

### Audit Regulation changes in respect of Irish company law

The Irish statutory instrument (220/2010) European Communities (Statutory Audits) (Directive 2006/43/ec) Regulations introduced into Irish company law the requirements of the EU's Statutory Audit Directive (in the UK this was achieved by the Companies Act 2006). Following the enactment of the SI the Audit Regulations 2008 were updated to reflect its specific requirements. The amended regulations came into effect on 1 June 2012 and notified to audit firms through Audit News 51. From the same date the Audit Regulations and Guidance 1995 (as amended) that previously applied to Irish audit work and registered auditors ceased to have effect. There is now a single set of audit regulations that apply to UK and Irish audit work and registered auditors.

The changes made to the audit regulations are detailed below. These are listed in the order that they occur in the Audit Regulations and Guidance. Most of the changes are to distinguish between slightly different implementations of the EU directive into UK and Irish law.

Throughout the regulations and guidance the Republic of Ireland is now referred to as Ireland and most references to an institute are now to "registering institute" to recognise the separated roles of the Irish membership and regulatory bodies. These changes are not separately identified below.

#### 1. Introduction

##### 1.1 Identification of Institutes

In March 2007 the Institute of Chartered Accountants in Ireland separated its regulatory function into a separate body known as the Chartered Accountants Regulatory Board. Accordingly the opening paragraph in the introduction has been amended to reflect this separation of duties as follows;

The Institutes are all Recognised Supervisory Bodies in the UK and Recognised Accountancy Bodies in Ireland for the purposes of regulating auditors. The Institute of Chartered Accountants in Ireland, pursuant to Bye-Law 41 of its Bye-Laws, has established the Chartered Accountants Regulatory Board which carries out the functions of the ICAI as a registering Institute. The Institutes must have rules setting out how auditors are regulated, which this booklet contains, with guidance on how they should be followed.

##### 1.2 Relevant financial standards

Reporting standards are issued by bodies other than the Accounting Standards Board and the regulations should reflect this. Paragraph 7 has accordingly been amended to read;

- 7 The regulations should be read in conjunction with:
- the Institutes' Code of Ethics (including the fundamental principles);
  - publications issued by the Auditing Practices Board:
    - International Standards on Auditing (UK and Ireland);
    - International Standards on Quality Control (UK and Ireland);
    - Ethical Standards;

- relevant financial reporting standards: issued by the Accounting Standards Board: IFRS as endorsed/adopted by the EU;
- relevant parts of company legislation in the United Kingdom and Ireland; and
- the Professional Indemnity Insurance Regulations

### 1.3 Magazines

All the institutes have revised their publications and consequently paragraph 8 of the introduction is amended to reflect the latest materials now being issued by those bodies.

- 8 Each Institute issues a magazine which often has new material on audit related matters. The ICAEW publishes *economia*, ICAS The CA magazine and ICAI Accountancy Ireland. One of these should also be read. In addition, Audit News is issued by ICAEW and ICAS and contains information for registered auditors, including changes to the regulations. ICAI members should read the CARB Regulatory Bulletin.

### 1.4 How to become and continue to be a Registered Auditor

Some additional guidance has been added to the table setting out obligations around registration. The new material is underlined:

<p><b>Becoming a Registered Auditor;</b> Fill in and return the application form with a cheque for the registration fees <u>and an application form for each Responsible Individual.</u></p>	<p><u>See regulation 4.05</u></p>
<p><b>Remaining a Registered Auditor</b></p> <ul style="list-style-type: none"> <li>• principals and employees who carry out audit work are competent and complying with CPD guidelines;</li> <li>• <u>Submit an Annual Return</u></li> </ul>	<p>See regulation 3.17 and the <u>requirements</u> from your registering Institute on continuing professional development. <u>See regulation 2.10A</u></p>
<p><b>When necessary make sure that:</b></p> <ul style="list-style-type: none"> <li>• if you cease to hold an audit appointment, then the notifications to the oversight body or the Institute (<u>UK only</u>) may be needed;</li> <li>• changes in 'major audit' appointments are notified within 21 business days;</li> <li>• <u>When a new Responsible Individual is designated, application is made to the registration committee.</u></li> </ul>	<p>See guidance under regulation 3.08.  See regulation 3.15 (<u>UK only</u>)  <u>See regulation 4.05</u></p>

### Help and advice

While registered auditors must comply with the regulations and the related pronouncements and guidelines, help and advice is available. The Institutes, CARB and other organisations (such as training consortia) can offer advice and give practical help.

