

In Practice News

IAASB issue guides on implementing new quality management standards

The International Auditing and Assurance Standards Board (IAASB) has recently released two guides to help stakeholders implement its suite of quality management standards. The guides will help stakeholders understand the standards and properly implement the requirements in the manner intended:

- First-time Implementation Guide for International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements
- First-time Implementation Guide for ISQM 2, Engagement Quality Reviews

The IAASB will also issue an implementation guide for International Standard on Auditing 220 (Revised), Quality Management for an Audit of Financial Statements, in quarter 3 of 2021. The suite of quality management standards come into effect on December 15, 2022.

Revocation of the recognition of the Institute of Chartered Accountants in England and Wales ('ICAEW')

21/07/2021

Pursuant to its powers under section 931(4) of the Companies Act 2014 ('the Act'), the Irish Auditing and Accounting Supervisory Authority ('the Authority') has decided to revoke the recognition of the Institute of Chartered Accountants in England and Wales ('ICAEW') granted under S.930 of the Act with effect from 21 July 2021.

This means that ICAEW may no longer authorise individuals or firms as statutory auditors or public auditors in Ireland or undertake any audit related regulatory functions. This decision follows the application by the ICAEW to the Authority for revocation of its recognition.

By virtue of the revocation of its recognition, ICAEW is no longer a prescribed accountancy body under the Act and therefore, no longer comes under the remit of the Authority.

Source: www.iaasa.ie

Revisions to Ethical Standard for Auditors effective from July 2021

In December 2020, the Irish Auditing and Accounting Supervisory Authority (IAASA) issued a revised Ethical Standard for Auditors (Ireland) 2020. The revised standard is effective from the 15th of July 2021.

Key changes to the Ethical Standard include

- A redefined 'objective, reasonable and informed third party' test. Firms are required to consider whether a proposed action would affect their independence from the perspective of a public interest stakeholder, for example an informed investor or shareholder, rather than another practitioner.
- A prohibition on the provision of recruitment and internal audit services to audit clients or acting as the general counsel of an audited entity.
- New provisions aimed at enhancing the Ethics partners' authority. Enhancements include a requirement for reporting to those charged with governance where an audit firm does not follow the ethics partners' advice.
- A new requirement for auditors to report breaches of the Ethical Standard for Auditors (Ireland) on an annual basis to both IAASA and the relevant recognised

accountancy body (RAB) for auditors of public interest entities (PIEs). Non-PIE auditors are required to report to the relevant RAB.

- The cooling off period for engagement partners on PIE audits has been amended to 3 years, as provided in EU Regulation 537 of 2014 and a corresponding change made to the requirement for listed entities.

Transitional provisions are set out in paragraphs 1.70 to 1.71 of the Ethical Standard for Auditors (Ireland) 2020. Firms may complete engagements relating to periods commencing before 15th July 2021, in accordance with existing ethical standards (Ethical Standard for Auditors (Ireland) 2017), putting in place any necessary changes in the subsequent engagement period.

Engagements to provide previously non-prohibited non-audit services, entered into before 15 July 2021, and for which the firm has already commenced work may continue until completed in accordance with the original engagement terms, subject to the application of appropriate safeguards.

Source: www.iaasa.ie

Reporting of RBO discrepancies

Prior to entering a business relationship with a new client, a designated person must carry out a search of the Register of Beneficial Owners (RBO) to confirm the details are consistent with their understanding.

Regulation 20(3)(b) of the European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2019 (S.I. 110/2019) places an obligation on a designated person to report, discrepancies between the information held on the RBO and the entities internal register of beneficial ownership, to the

Registrar in a timely manner.

A non-compliance notice is filed in cases where the client is not on the register. Where the beneficial ownership details are incorrect a discrepancy notice is filed using a Form DN2. The form can be obtained on request by a firms' RBO Liaison Officer by contacting discrepancies@rbo.gov.ie.

For further information on discrepancies and non-compliance notices see Section 15 of the FAQ's document available on the RBO website.