance Officer may refer a matter as a complaint in accordance with Bye Law 6 if he/she considers it appropriate to do so.

A Quality Assurance Officer shall refer a matter as a complaint when he/she identifies a matter during any stage of a quality assurances review in respect of any of the circumstances as outlined in S.1479 and S.1480.

There is no Appeal in relation to the decision to refer a matter as a complaint. Such a referral can occur at any time or at any stage during the quality assurance review and may relate to one or more specific matters or the entire review.

7.9

Where a Firm or relevant individual does not accept the outcome of a Quality Assurance review they may Appeal the outcome to the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager. Any conditions imposed shall not be enforced until the appeal has been concluded unless deemed by the Director of Professional Standards or Quality Assurance Manager or Practice Regulation Manager to be necessary to protect the public or the clients of the Firm or relevant individual.

7.10
A panel of Independent Quality Assurance Appeals Reviewers, made up of appropriately qualified experts, shall be appointed annually by Council. No Council Member or employees of the Institute, or members of the following Committees shall be eligible for appointment as an Independent Quality Assurance Appeals Reviewer – Registration Committee; Registration Appeals Committee; Investigation Committee; Disciplinary Committee; Appeal Panel.

An appeal must be made *In Writing* to the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager setting out the grounds of the Appeal.

An Authorised Firm or relevant individual can only appeal on the grounds that the outcome:

(a) was wrong in law;

(b) wrongly interpreted any relevant Bye Law;

(c) wrongly interpreted any relevant accounting, auditing, ethical or legal requirements; or

(d) did not comply with this Bye Law 7.

The appeal must be sent and received within 14 calendar days of the date that the written report of the findings was sent to the *Firm or relevant individual*. Late appeals will only be considered in exceptional circumstances and at the discretion of the Director of Professional Standards, who's decision in relation to the allowability or otherwise of the appeal shall be final. An Independent Quality Assurance Appeals Reviewer will be selected from the panel by the Quality Assurance Manager or Practice Regulation Manager or the Director of Professional Standards, and the *Firm or relevant individual* will be notified of the appointment. A Reviewer will be obliged to complete a confidentiality and independence checklist before appointment.

All papers pertaining to the Quality Assurance Review, under appeal will be made available to the Independent Quality Assurance Appeals Reviewer. The Independent Quality Assurance Appeals Reviewer shall conduct the appeal and provide a report to the Director of Professional Standards or Quality Assurance Manager or Practice Regulation Manager within 60 days of the papers being made available to him. The Independent Quality Assurance Appeals Reviewer may request whatever information considered necessary from the *Firm or relevant individual* and from the Institute to allow him to consider the appeal including access to all files and material reviewed.

The Independent Quality Assurance Appeals Reviewer may accept or reject the appeal.

If the Independent Quality Assurance Appeals Reviewer accepts the appeal, he/she shall direct what action shall be taken. He/she shall direct that any or all of the following actions be taken:

(a) that the grade awarded in accordance with Bye Law 7.17 be adjusted; and/or,
(b) that any actions imposed in accordance with Bye Law 7.17.6 be cancelled or varied; and/or,
(c) that any report issued in accordance with Bye Law 7.7 be amended.

If the Appeal is accepted, the Firm or relevant individual will be advised of the decision of the Independent Quality Assurance Appeals Reviewer, of the revised findings and outcome of the review.

If the Independent Quality Assurance Appeals Reviewer rejects the appeal, the Firm or relevant individual shall be notified and the costs of the appeal shall be borne in full by the applicant.

The decision of the Independent Quality Assurance Appeals Reviewer shall be final. The Firm or relevant individual shall be advised of the outcome of the appeal and shall be provided with a copy of the report of the Independent Quality Assurance Appeals Reviewer outlining the reasons for the decision made.

7.11

The Registration Committee, Registration Appeals Committee, *Investigation Committee* or Disciplinary Committee or any *Disciplinary Tribunal* may direct, at their absolute discretion, that a quality assurance review be carried out. The above committees have the right to specify the terms of the review.

