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Regulatory and Monitoring Supervision  
**Guidelines for the RABs on  
the regulation, monitoring and  
enforcement of continuing  
education for statutory  
auditors**

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## Mission

To contribute to Ireland having a strong regulatory environment in which to do business by supervising and promoting high quality financial reporting, auditing and effective regulation of the accounting profession in the public interest.

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# Part I: Background to these guidelines

## 1. Regulatory outcomes

High quality statutory audit enhances the integrity of a financial report and therefore, its usefulness. To that end, statutory audits must be performed by those who have the requisite professional competence through their education, training, skills and values. Maintaining professional competence is a career-long obligation and a legal requirement for statutory auditors. This arises because of ongoing developments in the business environment, changing legal, regulatory and standards requirements, technological advances, and societal changes as well as developments in the statutory auditor's professional role throughout their career.

Continuing education (or continuing professional development/CPD) is the means by which a statutory auditor maintains and enhances their professional knowledge, skills and values. An effective programme of continuing education achieves the regulatory outcomes listed below.

- The statutory auditor actively maintains and enhances the knowledge, skills and values they need to perform high quality audits and deliver a professional service to their clients.
- It contributes to the performance of high quality audits, and thereby safeguards the public interest.
- It enhances public confidence in the auditing profession.

Under IAASA's oversight, each recognised accountancy body (RAB) is responsible for effective regulation, monitoring and enforcement in respect of statutory auditors. This responsibility includes setting standards for statutory auditors' continuing education and instituting arrangements for the effective monitoring and enforcement of compliance with those standards. The regulatory outcomes and requirements set out in the '[General guidelines for the recognised accountancy bodies when performing regulatory functions in respect of statutory auditors](#)', apply to the RABs' regulatory arrangements in respect of continuing education.

## 2. Purpose of this document

The purpose of this document is to set out guidelines for the RABs that:

- (i) they are to apply to their regulation, monitoring and enforcement of continuing education for statutory auditors
- (ii) describe what constitutes compliance with the condition imposed on statutory auditors by section 1489(1) of the Companies Act 2014 ('the Act') to take part in appropriate programmes of continuing education

These guidelines are not intended to replace or override any legislative provisions. They should be read in conjunction with the Act, Regulation (EU) No 537/2014 and any section 931 notice, rule, standard or other guideline that IAASA may issue.

Nothing in these guidelines may be construed so as to constrain IAASA from taking action, where it deems it appropriate, in respect of the conduct of a statutory auditor, firm or a RAB.

### 3. Definitions

Term	Meaning
The Companies Act 2014/the Act	The Companies Act 2014
Continuing education/ continuing professional development/CPD	The means by which a statutory auditor maintains and enhances their professional knowledge, skills and values
IES 8	International Education Standard 8 - Professional Competence for Engagement Partners Responsible for Audits of Financial Statements, issued by the International Accounting Education Standards Board (IAESB) as revised from time to time
Irish Auditing Framework	<ul style="list-style-type: none"><li>• Auditing standards adopted by IAASA under S1526(1) of the Companies Act 2014</li><li>• Guidance notes and other publications issued by IAASA about audit</li></ul>
RAB	Recognised Accountancy Body
Statutory auditor	An individual who is approved in accordance with Part 27 of the Companies Act 2014 to carry out statutory audits (sometimes also referred to as a responsible individual)

### 4. Legal provisions

Section 1489(1) of the Act requires that all auditors must take part in programmes of continuing education to maintain competence:

*“It shall, by virtue of this section alone, be a condition of a statutory auditor’s approval ... that he or she shall take part in appropriate programmes of continuing education in order to maintain his or her theoretical knowledge, professional skills and values, including, in particular, in relation to auditing, at a sufficiently high level.”*

Section 1492(1) of the Act places a statutory obligation on the RABs to require statutory auditors to comply with this continuing education condition and to monitor and enforce compliance:

*“A recognised accountancy body shall, in respect of statutory auditors and audit firms –*

- (a) have adequate standards requiring those auditors and audit firms to comply with the obligations specified in sections 1489 to 1491, and*
- (b) institute adequate arrangements for the effective monitoring and enforcement of compliance with such standards.”*

Section 1489(2) provides that IAASA shall issue guidelines to the RABs regarding compliance with the continuing education condition:

*“The Supervisory Authority shall, at such times as it thinks it appropriate to do so, issue guidelines to the recognised accountancy bodies with regard to what constitutes compliance with the condition referred to in subsection (1).”*

Section 906 of the Act provides that IAASA may issue guidelines concerning any matter that relates to its functions.

