

2016 Audit Monitoring Annual Report

We are pleased to publish our annual monitoring report, which provides:

- An overview of the activities of ICAS Audit Monitoring during 2016;
- Key messages and detailed findings arising from monitoring visits; and
- Additional news and information for 2017.

This report can be found on icas.com and we hope you find this report useful.

New Audit Regulations – Effective 1 April 2017

As notified to you at the end of March 2017, the Audit Regulations have been revised to take account of Irish company law changes and can be accessed by searching on '[charter, rules and regulations](#)' at www.icas.com.

Why have the Audit Regulations changed again?

The Audit Regulations were last updated in June 2016 to bring in the changes from the UK's implementation of the EU Audit Regulation and Directive 2014. The main changes being:

- the FRC became the UK's competent authority responsible for audit regulation;
- the Recognised Supervisory Bodies (RSBs), including ICAS, were delegated certain responsibilities under the new delegation agreement with the FRC (in relation to licensing firms, and the monitoring and investigation of non-public interest entity (PIE) audits).

At that time, a number of legislative changes were still being worked on in Ireland and the revised regulations did not reflect the full impact of the EU Regulation and Directive there.

The new Regulations now bring about these Irish changes.

What are the Irish changes?

- Ireland issued a separate interpretation of the EU legislation through SI312 (June 2016) which replaced SI220.
- The Irish approach currently differs from that of the UK. For now, the Irish Government continues to delegate the powers **directly** to the Recognised Accountancy Bodies (RABs – the Irish equivalent of RSBs) rather than through the Irish competent authority (The Irish Accounting & Auditing Supervisory Authority - IAASA). Only powers related to PIEs were transferred to IAASA.
- There have been changes to the way in which auditing standards are issued in Ireland (as previously explained in Audit News 62) where IAASA is now responsible for issuing the standards, and now does so under licence with the FRC, which allows the standards to be tailored for Ireland.
- One further change noted is the appeal structure in Ireland which can be routed through the High Court. This route is not available in the UK.

Are we expecting any more changes?

Yes!

On 16 February 2017, the Irish government published the general scheme for a Companies (Statutory Audits) Bill. The scheme proposes a similar framework to the UK in making IAASA the ultimate competent authority and routing all relevant regulatory tasks through it, with delegation agreements in place between IAASA and the RAB. The bill, when enacted, will replace SI312 2016. This will result in further changes to the Audit Regulations, the bill will take some time to be finalised.