7.12
SELECTION PROCESS

7.12.1

*Authorised Firm*s and relevant individuals are normally selected for a Quality Assurance review on both a risk and a random basis. In addition, a *Firm* may be selected by order or at the request of the *Investigation Committee*, the *Disciplinary Committee* or *Tribunal, Appeal Panel, Registration Committee or Registration Appeals Committee.*

The criteria used for risk selection include but are not limited to:

1. Number, size and nature of audit assignments retained
2. Number and nature of clients with 3rd party reporting obligations
3. Number, size and nature of non-audit assignments retained
4. Investment business authorisation (as per Investment Business Regulations)
5. Previous quality assurance / practice review history
6. Previous disciplinary, licensing or other regulatory history
7. *Complaint*s made to the *Institute*
8. Failure to complete adequate continuing professional development or any indicators of non-compliance with CPD requirements
9. Non-compliance with obligations as a designated person under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended (the *Act)*
10. Information in the public domain
11. Information received from other regulators
12. Information provided to the Institute by the firm or partners, *Affiliated Partner*s, *Responsible Individual*s, *Statutory Auditor*s of the firm in compliance with the Bye Laws,
13. Failure to demonstrate that recommendations arising from quality assurance reviews are implemented within a reasonable period.

The risk criterion may also impact on the review scope as set out in Bye Law 7.13.

7.12.2
The quality assurance reviews of *Statutory Audit Firms* shall take place on the basis of an analysis of risk as outlined in 7.12.1 and at least once in every six years in accordance with the requirements of S. 1496 (1)(h) of the Companies Act 2014.

A quality assurance review of a *Statutory Audit Firm* may take place on a cycle shorter than six years on the basis of an analysis of risk as outlined in 7.12.1.

Newly approved Statutory Audit firms may be selected for a quality assurance review within 18 of months of the date of issue of the firm's auditing certificate.

The quality assurance review of a non-audit firm shall take place on the basis of an analysis of risk as outlined in 7.12.1.

When *a Statutory Audit Firm* is selected for review, the work of all *Statutory Auditor*s will be reviewed.

A quality assurance review in relation to a *Statutory* Audit *Firm* will be treated as a quality assurance review of all *Statutory Auditor*s carrying out audits on behalf of the *Firm*,. If the *Firm* has a common quality assurance policy with which each *Statutory Auditor* is required to comply.

The quality assurance review will be conducted through the Compliance Principal who shall be responsible for ensuring all information required is available.

At the discretion of the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager the Quality Assurance cycle may be shortened in circumstances where;

1. two consecutive Grade Bs are scored by a firm in an audit review as per S.1496 (1)(h) ;

2. where a firm or relevant individual fails to demonstrate adequate improvements within a reasonable time frame in any review area; or

3. in any circumstance in which Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager believe there is a heightened risk associated with the firm or relevant individual in line with risk criterion as set out in Bye Law 7.12.1.

7.12.3
The cost of this Quality Assurance review is charged to Firms on an annual basis as part of their annual subscriptions and at a rate determined by Council. Costs associated with any follow up required ordered by a regulatory/disciplinary committee will be charged separately to Firms at an hourly rate determined by Council.

7.13

SCOPE OF THE QUALITY ASSURANCE REVIEW

The scope of a quality assurance review, may include a review of one or all of the below areas as applicable to the firm or relevant individual. Quality assurance reviews will be appropriate and proportionate in view of the scale and complexity of the activity of the reviewed *Firm or relevant individual*. The scope of a review will be set out in the notice issued as per Bye Law 7.15.

7.13.1

Audit

This review will be supported by adequate testing of selected audit files, includes, except were otherwise agreed with the Supervisory Authority, an assessment of:

i. Compliance with applicable accounting standards issued by the Financial Reporting Council (FRC) or the International Accounting Standards Board (IASB) as relevant, all auditing and ethical standards issued by the FRC or IAASA as relevant and all quality control standards issued by the FRC or IAASA as relevant and the applicable Code of Ethics. And relevant legislation;
ii. The quantity and quality of resources spent;
iii. The audit fees charged;
iv. The internal quality management system of the *Statutory Audit Firm*;
v. Compliance with the Institute's Bye Laws where applicable;
vi. Confirmation of information provided on annual returns and pre-visit questionnaires;
vii. Other regulatory matters such as complaints made to the Institute, claims made against the *Firm* etc.; *and*
viii. Compliance with any restrictions attached to the Firm.

Where a *Statutory Audit Firm* is engaged in non-audit assignments, a review of their non-audit activities may be conducted, in accordance with the scope of a review of non-audit *Firms* – see Bye Law 7.13.2, with the exception of a firm registered by the Institute in accordance with S. 1465 Companies Act 2014.