## 5. Enforcement of non-compliance with these guidelines

IAASA may take regulatory action in respect of a failure to comply with these guidelines. This will be done in accordance with its powers under the Act.

## 6. Scope

These guidelines are applicable to all RABs recognised in accordance with the provisions of section 930 of the Companies Act 2014 that are approved to perform the regulatory function of continuing education. At the date of publication of these guidelines, the five RABs are:

- ACCA Association of Chartered Certified Accountants
- CPA Institute of Certified Public Accountants in Ireland
- ICAEW Institute of Chartered Accountants in England and Wales
- ICAI Institute of Chartered Accountants in Ireland
- ICAS Institute of Chartered Accountants of Scotland

Section 930C of the Act sets out the allocation between the RABs of certain statutory functions under the Act relating to statutory auditors. In summary, it provides that where the statutory auditor is a member of a statutory audit firm, the function is conferred on the RAB of which the audit firm is a member. Where the statutory auditor is not a member of a statutory audit firm the function is conferred on the RAB of which they are a member. In these guidelines, the phrase 'statutory auditor in respect of whom it performs functions' is used to refer to the allocation specified in section 930C.

## 7. Effective date

These guidelines apply from 1 January 2022. Transitional arrangements may apply where appropriate, and following agreement with IAASA.

By 30 June 2021, each RAB shall submit a report to IAASA detailing how these guidelines will be implemented by it.

Each RAB should be able to demonstrate that it complies with these guidelines through the implementation of effective regulatory policies and procedures tailored to its context. Each RAB should also ensure that the provisions of its constitution, bye laws, rules and regulations are in compliance with these guidelines.

These guidelines apply until such time as they are withdrawn, amended or replaced by IAASA. It is IAASA's intention that the guidelines will be subject to periodic review and updating, in consultation with the RABs unless the proposed amendments are inconsequential.

## PART II: RAB responsibilities in relation to continuing education of statutory auditors

### Guidelines

- A.1. A RAB should promote the importance of CPD to statutory auditors in respect of whom it performs functions and provide support to them in fulfilling their CPD obligations. A RAB should ensure statutory auditors are made aware of the:**
- CPD condition imposed on them by section 1489(1);
  - RAB's standards<sup>1</sup> with which they must comply; and
  - arrangements for monitoring and enforcement of their compliance with such standards.
- A.2. Each statutory auditor in respect of whom a RAB performs functions should be required to submit an annual CPD return on a timely basis. At a minimum, the CPD return should include a declaration as to whether the statutory auditor has complied with their CPD obligations.**
- A.3. A RAB should review the CPD records of statutory auditors in respect of whom it performs functions at least once every six years or earlier if there are risk indicators which suggest non-compliance. The purpose of the review is to assess whether a statutory auditor has complied with their CPD obligations and thereby maintained their professional knowledge, skills and values at a sufficiently high level. In this regard, Guideline A.6. provides for reliance on a firm's system of quality control where appropriate.**
- A.4. The review of CPD records should be completed by RAB staff with the requisite expertise, experience and skills. Such review should include assessment of the:**
- quality of a statutory auditor's CPD planning and evaluation
  - sufficiency, relevance and appropriateness of the CPD completed to meet the learning needs identified
  - achievement of the learning outcomes specified in Table A of IES 8 and professional knowledge set out in Guideline B.4.
  - compliance with any specific CPD obligations set out in the RAB's standards
- A.5. The results of a review of CPD records should be provided in writing to the statutory auditor, outlining weaknesses identified and recommendations for improvement. A RAB may decide to apply a grading system to CPD records.**
- A.6. A RAB may rely on a firm's system of quality control in relation to CPD compliance by statutory auditors, where it (or IAASA) has performed a review of whole-firm procedures to satisfy itself about the effectiveness of the system's design and operation. In that**

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<sup>1</sup> Section 1492(1) requires a RAB to have adequate standards requiring auditors and audit firms to comply with their statutory obligations in respect of CPD, professional ethics and independence, objectivity and professional scepticism.

