

Presentation to BDO 11 December 2014

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Irish Auditing & Accounting Supervisory Authority

Presentation structure

- A. Overview of IAASA
- B. Accounting enforcement
- C. Audit reform
- D. Themes from international audit inspections



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Overview of IAASA



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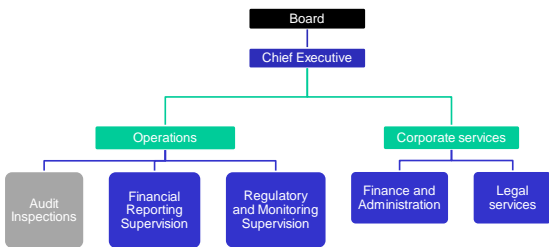
IAASA's mission

To promote high quality financial reporting and effective regulation of accountants and auditors through the delivery of independent and effective supervision that protects the public interest



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Structure of IAASA



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Regulatory and Monitoring Supervision

- Supervision of the regulatory activities of the nine Prescribed Accountancy Bodies;
- Registration of third country auditors;
- Cooperation with EU and international counterparts as well as other national and EU authorities; and
- Advising the Minister on matters relating to the accounting profession.



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Nine Prescribed Accountancy Bodies:

- ACCA:** Association of Chartered Certified Accountants;
- AIA:** Association of International Accountants;
- CIMA:** Chartered Institute of Management Accountants;
- CIPFA:** Chartered Institute of Public Finance & Accountancy;
- ICAEW:** Institute of Chartered Accountants in England & Wales;
- ICAI:** Institute of Chartered Accountants in Ireland;
- ICAS:** Institute of Chartered Accountants of Scotland;
- ICPAI:** Institute of Certified Public Accountants in Ireland; and
- IIPA:** Institute of Incorporated Public Accountants.



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Financial reporting supervision

- Accounting enforcer for Ireland;
- Cooperation with other EU national accounting enforcers;
- Cooperation in the development of financial reporting standards; and
- Advising the Minister on accounting matters.



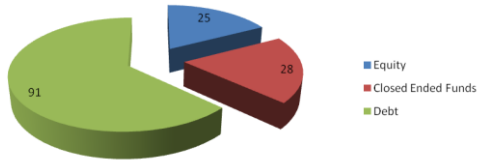
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Accounting enforcement



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Review constituency as at 31 December 2013



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Some 2014 trends – equity issuers

Every case is different but some common trends

- Income Statement presentation;
- Alternative Performance Measurements;
- Deferred taxation;
- Recognition and measurement of Uncertain Tax Positions;
- Impairment assumptions; and
- Forbearance disclosures.



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Some 2014 trends – Debt/Fund issuers

- Many issues still arising with some issuers;
- No evidence of any “cross over” lessons learned;
- Preparation, re-auditing and re-publication of Debt issuer’s annual financial reports; and
- Engagement with industry associations.



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Some recent and future publications

- IAS 1 (Income Statement format, exceptional items, 'operating profit') {October 2013}
- IAS 7 – presentation of Cash Flow Statement {October 2014}
- Annual observations documents {October 2014}
- Updated Alternative Performance Measures ('APMs' / 'KPIs'): {Expected December 2014}



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Audit Reform



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Potential impact of Audit Reform on IAASA

- Direct audit inspections of firms auditing PIEs;
- Designation of Competent Authorities;
- Composition of the IAASA Board;
- Market monitoring;
- Increased reporting requirements; and
- Participation in CEOB.



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Wider impact of Audit reform

- Auditor rotation provisions;
- Tendering procedures;
- Non-audit services;
- Audit Committee composition;
- Increased responsibilities for the Audit Committee; and
- Auditor's duty to report breaches.



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Some relevant Member State options

- Shorter auditor rotation period for Public Interest Entities;
- Extension of the rotation period beyond 10 years;
- Widen the definition of Public Interest Entities;
- Allow certain tax and valuation services to be provided by auditors;
- Provide more stringent measures for non-audit services;



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Some relevant Member State options cont'd

- Simplified requirements for the audit of small undertakings;
- Require Chair of the AC to be appointed by company members in general meeting; and
- Decide that certain PIEs don't need an Audit Committee.



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What next?

- Analysis of consultation feedback by the Department of Jobs Enterprise and Innovation;
- Opportunity for questions / clarifications from the European Commission
 - Transition workshops (EU)
 - Workshops with key Stakeholders (EU)
 - European Group of Audit Oversight Bodies - sub groups (EU)
- IAASA's preparation phase



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IAASA's preparation phase

- Legislative process;
- Development of IAASA policies;
- Funding and levy arrangements;
- Continued interaction with international colleagues (EAIG and IFIAR)
- Recruitment and training; and
- Transitional arrangements.



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Themes arising from international audit inspections



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Whole firm procedures

- Human resources;
- Acceptance and continuance of client relationships; and
- Engagement performance.



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Engagement files

- Audit evidence;
- Audit of group financial statements;
- Using the work of an Auditor's expert; and
- Materiality.



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QUESTIONS?

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