
WORK PROGRAMME 2017-2019



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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Appendix I: Extract from Section 904 of the Companies Act 2014

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SECTION ONE: MISSION AND GOALS

1.1 Mission

The Irish Auditing and Accounting Supervisory Authority (IAASA) is the independent body in Ireland responsible for the:

- examination and enforcement of certain listed entities' periodic financial reporting;
- oversight of the Recognised Accountancy Bodies' ('RABs') functions in respect of statutory auditors and supervision of the regulatory functions of the Prescribed Accountancy Bodies ('PABs'); and
- the inspection and promotion of improvements in the quality of auditing of Public Interest Entities ('PIEs').

Its mission is:

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.

This document sets out the key strategies to be employed and the activities to be undertaken by IAASA in the three year period 2017 to 2019 in pursuit of this mission.

1.2 Goals

The principal objectives of IAASA, which are set out in Section 904 of the [Companies Act 2014](#) ('the 2014 Act'), provide the framework for its activities.

These statutory objectives have been translated into the following strategic goals:

- I. to examine and promote improvements in the quality of financial reporting;
- II. to inspect and promote improvements in the quality of auditing of public interest entities;
- III. to oversee the RABs' performance of their functions in respect of statutory auditors and to examine and promote improvements in the quality of the PABs' regulatory activities;
- IV. to respond to non-compliance within our remit robustly, promptly and proportionately;
- V. to promote adherence to high professional standards by accountants, auditors and preparers of financial reports; and
- VI. to provide specialist advice and support to the Minister for Jobs, Enterprise & Innovation and high quality information to our stakeholders on key auditing and accounting matters.

Sections three and four below outline the key strategies and activities designed to achieve these goals over the three years 2017 to 2019.

1.3 Values

The Core values of IAASA, as agreed by the Board are:

- Public interest;
- Independence;
- Integrity;
- Commitment;
- Fairness and consistency;
- Effectiveness and efficiency; and
- Transparency and accountability.

SECTION TWO: BACKGROUND

2.1 IAASA's functions

IAASA was established under the provisions of the Companies (Auditing and Accounting) Act 2003 and continued by the Companies Act 2014. The functions conferred upon IAASA under Section 905 of that Act are set out in Appendix I.

IAASA is divided into a number of operational units namely Financial Reporting Supervision ('FRSU'), Regulatory & Monitoring Supervision ('RMS'), and Audit Inspections Unit ('AIU'). The principal functions of each unit are elaborated further below.

2.2 Financial Reporting Supervision

The principal functions of FRSU are:

- examination of certain listed entities' annual and half-yearly financial reports¹ and taking enforcement actions when instances of non-compliance are detected;
- cooperation with EU accounting enforcers²;
- cooperation in the development of financial reporting standards³; and
- advising the Minister on accounting matters⁴.

Specifically, FRSU is tasked with examining the annual and half-yearly financial reports of certain listed entities ('issuers') for compliance with the relevant reporting framework (in the main, International Financial Reporting Standards ('IFRS') or Irish Generally Accepted Accounting Practice ('Irish GAAP')). The issuers under remit are those whose securities have been admitted to trading on a regulated market situated, or operating, within the EU and whose home Member State is Ireland. The vast majority of such issuers are those whose securities are listed in the Main Market of the Irish Stock Exchange⁵. IAASA's remit encompasses equity, debt and fund issuers. Where non-compliance is identified, IAASA has powers to take enforcement action.

At 31 December 2015, IAASA's financial reporting supervision remit was as follows:

Table 1
Issuers under remit at 31 December 2015

Issuer category	Number of issuers in category	Half-yearly financial reports issued per annum	Annual financial reports issued per annum	Total number of periodic financial reports issued per annum
Equity	27	27	27	54
Fund	26	26	26	52
Debt	78	61	78	1395
Total	131	114	131	245

¹ Regulation 42(2) of the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) refers

² Regulation 75A of the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) refers

³ Section 905(2)(k) of the 2014 Act (as amended) refers

⁴ Section 904(1)(d) of the 2014 Act (as amended) refers

⁵ A possible impact of Brexit is that certain issuers (e.g. Diageo plc and Tesco plc) which are listed on the London Stock Exchange and have secondary listings in Dublin currently have the UK as their home Member State. Following Brexit, they may fall under IAASA remit due to the home Member State rules. The exact impact here is not now known and there may be no impact until sometime after H1 2019

2.3 Regulatory and Monitoring Supervision

The principal functions of RMS are:

- supervising the manner in which the PABs regulate their members, including the operation of their investigations & disciplinary processes⁶;
- oversight of the manner in which the Recognised Accountancy Bodies ('RABs') perform the following functions in respect of their members and member firms authorised to act as statutory auditors under the Companies Act⁷:
 - approval and registration;
 - continuing education;
 - quality assurance systems; and
 - investigative and administrative disciplinary systems;
- cooperating with EU and international counterparts as well as with other national and EU authorities⁸;
- advising the Minister on matters relating to the accounting profession⁴.