7.13.2

Non-Audit

The scope of the quality assurance reviews in Non-*Audit Firm*s, supported by adequate testing of selected client files, shall include an assessment of:

i. Compliance with applicable accounting standards, independence requirements, ethical requirements and relevant legislation;

ii. The quantity and quality of resources spent;
iii. The fees charged;
iv. The internal quality management system of the Firm;
v. Compliance with the Institute's Bye Laws where applicable;
vi. Confirmation of information provided on annual returns and pre-visit questionnaires;
vii. Other regulatory matters such as complaints made to the Institute, claims made against the Firm etc.; and
viii. Compliance with any restrictions attached to the Firm.

Where a review is ordered by a regulatory/disciplinary committee and its scope is not as outlined in S.1496(1)(h) it may not be considered to satisfy the requirements of S.1496(1)(h).

7.13.3

CPD Records for Statutory Auditors

A member or affiliated partner who is also a statutory auditor is required to comply with Bye Law 8 in planning, completing and evaluating their CPD. The review of CPD records of the relevant individual will include an assessment of the;

i. Quality of a statutory auditor's CPD planning and evaluation;
ii. Sufficiency, relevance and appropriateness of the CPD completed to meet the learning needs identified;
iii. Achievement of the learning outcomes specified in Table A of IES 8 and professional knowledge set out in Bye Law 13; and
iv. Compliance with any specific CPD obligations set out in Bye Law 8, CPD and Bye Law, 13 Practice and Audit Regulations.

7.13.4

Anti-Money Laundering

Per Bye Law 15.1.4, the Institute of Certified Public Accountants in Ireland (the Institute) is a competent authority under S.60 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended, (the Act) and is responsible for the supervision of its members and Firms who are considered to be designated persons under the Act. Such a review will include an assessment of the designated person's compliance with;

i. The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended (the Act);
ii. Bye Law 15, Anti-Money Laundering Regulations; and
iii. Guidance issued by CCAB-I or the Institute on AML.

7.13.5

Investment Business Regulations

The frequency and scope of a review in this area will reflect the category of authorisation held by the firm or relevant individual as per Bye Law 14. Such a review will include an assessment of their compliance with;

i. Investment Intermediaries Act 1995 (as amended); and
ii. Bye Law 14, Investment Business Regulations.

7.15

NOTICE OF QUALITY ASSURANCE REVIEW

7.15.1
Upon selection for review, a notice will issue to the Compliance Principal of the *Firm or relevant individual* advising of the date and time of the review to be held at the *Firm* or relevant individuals premise's or by such other means as the Institute may determine. The notice will also detail the areas in scope for review per Bye law 7.13.

7.15.2

The arrangements for a quality assurance review may be conducted as follows;

- Submission of information by the firm or relevant individual;
- Desktop reviews of information provided;
- Onsite visit; or
- Other methods as deemed appropriate.

The firm or relevant individual will be informed in the notice of their Quality assurance review the format their review will take. This will be at the discretion of the institute to adopt one or more of these approaches on a review.

7.15.3
*Firm*s and relevant individuals are obliged to inform the *Institute* of all places of business. Where there is more than one place of business, the Quality Assurance Officer(s) may visit some or all branches/offices in the course of the review where deemed appropriate or conduct reviews in a remote manner.

7.15.4
Under normal circumstances, at least one *Month*'s notice will be given of a review. However, this notice period can be abridged at the direction of Chairman of *Investigation Committee*, Chairman of the *Disciplinary Committee*, or any *Disciplinary Tribunal*, Chairman of the Registration Committee or Registration Appeals Committee or the Director of Professional Standards of the *Institute*.

7.15.5
Any requests for postponement of a review *shall set out the reasons for the requested postponement* and should be supported by appropriate documentary evidence such as medical certificates. Postponements shall only be granted in exceptional circumstances and at the total discretion of the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager or the Quality Assurance Officer assigned to the review.

7.15.6
A pre-visit questionnaire may issue with the notice of review. Where this does, the firm or relevant individual are required to return to the Institute, ensuring all information submitted is accurate. A detailed list of the items to be examined will be sent out to the *Firm*'s Compliance Principal in advance of the review. This questionnaire does not restrict the Quality Assurance Officer from requesting additional information or reviewing additional items during the course of the review.

7.16

MEETINGS DURING THE REVIEW

7.16.1
The Compliance Principal is obliged to attend both the opening and closing meeting of a Quality Assurance Review. Any other partners, *Affiliated Partner*s, *Responsible Individual*s, *Statutory Auditor*s or senior staff may attend the opening and closing meetings at the discretion of the Compliance Principal.