Regulation 4.05 is unchanged, so this is updated cross-referencing. 2.10A is a new regulation which is explained further below.

### 1.5 Telephone numbers

Most of the telephone number references have changed over the years, but Audit News 51 updated these. The list of numbers in the introduction now reflects the current numbers.

## 2 Chapter 1

### 2.1 Transitional arrangements

The incorporation of SI 220 into the regulations means that there are now two transitional dates, one for the UK and one for Ireland. Regulation 1.04 retains the original UK implementation date of 6 April 2008, whilst new regulation 1.04A adds the Irish implementation date of 1 June 2012, and withdraws the 1995 Audit Regulations previously used for the audit of Irish entities.

**1.04 In respect of the audits of UK entities these *regulations* come into force on 6 April 2008 subject to regulation 1.05. From this date the Audit Regulations (December 1995 edition, as amended) are no longer in force, subject to regulations 1.05 and 1.06.**

**1.04A In respect of the audit of Irish entities these *regulations* come into force on 1 June 2012 subject to *regulation* 1.05. From this date the Audit Regulations (December 1995 edition, as amended) are no longer in force, subject to *regulations* 1.05 and 1.06.**

In addition regulation 1.07 which referred to the interregnum whilst SI 220 was being drafted is no longer applicable and is accordingly deleted.

### 2.2 Notifications

The increasing use of electronic communications has now been recognised in the regulations through an additional clause (d) permitting the use of email as a communications medium. Regulation 1.08 (formerly 1.09 until 1.07 was deleted) now reads as follows;

- 1.08 Any notice, decision, order or other document which needs to be served on a *firm* or other person under these *regulations* will be delivered by hand, or sent by fax or post:**
- a if it is delivered by hand to the addressee service will take effect immediately;**
  - b if sent by fax, it will be sent to the latest fax number given by the addressee and service will take effect immediately;**
  - c if sent by post, it will be sent to the latest address given by the addressee and service will take effect two business days after posting; or**
  - d if sent by email it must be sent to the latest email address notified by the addressee and service will take effect immediately.**

### 2.3 Definitions

For the most part, the definitions have been updated for cross references to legislation, the use of “Ireland” rather than “Republic of Ireland” and the referral to “registering institute” rather than “Institute”. The latter two changes are not shown below. Other changes are:

the Act	<b>The Companies Act 2006 of the United Kingdom or the Companies Acts 1963 to 2009 of Ireland and every other enactment which is made under, or is to be read together with or as one with, any of those Acts.</b>
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appropriate qualification	<p><b>a) In relation to the audit of UK entities, a person holds an appropriate qualification if it is:</b></p> <ul style="list-style-type: none"> <li>• a qualification awarded by a recognised qualifying body under section 1219 of the 2006 Act;</li> <li>• an EEA qualification and an aptitude test if required under paragraph 6 of schedule 10 of the 2006 Act;</li> <li>• an approved non-EEA qualification and an aptitude test, if required under sections 1219 and 1221 of the 2006 Act.</li> </ul> <p><b>b) In relation to the audit of Irish entities, a person holds an appropriate qualification if it is:</b></p> <ul style="list-style-type: none"> <li>• a qualification awarded by a recognised accountancy body under regulation 26 of <i>S.I. No.220 of 2010</i>;</li> <li>• an EEA qualification and if required, the person has passed an aptitude test under regulation 30 of <i>S.I. No.220 of 2010</i>;</li> <li>• an approved non-EEA qualification and if required, the person has passed an aptitude test under regulations 30 of <i>S.I. No.220 of 2010</i> and complies with regulation 112 of <i>S.I. No.220 of 2010</i></li> </ul> <p>Note. The Institutes and the ACCA are ‘recognised qualifying bodies’ for the purposes of the UK legislation and ‘recognised accountancy bodies’ for the purposes of Irish legislation. So the appropriate qualification they award is recognised in both jurisdictions.</p> <p>For EEA qualifications the aptitude test is different in the UK and Ireland, so passing the aptitude test in one country does not give audit rights in the other. For overseas qualifications, the approval process is different in each country, so a qualification approved in one country may not be approved in the other. Even if approved in both countries, the aptitude test will be different so audit rights will only be obtained in the country of the aptitude test.</p> <p>Holding a qualification under b) above will meet the qualification requirement under S187 of <i>the 1990 Act for a public auditor</i></p>
audit	The reference [in the main audit definition] to a ‘listing authority’ is to the Financial Services Authority in the UK and the Central Bank in Ireland.
audit working papers (new)	<p><b>Material (whether in the form of data stored on paper, film, electronic media or other media or otherwise) prepared by or for, or obtained by the Registered Auditor in connection with the performance of the audit concerned and includes –</b></p> <ul style="list-style-type: none"> <li><b>(a) the record of audit procedures performed;</b></li> <li><b>(b) relevant audit evidence obtained; and</b></li> <li><b>(c) conclusions reached.</b></li> </ul>
Charter Amendment Acts of 1966 (new)	<p><b>The Institute of Chartered Accountants in Ireland (Charter Amendment) Act 1966 and The Institute of Chartered Accountants in Ireland (Charter Amendment) Act (Northern Ireland) 1966.</b></p>
Institute	<ul style="list-style-type: none"> <li>• <b>the Institute of Chartered Accountants in England and Wales (ICAEW);</b></li> </ul>

	<ul style="list-style-type: none"> <li>• the Institute of Chartered Accountants of Scotland (ICAS); or</li> <li>• the Institute of Chartered Accountants in Ireland (ICAI) operating as Chartered Accountants Ireland.</li> </ul>
monitoring unit	The <i>registering Institute</i> or any body undertaking monitoring in accordance with paragraph 12 or paragraph 23 of schedule 10 of the 2006 Act or <i>regulation 83 of S.I. No.220 of 2010</i> .
Recognised Supervisory Body	A body recognised under the 2006 Act, or the 1990 Act or the Companies (Audit and Accounting) Act 2003 for the purposes of the registration and supervision of Registered Auditors.
Register	The register of auditors compiled under section 1239 of the 2006 Act or regulation 63 of <i>S.I. No.220 of 2010</i> or section 198 of the 1990 Act.
Registered Auditor	<p>A <i>firm</i> entered on the <i>register</i> as eligible for appointment as a statutory auditor under section 1239 of the 2006 Act or under regulation 63 of <i>S.I. No.220 of 2010</i> or section 198 of the <i>RI 1990 Act</i>.</p> <p>The <i>register</i> maintained under S198 is the Register of Public Auditors.</p>
registering Institute	The <i>Institute</i> to which the <i>firm</i> is applying for or from which it has obtained registration. In the case of ICAI these functions are carried out by the Chartered Accountants Regulatory Board (CARB) established in accordance with the provisions of Bye-Law 41.
S.I. No.220 of 2010 (new)	European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 of Ireland.

The term 'audit working papers' was used in the regulations but not defined. A formal definition is now included and all uses of the term in the regulations have been marked as a defined term.

The existing definition of 'appropriate qualification' has been significantly extended to assist with the different approaches of the two regulating countries to the recognition of third country audit qualifications.