Section 1492(2) states that those standards must first be approved by IAASA in accordance with section 905(2)(c).

Section 905(2)(c) provides that the Authority's functions include to require changes to and to approve the constitution and bye laws of each prescribed accountancy body (the definition of which includes a RAB), including its investigation and disciplinary procedures and its standards, along with any amendments to them.

'Standards' is defined in section 900 as '...the rules, regulations and standards that body applies to its members and to which, by virtue of their membership, they are obliged to adhere'.

case, a RAB should test the operating effectiveness of the controls in place, with appropriate sample sizes.

**A.7. The arrangements instituted under sections 1492(1)(b) and 1493 of the Act (for the effective monitoring and enforcement of compliance with CPD standards by statutory auditors in respect of whom a RAB performs functions) should include a range of timely and proportionate responses where non-compliance is indicated. Such responses should be designed to:**

- bring the statutory auditor back into compliance with CPD standards quickly;
- protect stakeholders and safeguard audit quality where warranted; and
- promote public confidence in the auditing profession.

Whilst minor or temporary non-compliance with CPD obligations should be dealt with by way of prompt corrective action, the Authority expects that a statutory auditor would be subject to regulatory measures, which may include potential disciplinary action, where any of the behaviours listed below are indicated.

- A statutory auditor fails to rectify CPD non-compliance notified to them in reasonable time.
- A statutory auditor fails to file an annual CPD return in reasonable time.
- A statutory auditor fails to co-operate with CPD monitoring or to retain adequate records to permit review.

A statutory auditor should be liable to disciplinary action where any of the behaviours listed below are indicated.

- A statutory auditor fails to comply with regulatory measures imposed or there is persistent non co-operation with a RAB's process.
- A statutory auditor displays significant, or repeated or prolonged non-compliance with CPD obligations.
- A statutory auditor files a false return.

Where a RAB decides that disciplinary action is not to be taken in the above three circumstances, it should retain a written record of its rationale, for presentation to the Authority on request.

Publication of the outcome of the measures taken and penalties imposed should follow the principles outlined in the 'Principles Governing the Timing and Manner of Disclosure of Penalties and Sanctions' approved by IAASA.

**A.8. A RAB should designate a regulatory committee responsible for oversight of the continuing education function applicable to statutory auditors. It should set and monitor key performance indicators (KPIs) for CPD compliance, monitoring and enforcement which support the regulatory outcomes. KPIs should be included in the annual regulatory plan and progress reported to the regulatory board periodically.**

**A.9. A RAB should conduct periodic reviews of relevant bye laws, regulations, processes and policies related to CPD regulation, monitoring and enforcement. This is to ensure they remain relevant and appropriate having regard to its practical experience, as well as developments in legislation, international education standards or similar.**

## Application notes

- (a) An effective way for a RAB to ensure that a statutory auditor is made aware of the CPD condition is to inform them in writing at the time of their first approval as a statutory auditor and at each renewal of their approval.
- (b) It is a statutory auditor's responsibility to ensure that they comply with the CPD condition attached to their approval and the RAB's standards requiring their compliance. A RAB can support statutory auditors with meeting their obligations by providing guidance documents on planning and completing CPD, making available information about training courses relevant to audit and providing templates for planning, recording and evaluation of CPD undertaken.
- (c) A risk-based review of CPD records in accordance with A.3. may be appropriate where there are:
- adverse findings from other regulatory processes, including in respect of the firm
  - persistent late CPD returns or previous unsatisfactory CPD reviews, including in respect of the firm
  - indicators of poor audit quality from previous regulatory history
  - significant changes to the audit client base
- (d) A RAB may designate an existing regulatory committee with responsibility for oversight of the continuing education function or constitute a new committee. Since 'continuing education' is a regulatory function conferred on the RABs, the requirements of the ['General guidelines for the recognised accountancy bodies when performing regulatory functions in respect of statutory auditors'](#) apply to the resourcing, operation, processes and oversight of such a committee.