7.17

OUTCOME OF REVIEW

The Quality Assurance Officer(s) may award the following grades at the review outcome. A grade will be awarded in each area reviewed as follows;

7.17.1

Audit/Non-Audit

1. **'A'** - No follow up action necessary.

2. **'B'** - Some follow-up action will be required by the *Firm* within a specified period to address particular areas of weakness identified or the firm may be subject to a shortened cycle in line with Bye Law 7.12.2.

3. **'C'** - Where a significant number of areas of weakness or more serious problems are identified a full re-review (see below) may be carried out at an interval to be determined by the Quality Assurance Officer(s) (normally between 6 and 18 *Month*s). The Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager may deem a full re-review unnecessary and may direct a more appropriate action in accordance with Bye Law 7.17.6.

4. **'D'** - Where serious problems are identified, the matter is referred to the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager who may take any action in accordance with Bye Law 7.17.6.

5. '**No Grade'**-where it is not possible to assess the adequacy and appropriateness of the quality of the engagement files undertaken by the firm. This may occur where no clients are held by the firm or where the firm will not engage in the quality assurance process. This may result in referral of the matter to the Director of Professional Standards or Quality Assurance Manager or Practice Regulation Manager in accordance with Bye Law 7.17.6.

A Grade C, D and 'No Grade' represent unsatisfactory grades.

Where a matter is referred to the Quality Assurance Manager or Practice Regulation Manager in accordance with 7.17.1 (4)(d) and it is decided not to refer the matter as a complaint, the Director of Professional Standards is required to review and approve all such decisions.

7.17.2

CPD Records for Statutory Auditors

1. **'Compliant'** – No follow up action necessary.

2. **'Generally Compliant'** – Some follow-up action will be required by the member or affiliated partner within a specified period to address areas of weakness identified, with a view to achieving a "Complaint Grade".

3. **'Non-Compliant'** – Where a significant number of areas of weakness or more serious problems are identified, and compliance with obligations is deemed unsatisfactory. A detailed plan to address these will be required to be provided and implemented. A Quality Assurance Officer may also refer a case to the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager where non- compliance with CPD requirements is identified for further action in line with Bye Law 7.17.6.

4. **'No Grade'** – Where it is not possible to assess the adequacy and appropriateness of the CPD records for a statutory auditor. This may occur where a member or affiliated partner does not engage in the review. This is deemed unsatisfactory and requiring remedial action This may result in referral of the matter to the Director of Professional Standards or Quality Assurance Manager or Practice Regulation Manager in accordance with Bye Law 7.17.6.

7.17.3

Anti-Money Laundering

1. **'Compliant'** – No follow up action necessary.

2. **'Generally Compliant'** – Some follow-up action will be required by the member within a specified period to address areas of weakness identified, with a view to achieving a "Complaint Grade".

3. **'Non-Compliant'** – Where a significant number of areas of weakness or more serious problems are identified, and compliance with obligations is deemed unsatisfactory. A detailed plan to address these will be required to be provided and implemented. A Quality Assurance Officer may also refer a case to the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager where non- compliance with AML requirements is identified for further action in line with Bye Law 7.17.6.

4. **'No Grade'** – Where it is not possible to assess the adequacy and appropriateness of the AML records of the Registered Member. This may occur where a member does not engage in the review. This is deemed unsatisfactory and requiring remedial action. This may result in referral of the matter to the Director of Professional Standards or Quality Assurance Manager or Practice Regulation Manager in accordance with Bye Law 7.17.6.

7.17.4

Investment Business Regulations

1. **'Satisfactory'** – No follow up action necessary.

2. **'Not Satisfactory'** – Where a significant number of areas of weakness or more serious problems are identified a detailed plan to address will be required to be provided and implemented. A Quality Assurance Officer may also refer a case to the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager for further action in line with Bye Law 7.17.6.

3. **'No Grade'** – Where it is not possible to assess the adequacy and appropriateness of the Investment Business records of the firm. This may occur where a member does not engage in the review. This is deemed unsatisfactory and requiring remedial action. This may result in referral of the matter to the Director of Professional Standards or Quality Assurance Manager or Practice Regulation Manager in accordance with Bye Law 7.17.6.

7.17.5
At any stage during a review, a Quality Assurance Officer may refer a case to the Director of Professional Standards if any matter of concern is noted or any potential statutory reporting obligation of the Institute arises.

At any stage during a review, a Quality Assurance Officer shall refer a matter as a complaint when he/she identifies a matter during any stage of a quality assurances review in respect of any of the circumstances as outlined in S.1479 and S.1480.