### 3 Chapter 2

#### 3.1 Introduction

As the registration process automatically registers audit firms for audit of both UK and Irish entities under SI220 and the Companies Act 2006, the disclosure requirements under the EU Services Directive around name of a firm and its capabilities mean that some changes are required. The guidance wording has accordingly been updated to read as follows;

A suggested wording for disclosure of the registering Institute is:  
 'registered to carry on audit work in the UK and Ireland by the [Institute name in full]'

For the disclosure about the audit register, a suggested wording is:  
 'details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) for the UK and [www.cro.ie/auditors](http://www.cro.ie/auditors) for Ireland, under reference number [this is the firm number provided by the registering Institute]'

If a firm is registered both in the UK and Ireland, but only accepts audit appointments in one, details of the other country can be omitted from any letterhead legend but should be made available by some other means, for example, on the firm's website.

The new wording has been shaded for ease of reference.

### 3.2 Eligibility

New guidance (highlighted) has been added to the guidance notes on eligibility under regulation 2.01 as follows.

The appropriate qualification may not be the same in both UK and Ireland. The Institutes and the ACCA are 'recognised qualifying bodies' for the purposes of Irish legislation. So the appropriate qualification they award is recognised in both jurisdictions. The Act distinguishes between those individuals who are responsible for the audit work on behalf of a firm and those who control the firm. Those who are responsible for the audit work must hold the 'appropriate qualification' (as well as meeting other requirements, see chapter 4). Those who control the firm may be drawn from a wider group. As well as holders of the appropriate qualification they can be other registered auditors, those who hold the equivalent of an appropriate qualification from another EEA state or who are the equivalent of a registered auditor from another EEA member state. This group must hold a majority of the voting rights, or such rights as allow them to direct the firm's overall policy or amend its constitution.

### 3.3 Regulation 2.03 - Requirements for a firm which is not a sole practice

The guidance notes have been updated for the continued prohibition on a body corporate in Ireland acting as auditor for certain types of entity which are not in the scope of SI220. Many of these entities require opinions from a "Public Auditor" which is a concept unique to Ireland. The following new additional guidance note has been added below regulation 2.03:

In Ireland, the prohibition preventing a public auditor being a body corporate still exists. So, in the case of the audits of credit unions, industrial and provident societies or friendly societies, the law still does not allow the audit to be carried out by a body corporate. In other cases in Ireland where Registered Auditor status is required, the particular law may still not permit the auditor to be a body corporate. Firms are advised to check the status required for audits other than those listed above.

Further new guidance is also given on how audit firm control is assessed based on non-EU qualifications, as the UK and Ireland have a different approach to this. This is set out immediately below the above paragraph under the guidance notes for regulation 2.03:

The Institutes and the ACCA are 'recognised qualifying bodies' for the purposes of UK legislation and 'recognised accountancy bodies' for the purposes of Irish legislation. So the appropriate qualification they award is recognised in both jurisdictions and can be used to count toward the control percentage of the firm for audit purposes, as can an EEA qualification (regardless of whether the holder has taken an aptitude test). However for non-EEA qualifications, the approval process is different in each country, so a qualification approved in one country may not be approved in the other. So if you hold an appropriate qualification obtained by this latter route, you can only count towards the control percentage for audit registration purposes in the jurisdiction that the aptitude test relates to. You are advised to consult the registering Institute if clarification is required.

### 3.4 Regulation 2.10A - Obligation to provide returns and information

Both the Professional Oversight Board (POB) and The Irish Auditing and Accounting Supervisory Authority (IAASA) require the recognised supervisory bodies to complete an annual return with details concerning the audit firms registered with those bodies. In order for the returns to be accurately and fully completed, it is necessary to secure information from the registered firms. In addition the registering institutes have to secure other information necessary to operate the role of registering body effectively for the member firms. Accordingly regulation 2.10A has been added which places an obligation upon registering firms to supply this information.

#### **2.10A A Registered Auditor must provide such returns, statements or other information as considered necessary and in a form decided by the Registration Committee**

### 3.5 Regulation 2.20 - Dispensations

As the regulations on the granting of a dispensation now apply to UK and Irish registrations the guidance note following regulation 2.20 now reads as follows:

The period of 90 days dispensation cannot be extended by the committee. If the situation that gave rise to the dispensation is not put right in the time allowed, the firm's registration will end.