Specifically, RMS is responsible for supervising the regulation, monitoring and disciplining by the PABs of their members and member firms. There are nine PABs as follows:

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

Of the nine PABs, six have been recognised for the purposes of the European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) Regulations 2016 ('SI 312') and section 1441 of the Companies Act 2014. This means that their members and member firms may be authorised to perform audits. Such PABs are referred to as RABs⁹.

2.4 Audit Inspections Unit

The principal functions of AIU are:

- quality assurance of statutory audit of public interest entities;
- cooperation with EU audit oversight bodies;
- advising the Minister on auditing matters; and

⁶ Section 905 (2)(j) of the 2014 Act refers

⁷ Section 905 (2)(n) of the 2014 Act refers

⁸ Regulation 116 of SI 312 refers

⁹ The six recognised bodies are the ACCA, ICPAI, ICAEW, ICAI, ICAS and IIPA

- registration and quality assurance of third country auditors and audit entities.

Specifically, AIU is tasked with putting in place a quality assurance system as set out in Article 26 of Regulation (EU) No. 537/2014. This involves inspecting the audits of public interest entities and the internal quality control systems of auditors of public interest entities. The term public interest entity is defined in SI 312 and includes entities listed on a regulated market, credit institutions and insurance undertakings. Where non-compliance is identified, IAASA has powers to take enforcement action.

2.5 Conduct and Legal Services Unit

The principal functions of the Conduct and Legal Services Unit are:

- to establish and operate a system for the authorisation of certain liquidators and the annual renewal of such authorisation;
- to establish and operate a system for conducting investigations into suspected irregularities in the conduct of PIE audits arising following a quality assurance review or a referral from another authority;
- to establish and operate a system for administering sanctions following on from an investigation in relation to the conduct of PIE audits; and
- to provide legal services to the other Units within the Authority as required

2.6 Work Programme

IAASA is required to submit a three year Work Programme to the Minister¹⁰ outlining the:

- key strategies and activities that it intends to pursue in order to further its statutory objects and perform its functions;
- outputs that it aims to achieve and against which its performance will be assessed; and
- staff, resources and expenditures (including an annual Programme of Expenditure) necessary to pursue the proposed strategies and activities.

The Minister may approve IAASA's annual Programme of Expenditure, with or without amendment, with the consent of the Minister for Public Expenditure & Reform and after considering the views of the PABs. However, in view of the Authority's statutory independence, the Work Programme is not subject to Ministerial approval. In the event that the Minister approves the Programme of Expenditure with amendment, IAASA may review and resubmit its Work Programme.

SI 312 conferred upon IAASA responsibility for the adoption of standards on ethics, auditing and internal quality control. A public consultation is underway and a request for sanction of is with the Department. As such, given the absence of clarity as to the option to be taken and the resources which will be available, this Work Programme does not reflect the impact of this function.

2.7 Further updates to this Work Programme

This Work Programme is being produced at a time of considerable uncertainty for the Authority. As noted above, the Authority was allocated responsibility for the promulgation of auditing standards domestically during 2016. At the time of writing a consultation process is under way as to how this responsibility will be discharged. Once the policy on this subject has been determined, this Work Programme will be updated to reflect precisely how it will be implemented, however the Authority does envisage at this stage the necessity for a separate Policy & Standards Unit to be established during the duration of the Programme..

Similarly, the Authority understands that legislation on the implementation of certain aspects of the Audit Directive is in train, and this may also have an impact on the Authority's remit. And in the broader geo-political context, indications at this time are that the timescale for Brexit will overlay the

¹⁰ Section 13 of the 2003 Act (as amended)

duration of this Programme. Accordingly, the Authority will keep this Work Programme under regular review, and where it deems it necessary, the Programme will be revised and updated as necessary.

2.8 Further information

Further information on IAASA's activities is available on its website at www.iaasa.ie. In particular, its recent publications may be of interest and are available on the [publications page](#) of the website.