The Director of Professional Standards and the Quality Assurance Manager or Practice Regulation Manager shall refer a matter as a complaint when he/she identifies a matter in respect of any of the circumstances as outlined in S.1479 and S.1480.

7.17.6
The Director of Professional Standards and the Quality Assurance Manager or Practice Regulation Manager are appointed by the *Council* and are employees of the *Institute*. The Director of Professional Standards and the Quality Assurance Manager or Practice Regulation Manager have the following powers in relation to Quality Assurance reviews:

i. to direct *the Firm or relevant individual* to carry out any action which he/she deems appropriate in the circumstances;
ii. to ask the *Firm or relevant individual* to provide him/her with any information and/or documents which he deems appropriate in the circumstances.;
iii. to order an accelerated re-review be carried out;
iv. to order a *Firm or relevant individual* to have a hot file review externally conducted by an appropriately qualified person or entity approved by the Institute specialising in the provision of hot file reviews of a specific file or files in advance of an audit opinion being signed by the auditor. A copy of the report of the hot file review must be furnished to the Institute on request;
v. to order a *Firm or relevant individual* to have an externally conducted cold file review conducted by an appropriately qualified person or entity approved by the Institute specialising in the provision of cold file reviews of a specific file or files in advance of an audit opinion being signed by the auditor. A copy of the report of the cold file review must be furnished to the Institute on request;
vi. to request undertakings from a *Firm or relevant individual,* this may include requiring them to obtain training and seek professional advice on standards, ethics and technical matters from a firm acceptable to the Institute;
vii. to impose any directions or restrictions that are deemed appropriate or necessary;
viii. to refer a case as a *complaint* to be processed in accordance with Bye-Law 6 (Discipline);
ix. to refer a case as a *complaint* if he/she believes that a statutory reporting obligation may exist;
x. to implement and monitor conditions imposed by any Regulatory Committee in accordance with Bye Law 6 and Bye Law 13;
xi. Notify a regulatory committee of the Institute as provided for by 7.6;
xii. Notify another Recognised Accountancy Body or the competent authority of an EEA audit firm registered by the Institute in accordance with S.1465 Companies Act 2014; and
xiii. To effectively monitor a *Firms* compliance with all Quality Assurance matters.

A failure by a *Firm or relevant individual* to provide any undertakings or to comply with any such directions or restrictions of the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager within a reasonable period may result in disciplinary action in accordance with Bye law 6.

7.17.7
Firms and relevant individuals shall ensure that recommendations arising from quality assurance reviews are implemented within a reasonable period. If such recommendations are not implemented by them a Quality Assurance Officer may make a referral to the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager for disciplinary action in accordance with Bye Law 6.

7.18

QUALITY ASSURANCE RE-REVIEW

7.18.1
When a *Firm or relevant individual* is listed for re-review, the potential outcomes are listed below;

Audit/Non-Audit

1. **'A' -** No follow up action necessary.

2. **'B' -** Some follow-up action will be required by the *Firm* within a specified period to address particular areas of weakness identified.

3. **'C/D (Unsatisfactory)' -** The matter will automatically be referred to The Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager who may take any action in accordance with Bye law 7.17.6.

4. **'No Grade'(Unsatisfactory) -** Where it is not possible to assess the adequacy and appropriateness of the quality of the engagement files undertaken by the firm. This is deemed unsatisfactory and requiring remedial action. If this outcome is recorded on a re-review the matter will automatically be referred to The Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager who may take any action in accordance with Bye law 7.17.6.

CPD Records for Statutory Auditors/Anti-Money Laundering

1. **'Compliant' -** No follow up action necessary.

2. **'Generally Compliant' -** Some follow-up action will be required by the Firm or relevant individual within a specified period to address particular areas of weakness identified.

3. **'Non-Compliant'(Unsatisfactory) -** The matter will automatically be referred to The Director of *Professiona*l Standards or the Quality Assurance Manager or Practice Regulation Manager who may take any action in accordance with Bye law 7.17.6.

4. **'No Grade' (Unsatisfactory) -** Where it is not possible to assess the records held by the firm or relevant individual. This is deemed unsatisfactory and requiring remedial action. If this outcome is recorded on a re-review the matter will automatically be referred to The Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager who may take any action in accordance with Bye law 7.17.6.

Investment Business Regulations

1. **'Satisfactory'** – No follow up action necessary.

2. **'Not Satisfactory'** – The matter will automatically be referred to The Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager who may take any action in accordance with Bye law 7.17.6.