## 4 Chapter 3

### 4.1 Regulation 3.08 - Cessation of audit appointment

The SI220 introduces a method of notification of audit appointment cessation that differs to that of the UK. The wording of the guidance to regulation 3.08 has been redrafted to recognise this difference;

**In the UK**, if a registered auditor ceases, for any reason, to act as auditor to a major audit client they are required to inform the oversight body of the reasons for the cessation at the time of cessation. In the UK, the Professional Oversight Board defines what is a 'major audit' for the purposes of these resignation statements. The current list can be viewed at [www.frc-pob.org.uk](http://www.frc-pob.org.uk).

For appointments that are not in respect of a major audit client, notification is only required if the audit appointment ceases before the normal time for the auditor's term of office to end, as set out in law. **In the UK** notification is to the **registering** Institute of the reasons for the cessation. This can be either at the time the cessation takes effect or as part of the annual return.

**In Ireland, auditors should refer to regulation 62 of the S.I. No.220 of 2010. It is the duty of the auditor to notify the Irish Auditing and Accounting Supervisory Authority if the audit appointment ceases before the normal time for the auditors terms of office to end.**

The new wording in the guidance has been highlighted in yellow.

### 4.2 Regulation 3.09 - Predecessor/successor auditor

The provisions under regulation 3.09 regarding the sharing of working papers with a successor audit firm have been marked as not applicable to Ireland. Such sharing is still

required and the requirement is set out in Irish law in SI220 but does not have to be included in the audit regulations. A new guidance note following the regulation has been added as follows:

This regulation only applies in respect of appointments for the audit of UK entities. In Ireland, this regulation is set out in company law, under regulation 47 of S.I. No.220 of 2010, and it is not replicated in these regulations.

#### 4.3 Regulation 3.13 - group audits and overseas audit working papers

Regulation 3.13 sets out the monitoring requirements where part of a group audit includes the audit of entities in non-EU countries. The guidance notes have been amended to reflect that this regulation takes effect at different time periods for the UK and Ireland. The added note reads:

This regulation applies in respect of audits of:

- UK entities with financial years starting on or after 6 April 2008; and
- Irish entities with financial years starting on or after 20 May 2010..

#### 4.4 Regulation 3.14 - Oversight arrangements

The provisions under regulation 3.14 regarding the monitoring arrangements for third country audits have been marked as not applicable to Ireland. Similar requirements are set out in Irish law in SI220 but do not have to be included in the audit regulations. The guidance notes have been supplemented to reflect this with the following additional sentence highlighted:

This regulation only applies in respect of appointments for the audit of UK entities and only for requests received after 15 November 2010. **In Ireland, this requirement is set out in company law, under regulation 109 of S.I. No.220 of 2010, and is not replicated in these regulations.**

#### 4.5 Regulation 3.15 - Notification of 'major' audits

The arrangements for 'major' audits are completely different in Ireland and so there is no equivalent regulation. The regulation is now marked as only applying to the audits of UK entities.

#### 4.6 Regulation 3.16 - Audit Reports

The requirements for signing audit reports differ slightly between UK law and Irish law following the enactment of SI220. Accordingly regulation 3.16 has been split in two with 3.16 covering the UK requirements and a new 3.16A setting out the Irish requirements. Regulation 3.16 now starts with a qualification that it applies only to UK audits but otherwise remains unaltered.

Regulation 3.16A and the supporting guidance read as follows:

##### **3.16A An *audit report* in respect of the audit of Irish entities must:**

- a State the name of the *firm* as it appears in the *register*;**
- b If required by law, state the name of the *responsible individual* who was in charge of the *audit*, be signed by this person in his own name and include the words 'for and on behalf of' before the name of the *audit firm*.**

Regulation 3.16A applies to the audit of Irish entities in accordance with regulation 57 of S.I. No.220 of 2010. The provisions apply to the audit reports for financial years beginning on or after 20 May 2010.