SECTION THREE: KEY STRATEGIES

Strategy 1: Apply a risk-based approach to supervision

In order to deliver effective supervision, it is necessary to use finite resources to the most beneficial effect. Therefore, IAASA's approach across its supervisory activities will be to identify the risks arising which pose a threat to high quality financial reporting, auditing and effective regulation of the accountancy and auditing profession and to focus its supervisory activities and resources on the areas of highest risk. The nature, timing and extent of supervisory responses will be determined by IAASA's assessment of the impact of the identified risks attaching, and will seek to adequately mitigate the impact of those risks which pose an unacceptable threat. Thus, the intensity of IAASA's supervision and the allocation of resources will vary depending on the risk factors arising. IAASA will regularly re-evaluate the risks arising in light of new information or developments and the effectiveness of its supervisory approaches. In this way, supervisory activities will be proactive, targeted and proportionate.

Strategy 2: Promote best practice approaches

A key aspect of IAASA's activities is assessing compliance by entities, auditors and PABs under remit with the relevant requirements of financial reporting standards, auditing, ethical and internal control standards, company law and constitutional documents as applicable. However, while compliance with the relevant requirements is necessary and important, it is not an end in itself. Ultimately, the aim of ensuring compliance is the achievement of high quality financial reporting, auditing and effective regulation of the accountancy and auditing profession. Therefore, IAASA considers it appropriate to promote the adoption and use of best practice approaches by entities, auditors and PABs under its remit.

In the context of promoting high quality financial reporting, IAASA will issue publications on the quality of financial reporting in Ireland, make recommendations for improvements and highlight particular areas where shortcomings arise as well as publishing individual financial reporting decisions. IAASA will engage with stakeholders to promote adherence to high standards of financial reporting and IAASA's role in financial reporting supervision.

In order to promote effective regulation of the accountancy and auditing profession, IAASA will develop and articulate best practice principles across the PABs' key regulatory activities (i.e. membership, licensing, quality assurance of auditors and investigations and disciplinary processes) and will monitor their adoption of those principles. Where judged necessary IAASA will utilise one or more of our regulatory tools to ensure adherence to those principles.

In the context of promoting high quality auditing, IAASA will publish its inspection reports which will make recommendations for improvements and highlight both areas where shortcomings arise and areas where good practice is noted. When necessary, IAASA will use its sanctioning power to ensure adherence to relevant standards and legislation. IAASA will engage with stakeholders to promote adherence to high standards of auditing.

Strategy 3: Use our supervisory tools and enforcement powers to best effect

IAASA has a range of supervisory tools and enforcement powers at its disposal and will use them to best effect and in a way which is proportionate, consistent and fair. IAASA will utilise preventative measures which encourage compliance as well as corrective measures which seek to address identified shortcomings.

IAASA will continue to make use of its statutory functions to approve and require amendment to the constitutional documents of the PABs and to attach terms and conditions to the recognition of RABs. IAASA also has the statutory power to adopt rules and issue guidelines concerning any matter that relates to its functions and powers. During the term of this Work Programme, IAASA intends to use this power in respect of a number of the key regulatory activities undertaken by the PABs. In the event

that adoption of guidelines is weak, slow or otherwise unsatisfactory, IAASA will use its statutory functions and powers to compel compliance. In cases where a more immediate supervisory response is warranted, IAASA may adopt rules.

IAASA's formal enforcement powers are significant and where judged necessary it will invoke formal powers with the objective of penalising non-compliance and encouraging compliance by others. IAASA will also work to secure legislative amendment where necessary to ensure the practical impact of its current powers or to enhance the range of powers at its disposal.

IAASA considers that making full use of the range of tools and powers at its disposal will raise the standard of financial reporting and the PABs' regulatory systems and instil a culture of compliance and continuous improvement.

Strategy 4: Engage effectively with our stakeholders

Central to the successful achievement of IAASA's mission and goals is the nature and strength of its relationships with its stakeholders. Therefore, a key strategy will be to engage effectively with each of our stakeholder groups, tailoring our approach, methods and frequency as required. IAASA will be fair, open (insofar as is permitted by law) and independent in its engagement with all stakeholders.

IAASA has a range of stakeholder groups which include:

- entities whose financial reports it examines;
- users of financial reports;
- the PABs;
- accountant and auditor members of the PABs;
- Third Country Auditors and Audit Entities registered with IAASA;
- consumers of accounting and auditing services;
- the Government;
- IAASA's employees; and
- domestic and international authorities with whom IAASA cooperates.

IAASA will maintain ongoing contact and dialogue with those entities under its remit and will consult widely on matters of major policy significance. IAASA will also periodically seek feedback on its approaches. IAASA will aim to be informative and timely in its engagement with users of financial reports and consumers of accounting and auditing services and to be a source of high quality, independent and accessible information which will be delivered through a range of channels. IAASA will engage regularly with the Department of Jobs, Enterprise & Innovation ('the Department'), keeping it informed of matters of relevance, working with it in respect of policy developments in the regulatory framework and providing high quality specialist advice to the Minister on financial reporting and auditing matters where requested. Internal communication with employees will be ongoing, two-way and open. As further explained in Strategy 5, IAASA will seek to develop and maintain strong bilateral links with certain domestic and international counterparts, insofar as considered appropriate and permitted by law.