3. **'No Grade'(Unsatisfactory)** – Where it is not possible to assess the records held by the firm or relevant individual. This is deemed unsatisfactory and requiring remedial action. If this outcome is recorded on a re-review the matter will automatically be referred to The Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager who may take any action in accordance with Bye law 7.17.6.

7.18.2
A quality assurance re-review report will issue as soon as practicable after the re- review.

7.18.3
The direct costs of a re-review and the costs of assessing any follow up action resulting from a Grade other than a satisfactory grade will be charged directly to the *Firm or relevant individual* on an hourly basis. The rate per hour will be determined by *Council* and may be amended from time to time by Council.

7.18.4
Where a matter is referred to the Quality Assurance Manager or Practice Regulation Manager in accordance with 7.17.1 (4)(d) and it is decided not to refer the matter as a complaint, the Director of Professional Standards is required to review and approve all such decisions.

7.19
The *Institute* may from time to time produce a guidance document in relation to the format and process of Quality Assurance Reviews.

7.20
The Registration Committee shall have a supervisory role in relation to the operation of this Bye Law.
The Registration Committee shall from time to time:

- Set targets number for quality assurance reviews
- Monitor the targets it has set
- Approve the documentation used to fulfil the requirements of this Bye Law.

On an annual basis the Quality Assurance Manager or Practice Regulation Manager shall provide the Registration Committee with a statistical analysis of the Quality Assurance Reviews carried out in the previous 12 *Month*s.

7.21
On an annual basis the Director of Professional Standards shall provide the overall results of quality assurance reviews carried out to the *Competent Authority* with supervisory functions.

7.22
On an annual basis, a summary of the Quality Assurance results, in statistical format will be published on the Institute's website.

7.23
QUALITY ASSURANCE THEMATIC REVIEW

In addition to the review scope set out in section 7.13, the quality assurance officers may complete thematic reviews on an ad-hoc basis. These will be undertaken separate to the scope in section 7.13 and distinct from the firm or relevant individual's quality assurance cycle, as applicable. These reviews may therefore occur concurrently.

7.23.1
A thematic review is an assessment of a particular focus area and its implementation by firms and or relevant individual's. Focus areas may include but are not limited to, the assessment of one of the following areas or a subsection of same;

i. Compliance with applicable accounting standards issued by the Financial Reporting Council (FRC) or the International Accounting Standards Board (IASB.
ii. Auditing and ethical standards issued by the FRC or IAASA.
iii. Quality management standards issued by the FRC or IAASA and the applicable Code of Ethics and relevant legislation;
iv. The internal quality management system of the *Statutory Audit Firm*;
v. Compliance with the Institute's Bye Laws;
vi. Compliance with obligations as a designated person under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended (the *Act); and*
vii. Assessment of whether a statutory auditor has complied with their CPD obligations and thereby maintained their professional knowledge, skills and values at a sufficiently high level
viii. Other assurance services reporting.

7.23.2
Upon selection for review, a notice will issue to the Compliance Principal of the Firm or relevant individual advising of the date and time of the review to be held at the Firm or relevant individuals' premise's or by such other means as the Institute may determine.

7.23.3
Under normal circumstances, at least one Month's notice will be given of a review. However, this notice period can be abridged at the direction of Chairman of Investigation Committee, Chairman of the Disciplinary Committee, or any Disciplinary Tribunal, Chairman of the Registration Committee or Registration Appeals Committee or the Director of Professional Standards of the Institute.

7.23.4
All requests for postponement of a review shall set out the reasons for the requested postponement and should be supported by appropriate documentary evidence such as medical certificates. Postponements shall only be granted in exceptional circumstances and at the total discretion of the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager or the Quality Assurance Officer assigned to the review.

7.23.5
At the close of a review, the Quality Assurance Officer (s) who may award a grade as per those set out in section 7.17. This may be delivered in the format of a close meeting, a written report or in both mediums. Where a written report issues, this will be sent to the Compliance Principal of the Firm as soon as practicable. The exception to this, is the review of CPD records for Statutory Auditors, in which case the report will be sent to the relevant statutory auditor directly. The reports shall include the main findings, outcome and where appropriate recommendations for improvement as applicable.

7.23.6
At any stage during a thematic review, a Quality Assurance Officer may refer a case to the Director of Professional Standards if any matter of concern is noted or any potential statutory reporting obligation of the Institute arises. The Director of Professional Standards and the Quality Assurance Manager or Practice Regulation Manager may consider follow on action as is appropriate in Bye Law 7.17.6.