S.I. No.220 of 2010 requires the responsible individual in charge of the audit to sign the audit report, in his own name, for and on behalf of the audit firm. The inclusion of the responsible individual's name may not be required for other audit reports (for example those being signed as a public auditor) so the firm should check with the specific requirements that apply to the audit.

There is nothing to prevent a firm adding the description Chartered Accountants (if eligible to do so under the provisions of the Bye-Laws) with either Registered Auditors or Statutory Audit Firm

The main difference in the disclosure is the use of the term "statutory auditor" or "statutory auditors" in the UK and the listing of other groups of entities to which regulation 3.16 applies.

#### 4.7 Regulation 3.17 - Maintaining Competence

Regulation 3.17 sets out requirements around continued competence, and the guidance notes refer to the separate approaches the institutes adopt with regard to this. The cross-references in the notes are out of date for all three institutes and these have been updated through the following revised paragraph:

The ICAEW has issued guidance on how individuals may maintain their competence. This is in 'regulations, standards and guidance' on the ICAEW's website at [icaew.com/cpd](http://icaew.com/cpd). ICAS has issued 'Guidelines on continuing professional development' to its members and the ICAI has issued Continuing Professional Development Regulations.

#### 4.8 Independence diagram

Schedule 1 to Chapter 3 sets out the independence requirements of regulation 3.04 in the form of a diagram. It also details some elements of law at note 1 to the diagram. As the Irish law in SI220 has some differences, the UK and Irish legal requirements are laid out separately as a revision to this schedule. The list of UK requirements are unchanged but prefixed as being UK law, and the following paragraph added:

The law in Ireland prevents a registered auditor acting as auditor to a company if the registered auditor or a principal or responsible individual of the registered auditor:

- is an officer or employee of the company, a partner of an officer or employee of the company or employed by an officer of the company;
- was, during the accounting period that is to be audited, an officer or employee of the company or a partner of a former officer or former employee of the company;
- is a parent, spouse, brother, sister or child of an officer of the company;
- is disqualified for appointment as auditor of any other body corporate that is the company's subsidiary, holding company or fellow subsidiary;
- is disqualified under section 187(2)(f) of the 1990 Act for appointment as a public auditor of a society that is the company's subsidiary, holding company or fellow subsidiary; or

- is a person in whose name a share in the company is registered, even if not the beneficial owner of the share

## 5 Chapter 4

### 5.1 Appropriate Qualification

In the definitions noted above, the complex approach under the UK and Irish guidelines required a detailed summary in that section. This definition then underpins the regulations set out in chapter 4 around appropriate qualifications and responsible individuals.

The introduction to the chapter has been modified to deal with the different requirements in the UK and Ireland in respect of the audit qualification. The relevant paragraph with modifications highlighted follows:

An appropriate qualification is defined in Chapter 1 of the Regulations. It can be gained by holding:

- a recognised audit qualification awarded by a recognised qualifying body;
- an approved overseas qualification and, where required, successfully completing an aptitude test; or
- an EEA audit qualification and, where required, successfully completing an aptitude test.

Under the Acts, different audit qualifications and overseas qualifications are recognised. However, the three Institutes and the ACCA are recognised qualifying bodies or recognised accountancy bodies in both the UK and Ireland and thus the appropriate qualification they award is recognised in both jurisdictions.

The inclusion of the ACCA is also noted in the following paragraph when considering aptitude tests, the final sentence now reading;

.....However, since each Institute and the ACCA are recognised bodies in both the UK and Ireland, no aptitude test is required for members moving between the two countries.

The schedule to chapter 4, which sets out the qualification requirements in the form of a diagram has been annotated as relating to the UK only. A new schedule (see annex A) sets out the requirements in Ireland.