Strategy 5: Make the most of EU and domestic collaborations

The influence of the EU on policy developments in financial reporting, accounting and auditing is significant. Furthermore, changes in relevant regulatory arrangements at EU level which will impact on the regulatory structures in Ireland are likely over the term of this Work Programme. Therefore, a key strategy will be to participate in European activities of relevance in order to anticipate and contribute to developments that will impact Ireland's regulatory framework. IAASA will cooperate bilaterally with its EU counterparts in respect of our common statutory responsibilities to the extent permitted by law. Collaboration with its EU counterparts also provides an opportunity to learn about

how they approach their supervision and enforcement functions and to incorporate insights gained into its own activities where appropriate.

Several of the PABs under remit also come under the remit of the Financial Reporting Council ('FRC') in the UK. Where possible, in order to maximise efficiency and to reduce the regulatory burden, IAASA will collaborate closely with the FRC on matters of common interest.

IAASA will continue to work with other domestic organisations, where possible, to assist each other in the performance of our respective functions by sharing information and expertise in order to maximise regulatory effectiveness and to minimise regulatory overlap.

IAASA will also cooperate with relevant international bodies where appropriate, permitted and advantageous to the achievement of its goals.

Strategy 6: Develop its employees

Critical to the achievement of IAASA's goals is its ability to attract, retain and continually develop sufficient high quality, experienced and committed employees. In particular, given the pace of change and development in the applicable regulatory and legislative framework, it is vital that IAASA's employees receive ongoing education and training in areas of relevance. Strong technical competence in accounting, financial reporting, auditing, regulatory strategy, disciplinary process and law is essential. Therefore, a key strategy in order to achieve its mission and goals is to support staff to regularly access opportunities to develop their knowledge, to enhance their relevant skill sets and to thereby maximise their potential.

Strategy 7: Maximise the impact of finite resources

IAASA is funded by the Exchequer, the PABs and the PIE audit firms and is conscious of its responsibility to provide value for money and to use its resources effectively, efficiently and to the most beneficial effect. Furthermore, IAASA has no discretion *vis-à-vis* the numbers and grades of staff it may employ, which are controlled by Government. Therefore, this strategy will be to identify approaches that maximise the impact of finite resources across all activities including, in particular, supervisory activities and procurement processes.

SECTION FOUR: ACTIVITIES AND RELATED OUTPUTS

4.1 Introduction to activities and related outputs

This Section describes the activities that IAASA intends to undertake in order to realise its mission and goals and the related outputs to be achieved. Each goal is presented along with the activities that are relevant to that goal.

While all of the activities listed are considered beneficial to the achievement of its related goal, it should be noted that, given the limited resources currently available and the competing priorities that necessarily arise, not all activities listed may be undertaken during the term of the Work Programme.

At the time of writing, there is a significant gap between the Authority's approved and required staffing complement as outlined in Section Five, which includes a further discussion of IAASA's financial resources, staffing and expenditure.

4.2 Activities and outputs related to supervision of financial reporting

Goal I: To examine and promote improvements in the quality of financial reporting

- 1 Review and further refine risk assessment processes to identify the more significant risks in issuers' periodic financial reports and supplement this risk assessment with 'random selection' to comply with ESMA¹¹ -mandated requirements.
- 2 Continue to conduct annual programmes of examinations of financial reports utilising a range of approaches including unlimited scope, focused, thematic and follow-up examinations across annual and half-yearly financial reports to identify instances of material non-compliance
- 3 Review and, as necessary, further refine financial reporting examination methodologies and procedures in line with emerging trends, changes in financial reporting and developments in technology
- 4 Continue to engage with entities' directors to secure improvements in future financial reports and take formal enforcement measures where warranted
- 5 Continue to assist other regulatory agencies in respect of financial reporting matters and entities under common remit and make referrals in respect of matters of concern to relevant regulatory agencies
- 6 Continue to incorporate ESMA Common Enforcement Priorities into the annual programme of examinations and conduct examinations as requested by ESMA
- 7 Participate at the European Enforcer Co-ordination Sessions ('EECS') and in Corporate Reporting Standing Committee ('CRSC') working groups
- 8 Continue to engage in advocacy activities including publication of annual *Observations* document, results of surveys and financial reporting decisions
- 9 Engage with stakeholder groups to seek user feedback on enforcement
- 10 With European enforcers, develop and publicise a policy on enforcement actions that are proportionate and progressive