## Part III: Appropriate programmes of continuing education for statutory auditors

### Guidelines

An appropriate programme of continuing education for statutory auditors will have the features set out in Guidelines B.1.-B.5. below.

- B.1. It sets out clear CPD requirements in the RAB's standards<sup>1</sup> to which a statutory auditor in respect of whom the RAB performs functions is required to adhere.**
- B.2. It requires a statutory auditor in respect of whom the RAB performs functions to:**
  - (i) plan their CPD activities by reflecting on the knowledge, skills and values required to competently fulfil their professional responsibilities, identifying their learning and development needs and deciding on the CPD activities necessary to address them.**
  - (ii) complete sufficient, relevant and appropriate CPD each year to meet their learning and development needs and thereby maintain and enhance their professional knowledge, skills and values in all of the areas of work that they undertake.**
  - (iii) evaluate the effectiveness of their CPD activities regularly and revise their approach as necessary to ensure it remains effective in achieving its objective of maintaining their professional knowledge, skills and values at a sufficiently high level.**
  - (iv) be able to demonstrate their compliance through the retention of appropriate written records of CPD planning, completion and evaluation. Such records should include supporting documentation which evidences that they undertook the CPD activity.**
  - (v) retain their CPD records for a period of time defined by the RAB to facilitate review of their compliance.**
- B.3. It requires a statutory auditor to be able to demonstrate that through completion of CPD they have achieved the learning outcomes in Table A of IES 8, addressing each of professional knowledge, skills and values as set out in the Table.**
- B.4. It requires a statutory auditor to undertake CPD to keep their professional knowledge up to date in (i) the Irish auditing framework, (ii) financial reporting standards in use in Ireland and (iii) Irish and EU legislation relevant to the preparation of financial statements and to statutory audit and auditors. A RAB may decide to set more specific requirements or learning outcomes for these competence areas.**
- B.5. It specifies that where a statutory auditor works part-time, has a small number of, or no current audit clients or is on a career break but remaining on the public register, they are nonetheless required to comply with their CPD obligations.**

## Application notes

- (a) By virtue of being a member of a RAB, a statutory auditor is required by that RAB's byelaws or regulations to comply with its CPD requirements. By virtue of sections 930C and 1492 they are also required to comply with the standards<sup>1</sup> of the RAB which performs the continuing education function in respect of them. Therefore, the RABs are requested to co-ordinate to ensure clarity of requirements for statutory auditors and to avoid duplication of regulatory processes. Such co-ordination could also include agreeing templates for the planning, recording and evaluation of CPD completion.
- (b) A RAB may wish to provide that a statutory auditor should consult with a senior colleague or mentor to seek input to their CPD plans as well as to consult the CPD guidance material and resources made available by the relevant RAB.
- (c) When reflecting on the knowledge and skills required to competently fulfil their professional responsibilities in accordance with Guideline B.2., there are a range of salient factors that a statutory auditor may need to consider, including:
- the specific needs of their client base (for example, credit unions, SMEs, public interest entities, specialised industries, new clients)
  - the time period since they last completed training in a particular area
  - weaknesses identified during quality reviews
  - developments in Irish or EU legislation including in company law and tax
  - changes to the Irish financial reporting or auditing frameworks
- (d) Examples of activities that may form part of a programme of continuing education are listed below. This list is not exhaustive:
- programmes, courses, awards and qualifications recognised on the National Framework of Qualifications that address relevant topics
  - courses, seminars, webinars, workshops and conferences run by professional bodies or expert providers that address relevant topics
  - structured training courses in the workplace which address relevant topics
  - researching and writing a thesis, study manuals, books and other publications to the extent the activity maintains or improves the auditor's professional competence
  - teaching relevant subjects on professional courses or training events
  - active involvement in a RAB's committee to the extent the activity maintains or improves the auditor's professional competence
  - discussion of complex audit matters with colleagues, regulatory bodies, a RAB's technical department



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