The guidelines concerning aptitude tests for EEA qualifications have been expanded to emphasise that the two countries take different approaches, and that these are not mutually recognised between the two oversight regulators. Accordingly a new paragraph has been added as follows and existing text amended for references to SI220:

For EEA qualifications the aptitude test is different in the UK and Ireland, so passing the aptitude test in one country does not give audit rights in the other. For overseas qualifications, the approval process is different in each country, so a qualification approved in one country may not be approved in the other. Even if approved in both countries, the aptitude test will be different so audit rights will only be obtained in the country of the aptitude test.

If an individual is not sure about an appropriate qualification, they can obtain advice from the registering Institute (contact details are in the introduction to the regulations).

For those who want to be registered in the United Kingdom, that qualification must be recognised under the 2006 Act. For those registering in Ireland, the qualification must be recognised under the 1990 Act and the S.I. No.220 of 2010. These acts may not recognise the same qualifications as each other, but they all recognise the qualifications awarded by the Institutes.

## 5.2 Regulation 4.01 - Responsible Individual

Regulation 4.01 sets out the qualification requirements for a responsible individual. A new guidance note has been added to clarify the impact of the previous guidance on the differing approaches by the overseeing countries. This reads as follows;

The Institutes and the ACCA are 'recognised qualifying bodies' for the purposes of UK legislation and 'recognised accountancy bodies' for the purposes of Irish legislation. So the appropriate qualification they award is recognised in both jurisdictions and the holder of these qualifications can be appointed as a responsible individual for the UK and Ireland.

For EEA qualifications and those holding audit qualifications from outside the EEA the position is different. The UK and Ireland have approved different overseas qualifications and the aptitude tests for EEA and non EEA qualifications are different for UK and Ireland. So responsible individual status can only be granted in the country that the aptitude test relates to. You are advised to consult the registering Institute if clarification is required.

## 5.3 Regulation 4.06 - Appointments as director etc

Regulation 4.06 sets out limitations on the acceptance by a responsible individual of external management appointments. The regulation has been adapted to use the reference in SI 220 to a key management position and now reads as follows;

4.06 *A responsible individual* may not accept appointment in a key management position in a public interest entity if, at any time during the two years preceding the date of the proposed appointment, the *responsible individual* acted in the capacity of *responsible individual* for that public interest entity, or for a material subsidiary if the public interest entity is a group.

And the following guidance note added;

For the purposes of this regulation a key management position is a director (including a shadow director) or other officer.

The regulation widens the definition of role from one of director to one of "key management position" thus dealing with other potentially important roles within a client organisation. The definitions of public interest entity in the UK and Ireland differ and this is summarised in the revisions to the guidance paragraph to regulation 4.06 as highlighted:

For the purposes of the above regulation, a public interest entity **in the UK** is a UK incorporated entity whose shares or debentures (of any class) are admitted to trading on a UK regulated market. **In Ireland a public interest entity is an entity as defined in regulation 3 of S.I. No.220 of 2010.** The regulation is to prevent a responsible individual joining such an audit client until a two year period has elapsed since the individual last undertook any audit work in relation to the client. This obligation does not end if the individual ceases his relationship with the Institute. If an individual is in doubt about the application of this regulation to his specific circumstance, he should contact his registering Institute. A firm may find it useful to remind any responsible individual that leaves the firm of this regulation.

## 6 Changes to chapters 5, 6, 7, 8 and 9

The only change to these chapters (other than references to Ireland and registering institute as set out above) is to include, as guidance, a note that the POB or IAASA may attend the regulatory committee meetings of the registering institutes. The following paragraph has been added to guidance notes for three regulations:

The oversight body may attend, as an observer, the committee meetings convened in relation to any regulatory proceedings under these regulations.

The relevant regulations affected are;

- 6.16 Procedures of the committees
- 8.02 Representation before the committees
- 8.12 Procedures (ICAS committees)

This paragraph has been added at the request of IAASA with agreement of the POB to assist in their oversight responsibilities.

End of document

One annex – Annex A

Schedule 1

Relationship between appropriate (audit) qualification and responsible individual status - Ireland