Related Outputs:

- Refinement of issuer risk matrix and detailed annual work plans for each of the three years to 2019
- Financial statement examinations – annual and half-yearly financial statements of equity, fund and debt issuers: unlimited scope, focussed, follow-up, thematic
- Securing of undertakings for improvements to future periodic financial statements
- Seeking preparation and publication of amended financial statements where appropriate
- Publication of individual financial reporting enforcement decisions
- Preparation and presentation of cases and decisions to EECS plenary sessions
- ESMA projects completed
- Issuance of publications as part of advocacy activities
- Responding to advisory requests from the Minister

¹¹ European Securities and Markets Authority

4.3 Activities and outputs related to audit inspections

Goal II: To inspect and promote improvements in the quality of auditing of public interest entities

- 1 Review and further refine risk assessment processes to identify the more significant risks in both audit firms and audited entities.
- 2 Conduct annual programmes of inspections of audits utilising a range of approaches including focused, thematic and follow-up inspections to identify instances of material non-compliance
- 3 Review and, as necessary, further refine audit inspection methodologies and procedures in line with emerging trends, changes in standards and developments in technology
- 4 Engage with audit firms to secure improvements in quality of auditing and take formal enforcement measures where warranted
- 5 Participate at the Committee of European Audit Oversight Bodies ('CEAOB') and International Forum of Independent Audit Regulators ('IFIAR')
- 6 Engage in advocacy activities including publication of annual *Observations* document and results of inspections
- 7 Engage with stakeholder groups to seek user feedback on enforcement
- 8 Consider requests from public interest entities to extend tenure of statutory auditor for up to two years beyond the maximum allowable tenure of ten years
- 9 Process applications from third-country auditors for registration, perform quality assurance of third-country auditors and set up investigation and disciplinary arrangements in respect of third-country auditors

Related Outputs:

- Refinement of risk matrix and detailed annual work plans for each of the three years to 2019
- Audit Inspections, focussed, follow-up, thematic
- Presentations of findings and inspection results to CEAOB
- Third-country auditor registrations processed and renewed
- Responding to advisory requests from the Minister
- Publish approvals of auditor tenure extensions granted

4.4 Activities and outputs related to supervision of the Prescribed Accountancy Bodies

Goal III: To oversee the RABs' performance of their functions in respect of statutory auditors and to examine and promote improvements in the quality of the PABs' regulatory activities

- 1 Review and refine risk assessment processes to identify where the most significant risks lie in the regulatory activities within and across PABs, tailoring activities to the PABs' key regulatory risks
- 2 Monitor the RABs' compliance with the functions assigned to them in SI 312
- 3 Examine the PABs' regulatory plans, annual reports and annual returns. Require changes where necessary to (i) ensure adequate regulatory activity in key areas of risk, (ii) ensure emerging trends are considered and (iii) reflect IAASA's expectation of high quality regulatory outcomes
- 4 Adopt a variety of supervisory approaches which ensure effective engagement with the PABs. Such approaches to include (i) conducting supervisory reviews in key regulatory areas performed *via* on-site visits and desktop analyses, (ii) regular meetings and (iii) periodic reporting
- 5 Make full use of our range of regulatory tools, including the potential to adopt rules and issue guidance in key regulatory areas. Attach terms and conditions to the recognition of the RABs where necessary to remediate regulatory shortcomings identified
- 6 Analyse information received from consumers of accounting and auditing services who are dissatisfied with the standard of performance received from a member of a PAB for use in supervisory activities and for consideration for a Statutory Enquiry where appropriate
- 7 Refer regulatory matters of concern to other regulatory agencies where appropriate and accept referrals from other agencies relating to matters under IAASA's regulatory remit
- 8 Liaise and cooperate with international counterparts
- 9 Instigate Statutory Enquiries into significant matters where considered appropriate or in the public interest
- 10 Collaborate with the Financial Reporting Council ('FRC') in the UK on matters of common interest relating to the RABs within our common remit
- 11 Monitor developments and consider the implications of Brexit, particularly for the RABs and statutory auditors.
- 12 Develop and implement revised oversight processes following transposition of the 2014 Audit Directive
- 13 Cooperation with other member states to achieve convergence of educational requirements for auditors & aptitude test requirements

Related Outputs:

