



Mr. Kevin Prendergast,  
Chief Executive,  
Irish Auditing and Accounting Supervisory Authority,  
Willow House,  
Millenium Park,  
Naas,  
Co. Kildare

30<sup>th</sup> November 2016

Dear Kevin,

**Consultation Paper - The Future Auditing Framework for Ireland**

We welcome the opportunity to respond to the consultation paper – The Future Auditing Framework for Ireland.

In doing so we have considered the three options outlined with regard to which audit framework to adopt for Irish audit engagements in relation to financial periods beginning on or after 17<sup>th</sup> June 2016.

We have set out below our responses to the matters raised:

***1. Please indicate your preferred option for the development of an auditing framework to be adopted by IAASA for the Irish market and provide a detailed rationale for your preference***

CPA Ireland's preferred option for the development of an auditing framework is Option 2 - adopt the international audit framework.

In our view the IAASB's International Standards on Auditing and the International Standard on Quality Control (ISQC) are globally accepted standards and understood throughout the profession. Such a move would further ensure consistency of global auditing standards and put Ireland on a level playing pitch with many of its European neighbours.

In light of the forthcoming Brexit, whereby the UK will exit the EU, there are substantial concerns that the Irish and UK auditing frameworks will diverge over time. This may potentially leave Ireland in a difficult position in the future.

It seems appropriate therefore at this point in time to take up the opportunity to move away from the UK's auditing framework.

In entering a licensing arrangement with the IAASB it may be appropriate to provide for the amendment of the ISA's for the particular circumstances of the Irish market as other jurisdictions have done.

It is recognized that there would be a need to develop a separate IAASA Ethical Standard that would need to meet the requirements of the IESBA standard, Irish law and EU requirements on ethics.

**2 Do you believe that another option not outlined in this consultation paper should be considered? If so, please outline this alternative approach.**

No.

**3 Please provide your observations as to the phases and timelines for implementation of your preferred option.**

Whilst there will undoubtedly be a requirement for upskilling by the profession and a requirement to consider and amend educational and examination materials in Ireland, as the FRC auditing standards are based on the IAASB's ISAs the requirement will not be as onerous as a move under option 3.

It is difficult to set out a timetable for option 2 but it is recognized that it will take time to develop ethical standards and to negotiate a licensing arrangement. We would envisage an appropriate timetable to be as follows;



Task	To be completed no later than
IAASA to develop an Ethical Standard	30 June 2017
IAASA to negotiate licensing arrangement	30 June 2017
Public consultation on ethical standard and possible amendments to ISAs for Irish market	31 July 2017
Adoption of standards	30 <sup>th</sup> November 2017
Effective date for ISAs and new Ethical Standards in Ireland	Financial years beginning on or after 17 <sup>th</sup> June 2018

#### **4 Additional observations**

We would welcome further public consultation on the chosen option and its implementation in Ireland where appropriate.

We would also welcome further consideration whereby a mechanism would allow for the issue of the Practice Notes/Auditing Guidelines for the Irish market.

It is essential to ensure that any arising new requirements for the Irish auditing framework are proportionate and deliver a robust, globally acceptable framework.

If you have any queries on any aspect of our response please contact us.

Yours sincerely,

A handwritten signature in black ink that reads 'Emer Kelly'.

**Emer Kelly;**  
**Secretary**  
**Audit Practices Committee**