

CONSULTATION

IRISH AUDITING & ACCOUNTING SUPERVISORY AUTHORITY (IAASA)

THE FUTURE AUDITING FRAMEWORK FOR IRELAND

NOVEMBER 2016

ABOUT AIA

The Association of International Accountants (AIA) was founded in the UK in 1928 as a professional accountancy body and from conception has promoted the concept of 'international accounting' to create a global network of accountants in over 85 countries worldwide.

AIA is recognised by the UK government as a recognised qualifying body for statutory auditors under the Companies Act 2006, across the European Union under the mutual recognition of professional qualifications directive and as a prescribed body under the Companies (Auditing and Accounting) Act 2003 in the Republic of Ireland. AIA also has supervisory status for its members in the UK under the Money Laundering Regulations 2007. AIA is a Commonwealth Accredited Organisation.

AIA promotes and supports the advancement of the accountancy profession both in the UK and internationally. The AIA exams are based on International Financial Reporting and International Auditing Standards and are complimented by a range of variant papers applicable to local tax and company law in key jurisdictions together with an optional paper in Islamic accounting.

AIA members are fully professionally qualified to undertake accountancy employment in the public and private sectors.

AIA RESPONSE

QUESTION 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

AIA recognises the position IAASA is looking to take in relation to the development of an auditing framework to be adopted for the Irish market.

In the short term it is preferable to maintain the status quo to some extent with the implementation of Option 1. This will ensure a smoother transition for firms and businesses in their current operating models who are reliant on current FRC standards and an auditing framework. The adaption of the FRC framework to fit more closely with the Irish legal position would be an option that would result in the smallest use of resources. Option 1 provides greater continuity and protects the interest of accountants and therefore the public to a greater extent in the shorter term.

The uncertainty created by Britain's exit from the European Union is also a reason for continuing in the short term with adaption of the FRC framework. In consideration of the fact that the UK Government does not plan to engage 'Article 50' until March 2017, with a proposed negotiation and exit process lasting at least two years, this means that there is a considerable period of time before the UK system is outside of European law.

In the longer term there is a clear trend towards convergence of International Standards and it is to be assumed at some point that Ireland will be forced to implement its own 'homegrown' audit framework. Until that point AIA would recommend maintaining Option 1.

AIA works with our members and partners in financial centres around the world to encourage trust, clarity and shared international standards in the accounting profession and supports the work of the IFRS Foundation and the International Accounting Standards Board (IASB) in developing a single set of high quality and globally accepted international standards.

AIA supports IFAC's vision of a global accountancy profession which helps support and develop strong, sustainable and, above all, transparent and trusted economies. In support AIA has adopted IFAC's Code of Ethics for professional accountants and also incorporates IFAC's International Education Standards (IES) into our own policies, procedures and educational programmes.

In addition, maintaining and adapting Option 1 for the short term would give greater flexibility in the long term as the FRC audit framework is largely based on International Standards and therefore forms a base layer on which to build an unique, relevant and flexible Irish framework.

QUESTION 2

DO YOU BELIEVE THAT ANOTHER OPTION NOT OUTLINED IN THIS CONSULTATION PAPER SHOULD BE CONSIDERED? IF SO, PLEASE OUTLINE THIS ALTERNATIVE OPTION AND SPECIFY YOUR REASONS FOR ITS USE

AIA does not believe there are any other appropriate options available which have not previously been outlined in the consultation paper.

QUESTION 3

PLEASE PROVIDE YOUR OBSERVATIONS AS TO THE PHASES AND TIMELINES FOR IMPLEMENTATION OF YOUR PREFERRED OPTION

AIA suggests that IAASA should take into account the needs of practising accountants when considering timescales of implementation for any new audit framework in the Republic of Ireland and be mindful of key reporting dates and deadlines, giving companies and auditors ample time to make appropriate changes and prepare for the implementation of new standards.

In addition the uncertainty of Britain's exit from the European Union in terms of the FRC audit framework could add a dimension of uncertainty to any implementation or licensing.

QUESTION 4

PLEASE PROVIDE ANY ADDITIONAL OBSERVATIONS YOU MAY HAVE ON THE PROPOSALS SET OUT IN THIS CONSULTATION PAPER

It would support the transparency and understanding of timescales and progress of the process if IAASA could provide to Recognised and Prescribed Accountancy Bodies an ongoing indication of the progress of discussions with the Financial Reporting Council regarding licensing the audit framework.

FURTHER INFORMATION

The above replies represent our comments upon this consultation document. We hope that our comments will be helpful and seen as constructive. AIA will be pleased to learn of feedback, and to assist further in this discussion process if requested.

If you require any further information, please contact:

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