- Re-assessment of PAB risk matrix and detailed engagement plan for each PAB prepared annually
- Delivery of effective risk-based supervisory programmes tailored to the PABs' key risk areas and which utilise a variety of supervisory approaches
- Reviews of the PABs' regulatory plans, annual returns and annual reports completed
- Improvements to PABs' regulatory processes and procedures secured through supervisory review recommendations (in cooperation with the FRC where appropriate) made and implemented by the relevant PAB
- Examinations of proposed amendments to PABs' constitutional documents completed and changes required, where relevant
- Terms and conditions attached to RABs' recognition where warranted and rules/guidelines

issued

- Consideration of complaints received and incorporation of results into supervisory programmes
- Referrals made to other regulatory agencies and action taken on third party referrals
- Assistance provided to other regulatory agencies and international counterparts
- Revised oversight processes finalised, published and implemented
- Advice provided to DJEI regarding proposed audit reform bill

4.5 Activities and outputs related to responding to non-compliance within our remit

Goal IV: To respond to non-compliance within our remit robustly, promptly and proportionately

- 1 Perform a review of the Section 933 and 934 Enquiry processes, including consultation with stakeholders, and revise, as necessary, to ensure that the processes are effective, efficient and operate in line with current regulatory, disciplinary and legal norms and, as far as possible, are consistent with the Section 935 process.
- 2 Establish a process for Enquiries including appointing a Conduct Committee and Inquiry Panels to deal with issues of non-compliance within our remit
- 3 Cooperate, as permitted by law, with other domestic authorities on matters within joint remit to ensure non-compliance is appropriately addressed
- 4 Contribute to EU and international efforts aimed at supporting and enhancing enforcement

Related Outputs:

- Development and implementation of a robust Enquiries Process
- Outcomes of Enquiries where appropriate
- Cooperation activities with domestic and international counterparts
- Participation in relevant EU and international forums/committees/groups
- Consultations undertaken on Sections 933 and 934 and revised Section 933 and 934 Regulations

4.6 Activities and outputs related to promoting adherence to high professional standards

Goal V: To promote adherence to high professional standards by accountants, auditors and preparers of financial reports

- 1 Promote best practice in the financial reporting of issuers under IAASA's remit through our examination, inspection and enforcement processes
- 2 Promote best practice regulation in supervisory recommendations to the PABs and where good practices are identified promote its adoption by other PABs
- 3 Publicise the results of our enforcement and supervisory activities to the extent permitted by law to encourage compliance through periodic publications, presentations and web releases
- 4 Implement a learning and development strategy for employees
- 5 Cooperate, as permitted by law, with other domestic authorities on matters within joint remit to ensure inadequate performance or inappropriate conduct is remediated
- 6 Contribute to EU and international efforts aimed at supporting and enhancing audit quality, and leverage the knowledge gained through participation at EU bodies to identify international best practice and incorporate it into supervisory activities
- 7 Advocate for improvements to financial reporting and auditing standards and ensure that Irish relevant matters are addressed at the appropriate forum
- 8 Annual renewal of Category 5 liquidators' authorisations

Related Outputs:

- Supervisory review recommendations made and implemented by the relevant PAB/issuer as applicable
- Publications issued including (i) an Annual Report (ii) an Annual Audit Programme and Activity Report (which may form part of the Annual report) (iii) annual financial reporting observations (iv) commentaries on findings of thematic reviews (v) information notes (vi) web releases (vii) a document profiling the profession in Ireland and (viii) articles for professional publications;
- Presentations to stakeholders on the results of supervisory activities and other relevant topics
- Implementation of a learning & development strategy for employees
- Cooperation activities with domestic and international counterparts
- Participation in EU and international forums/committees/groups
- Irish position reflected in auditing and financial reporting standards
-

4.7 Activities and outputs related to providing advice to the Minister and high quality information to stakeholders

Goal VI: To provide specialist advice and support to the Minister for Jobs Enterprise & Innovation and high quality information to our stakeholders on key auditing and accounting matters

- 1 Advise the Minister on accounting, auditing and financial reporting policy on request and provide support to the Department on policy development arising from EU reforms and in key areas of relevance to IAASA's activities
- 2 Consult with stakeholders where appropriate on major developments of relevance to IAASA's activities
- 3 Develop policy proposals in a limited number of key areas and advocate for necessary legislative amendments on key issues
- 4 Participate at the Company Law Review Group ('CLRG') in respect of company law reforms of relevance to IAASA's remit
- 5 Participate in working groups and respond to consultation papers in areas of relevance to IAASA's activities
- 6 Publish an Annual Report and other documents which provide an overview of IAASA's activities (to the extent allowable by law) and contribute articles to professional publications on key issues
- 7 Respond to queries from users of financial reports, consumers of accounting and auditing services, members of the public and other interested parties
- 8 Utilise the website as a key communication channel with users of financial reports and consumers of accounting and auditing services
- 9 Deliver information to our stakeholders through a range of communication tools including press releases, web-releases, e-zines, other periodic publications, presentations etc.
- 10 Engage with interested parties about accounting, auditing and financial reporting matters of interest
- 11 Develop relevant and accessible publications for users of financial reports and consumers of accounting and auditing services
- 12 Publish an annual programme and activity report to provide an overview of IAASA's activities to perform its functions under SI 312

