

Guidelines for the Recognised Accountancy Bodies when performing the Approval and Registration function in respect of Statutory Auditors and Audit Firms

A consultation issued by the Irish Auditing and Accounting Supervisory Authority (IAASA)

Comments from ACCA

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GENERAL COMMENTS

ACCA welcomes the opportunity to comment on the proposed Guidelines for the Recognised Accountancy Bodies (**RABs**) when performing the Approval and Registration function in respect of Statutory Auditors and Audit Firms.

ACCA has established procedures for approving and registering statutory auditors and audit firms. We are supportive of a proportionate, risk based and outcomes-focused approach to our activity.

ACCA welcomes and supports the publication of IAASA guidelines, which should promote greater consistency between the RABs. This increases the transparency of processes for the benefit of members, firms, and the general public. The IAASA guidance should enhance the procedures already in place.

ACCA considers that, overall, the Guidelines set out at A-E provide a clear explanation of the overarching principles that underpin the statutory requirements. However, ACCA has concerns regarding aspects of the attendant Application guidance where it may be overly prescriptive. We have highlighted these specific areas of concern and identified areas requiring further clarification in our response where appropriate.

In addition to the areas below, ACCA has concerns regarding the timing of the introduction of these Guidelines. The impact on licensing processes from the launch of the Corporate Sustainability Reporting Directive (**CSRD**) are unclear at this point but will require a short implementation timeline. As the same staffing resource will be used to implement these Guidelines and the CSRD requirements, the roll out of both will put considerable strain on resource.

AREAS FOR SPECIFIC COMMENT

A. Effective application and assessment process

ACCA agrees that the application and assessment process should be appropriately thorough and consistently applied by all team members. Applications should obtain and evidence information to sufficiently conclude that an applicant meets the criteria of a statutory auditor or audit firm. ACCA's Global Practising Regulation 8 sets out the criteria in determining whether a person is "fit and proper" which allows us to assess whether a member is of good repute.



B. Statutory auditors and audit firms are of good repute

ACCA agrees that consistent criteria across all RABs is used to assess applications. The guidelines therefore need to provide sufficient clarity. For example, guideline B.5 refers to “prompt appropriate action” without any additional guidance on IAASA’s expectation. In addition, clarification would be welcomed in relation to whether all factors listed in application guidance B(a) must be obtained and an acceptable format to collate such information, for example self-declaration by the applicant. Guidance B(d) makes reference to obtaining and considering information from a wide variety of sources which risks creating an open-ended duty on RABs as no timeframe is included for reference.

C. Statutory auditors and audit firms are eligible for approval

ACCA agrees that the RAB’s education systems and required practical training underpins all applications to become a statutory auditor. ACCA delivers this through our Irish variant exams and Approved Employer programme.

D. Accurate and timely registration

ACCA understands the importance of accurate and timely registration. Whilst noting draft guideline D.5 requirements, it is unclear what “appropriate measures” would be for a firm failing to comply. The application guidance at D(f) provides no further direction in this regard. IAASA will be aware that firms generally submit details of changes as part of the annual renewal process and therefore compliance with the strict requirements of the Companies Act 2014 could be challenging to achieve. Further guidance is also sought from IAASA in relation to who the “third parties” referred to in guideline D.7 and application guidance D(d) are.

E. Continuing compliance with registration requirements

ACCA agrees with the principles of continuing compliance. ACCA would welcome clarification of the time-period associated with “prompt corrective action” referred to in guideline E.2. We also note that in guidance E(a), as drafted, the method and format for obtaining the required confirmation is unclear. In addition, we would welcome clarification as to who provides the “confirmation” referred to at E(b) and what “reports progress to management” in application guidance E(c) relates to.