Related Outputs:

- Pertinent, timely advice provided to the Minister
- Consultations undertaken with stakeholders and other engagements with interested parties
- Participation in CLRG and other relevant working groups
- Publications issued including (i) an Annual Report, ii) an Annual Audit Programme and Activity Report (which may form part of the Annual report), iii) annual financial reporting observations (iii) commentaries on findings of thematic reviews (iv) information notes (v) web releases (vi) a document profiling the profession in Ireland and (vii) articles for professional publications;
- Responses provided to queries from members of the public and other interested parties
- Presentations given and participation in relevant seminars
- Website providing accurate, accessible and relevant information for stakeholders

SECTION FIVE: STAFF, RESOURCES AND EXPENDITURE

5.6 Introduction to staff, resources and expenditure

Section 910 of the 2014 Act states that in preparing its Work Programme, IAASA shall have regard to the need to ensure the most beneficial, effective and efficient use of its resources. As outlined above, our key strategies focus on maximising the use of our scarce resources and focusing those resources on areas of highest risk. The resources at our disposal are outlined further below.

5.7 Financial resources - programme of expenditure

In accordance with the provisions of section 911(1) of the 2014 Act, IAASA submits an annual Programme of Expenditure ('PoE') to the Minister for approval, which the Minister may approve after considering the views of the PABs and with the consent of the Minister for Public Expenditure & Reform.

IAASA's proposed PoE for 2017 is €5.6m. The annual PoEs for 2018 and 2019 will be submitted to the Minister in mid-2017 and 2018 respectively for consideration as part of the Government's annual estimates process.

Under the funding model provided for by the 2014 Act, the Exchequer and the PABs fund IAASA by way of "a grant not exceeding 40%" and a levy which "may not exceed 60%" respectively. This, in effect, limits the PAB levy in any year to 1.5 times the Exchequer grant in respect of such expenditure. In addition, expenditure in connection with IAASA's Audit Inspections Unit obligations is recouped from the PIE Audit Firms, while expenditure under the Transparency Directive is 100% Exchequer funded. The net Exchequer contribution to IAASA in 2017 will be €2.1m.

5.8 Financial resources – reporting and governance

As a statutory body, IAASA will continue to produce its annual financial statements in accordance with law and these financial statements will continue to be audited by the Comptroller and Auditor General. Over the period of this Work Programme, IAASA will review and update its financial procedures to ensure the system remains effective and secure.

5.9 Human resources

During the duration of this Work Programme IAASA intends to perform its work through six units described below.

- Regulatory & Monitoring Supervision
- Financial Reporting Supervision
- Audit Inspections Unit
- Finance & Administration
- Legal & Conduct Unit
- Standards & Policy Unit (not currently sanctioned)

IAASA's Organisation Chart is presented in Appendix II.

Table 2 below outlines IAASA's approved, sanctioned, actual and required staff resources.

Table 2

Summary of sanctioned, actual and required staff resources	Sanctioned*	Actual staff in place	Workforce planning: staff required
Chief Executive	1	1	1
Heads of Function	5	5	6
Team Leads	2	-	7
Audit Inspectors	9	2	7
Project/Policy Managers [#]	8	7	8
Administrative staff ^{##}	4	4	13
Clerical Support Staff	1	1	1
Total	30	20	43
<p>*By the Department or Department of Public Expenditure & Reform as applicable [#] Staff at civil service Professional Accountant Gr I and Assistant Principal level ^{##} Staff at civil service Professional Accountant Gr II, Higher Executive Office and Executive Office level</p>			

IAASA considers that the staffing resource required to adequately discharge its current mandate is 43 - considerably greater than the approved complement of 30, and actual of 20.

5.10 Information and communications technology resources

As with most organisations, information and communications technology ('ICT') is critical to IAASA's ability to discharge its functions, particularly so given its limited staff resources and its decentralised location. A detailed review of ICT has been undertaken by our internal auditors to ensure that systems are fit for purpose and suitably secure. IAASA has upgraded its infrastructure to facilitate remote access and remote working to reduce constraints in that regard. Over the period of this Work Programme, IAASA will:

- develop the ICT infrastructure to appropriately serve a larger organisation located over two floors;
- invest in broadband connectivity solutions to provide for robust and reliable remote access facilities for staff working off-site, primarily the Audit Inspections Unit;
- maximise the value of its website as an efficient portal for submissions to the Authority, a resource for stakeholders and a facility for staff and Board members;
- maintain its policy of including a detailed ICT review as part of its three-year internal audit Work Programme; and
- ensure its back-up and disaster recovery processes remain consistent with best practice, and appropriate to an entity of IAASA's scale and functions.

**Extracts from Section 904 and 905 of the
Companies Act 2014 (as amended)**

904.—(1) The principal objects of the Supervisory Authority, which are to be included in its memorandum of association, are to-

- (a) supervise how the prescribed accountancy bodies regulate and monitor their members,
- (b) promote adherence to high professional standards in the auditing and accountancy profession,
- (c) monitor whether the accounts of certain classes of companies and other undertakings comply with the Companies Acts and, where applicable, Article 4 of the IAS Regulation,
- (d) act as a specialist source of advice to the Minister on auditing and accounting matters, and
- (e) “(e) oversee statutory auditors and the conduct of statutory audits in accordance with the 2016 Audits Regulations and Regulation (EU) No 537/2014 and perform functions under those Regulations and that Regulation..

Section 905

905.—(1) The Supervisory Authority shall do all things necessary and reasonable to further its objects.

- (2) Without limiting its responsibilities under *subsection (1)*, the functions of the Supervisory Authority are as follows:
 - (a) grant recognition to bodies of accountants for the purposes of the 2016 Audits Regulations, Regulation (EU) No 537/2014 and section 1441,
 - (b) attach under section 931 terms and conditions to the recognition of bodies of accountants, including terms and conditions—
 - i. requiring changes to, and the approval by the Supervisory Authority of, their regulatory plans, and
 - ii. (ii) requiring their annual reports to the Supervisory Authority on their regulatory plans to be prepared in the manner and form directed by the Supervisory Authority,
 - (c) require changes to and to approve—
 - i. the constitution and bye laws of each prescribed accountancy body, including its investigation and disciplinary procedures and its standards, and
 - ii. (ii) any amendments to the approved constitution or bye laws of each prescribed accountancy body, including amendments to its investigation and disciplinary procedures and to its standards,
 - (d) conduct under section 933 enquiries into whether a prescribed accountancy body has complied with the investigation and disciplinary procedures approved for that body under paragraph (c) or referred to in subsection (1)(a)(ii) or (iii) or (1)(b) (ii) of that section,
 - (e) impose under section 933 sanctions on prescribed accountancy bodies,
 - (f) undertake under section 934 investigations into possible breaches of the standards of a prescribed accountancy body,

- (g) supervise how each recognised accountancy body monitors its members and to undertake under section 936 reviews of those members,
- (h) co-operate with the recognised accountancy bodies and other interested parties in developing standards relating to the independence of auditors and monitor the effectiveness of those standards,
- (i) monitor the effectiveness of provisions of the 2016 Audits Regulations and Regulation (EU) No 537/2014 relating to the independence of statutory auditors,
 - (ia) monitor developments in the market for audit services to public-interest entities as required by Regulation (EU) No 537/2014,
- (j) supervise the investigation and disciplinary procedures of each prescribed accountancy body, including by requiring access to its records and by requiring explanations about the performance of its regulatory and monitoring duties,
- (k) co-operate with the prescribed accountancy bodies and other interested parties in developing auditing and accounting standards and practice notes,
- (l) arrange for the regulation and supervision by recognised accountancy bodies of statutory auditors referred to in Regulation 25(2) of the 2010 Audits Regulations,
- (m) perform the functions conferred on it by transparency (regulated markets) law (within the meaning of Chapter 4 of Part 23) in respect of the matters referred to in Article 24(4)(h) of the Transparency (Regulated Markets) Directive (within the meaning of that Chapter),
 - (ma) adopt auditing standards for the purposes of the 2016 Audits Regulations and Regulation (EU) No 537/2014,
- (n) oversee, in accordance with the 2016 Audits Regulations and Regulation (EU) No 537/2014, the performance of (and, where permitted by those Regulations, that Regulation or this Act, perform) the following functions with respect to statutory auditors:
 - (i) the approval and registration of statutory auditors (including the registration of Member State audit firms);
 - (ii) continuing education;
 - (iii) quality assurance systems;
 - (iv) investigative and administrative disciplinary systems,
- (o) perform any other duties or discharge any other responsibilities imposed on it by this Act.

IAASA Organisation Chart at 1 January 2017 (Actual staff complement)

