



**Invitation of Expressions of Interest
for the Provision of
Financial Reporting Advisory Services**

1. Context

1.1 The financial reporting supervisory function of IAASA

The statutory role of the Irish Auditing and Accounting Supervisory Authority ('IAASA') includes examining whether the annual and half-yearly financial reports (collectively referred to as 'periodic financial reports') of certain entities whose securities have been admitted to trading on a regulated market, situated, or operating within the EU ('issuers') have been drawn up in accordance with the requirements of the relevant reporting framework as laid down by the [Transparency \(Directive 2004/109/EC\) Regulations, 2007 \(as amended\)](#)¹ ('the Transparency Regulations'). IAASA's examination constituency in this regard comprises issuers of equity and debt as well as closed ended funds². These issuers publish an aggregate of approximately 260 periodic financial reports per annum.

IAASA selects issuers' periodic financial reports for examination based on risk assessment criteria, supplemented by cyclical and random selections. Given the level of IAASA's examination activity, together with the scale and nature of the examination constituency, IAASA anticipates a requirement to supplement its internal professional resources by engaging the services of individuals/firms to provide financial reporting advisory services. Consequently, IAASA now seeks to establish a Panel of suitably qualified individuals/firms to provide such services as the needs arise. The Panel, once established, will remain in place for an initial period of three years. Those who are interested in being considered for inclusion on this Panel are invited to submit Expressions of Interest.

1.2 Type of financial reporting examinations conducted by IAASA

Depending upon risk factors identified and other relevant considerations, financial report examinations undertaken by IAASA can be categorised as being:

- a) **Full Scope Examinations** – these examinations comprise an examination of the full financial statements for compliance with the relevant reporting framework;
- b) **Focused Examinations** – these examinations involve the examination of a particular aspect (or aspects) of the selected financial report;
- c) **Follow-up Examinations** – these are examinations which examine a previously examined issuer's financial report for the purpose of assessing the adequacy of the issuer's responses to matters previously raised (for example, with a view to determining whether an issuer's directors have honoured undertakings previously provided to IAASA);
- d) **Thematic Examinations** – where IAASA undertakes examinations of the financial reporting practices adopted by a range of issuers in respect of one or more financial reporting matters; and
- e) **Topical Surveys** – these ESMA-mandated surveys comprise the examination of the financial reporting treatments applied by selected issuers based on parameters set by ESMA. These surveys are desk based and limited to examining publicly available information without issuer engagement. If, as a result of its findings from these surveys, IAASA subsequently engages with an issuer, that subsequent engagement is designated as a separate full scope or focused examination as appropriate.

2. Nature of engagements

The respondents selected as IAASA's principal financial reporting advisors will be expected to deliver high quality financial reporting advice and ancillary services and to do so within agreed timeframes.

¹ The Regulations are available at http://www.iaasa.ie/legislation/si277_2007.htm

² For indicative purposes, the constituency at 31 December 2013 comprised approximately 25 equity issuers, 91 debt issuers and 28 closed ended fund issuers

The preferred financial reporting advisory service provider may be required to provide advice to IAASA as to:

- a) the application of financial reporting standards (IFRS or Irish GAAP) to a particular set of circumstances;
- b) the evaluation as to whether a particular financial reporting treatment is in accordance with the relevant reporting framework;
- c) conduct thematic and/or topical surveys as outlined in section 1 of this document; and
- d) provide advice on other financial reporting matters as may arise.

Such advice may be requested either verbally or in writing depending on the circumstances.

3. Other relevant considerations

In addition to the foregoing, the following considerations are also of relevance:

- a) assignments are likely to be time sensitive and, accordingly, service providers will need to possess the necessary capacity to deliver within such timeframes; and
- b) given the nature of the profile of issuers coming within scope of the Transparency Regulations, the majority of assignments are likely to relate to issuers reporting under International Financial Reporting Standards (IFRS)³. Accordingly, a very high standard of expertise in the provisions and practical application of IFRS is a prerequisite;

4. Information requested from interested parties

Persons and/or firms who consider that they possess the requisite expertise and experience to meet IAASA's requirements are invited to provide the information set out hereunder:

- a) Name, business address, email address and telephone contact details;
- b) An assessment of the IAASA's financial reporting advisory needs, as understood by the tenderer;
- c) A service provision proposal to include:
 - a corporate biography (in the case of firms);
 - details of the individual(s) that it is proposed would lead the provision of services and of those other individuals (where applicable) that it is proposed would have a role in the provision of the services concerned, together with details of those individuals' qualifications and relevant academic and practical experience;
 - an indication of the range and extent of resources and relevant skills available to the respondent and how, in the respondent's assessment, they meet the expertise requirement in order to fulfil the role (see also section 5.1 below);
 - The category or categories of issuer for which the respondent wishes to be considered. The categories of issuer in respect of which respondents may express interest are as follows:
 - equity issuers (excluding banking and insurance entities);
 - banking and insurance entities; and

³ Reference to IFRS throughout this document should be read as reference IFRS as endorsed by the EU

- debt issuers and closed ended funds;
 - details of the respondent's processes for identifying actual/possible conflicts of interest and for the management of such conflicts;
 - an analysis of how the respondent believes that it can add value to IAASA's financial reporting supervision activities, including, as applicable, details of proposed benefits, deliverables etc.;
- d) A cost proposal to include:
- the respondent's proposed fee structure; and
 - details of any assumptions used in preparing the cost proposal.

Respondents should provide details of their general availability and any considerations that might impact on same (e.g. periods of the year during which other work or commitments would impact upon their capacity to deliver within tight timeframes).

Submissions should also include a statement confirming that none of the circumstances set out in [S.I. 329 of 2006 – European Communities \(Award of Public Authorities' Contracts\) Regulations 2006](#) apply to the respondent.

5. Selection criteria

5.1 Shortlisting

Dependent upon the number of expressions of interest received, IAASA may consider it necessary or otherwise appropriate to shortlist respondents. In the event that this is the case, shortlisting will be based solely on the material submitted by respondents. Accordingly, in supplying the information requested above, respondents should ensure that they fully set out the basis upon which they consider themselves to satisfy each of the following prerequisites:

- a) professional accountancy qualification or other relevant qualification;
- b) high level of academic and practical expertise in the application of IFRS and/or Irish GAAP (including FRS 100-102);
- c) knowledge of law and regulation as it applies to issuers' periodic financial reports; and
- d) one or more of the following:
 - recent significant experience at a suitably senior level (e.g. senior manager level) in the practical application of financial reporting standards or the audit or examination of same in the context of the periodic financial reporting of issuers or other economically significant entities;
 - recent significant experience at a senior level in a relevant financial reporting standard setting environment or other demonstrably similar and relevant experience; or
 - demonstrable practical expertise relating to the periodic financial reporting of at least one category of issuer (as set out in paragraph 4(c) above).

5.2 Interview

Respondents or, in the event of shortlisting, those respondents that have been shortlisted shall be invited for interview. The purpose of the interview will be to:

- a) verify insofar as possible, and obtain any clarifications considered necessary regarding, assertions made by respondents in their initial submission;
- b) assess respondents' overall understanding of, and operational capacity to deliver on, IAASA's service requirements;
- c) assess respondents' expertise as it relates to IAASA's financial reporting supervisory and enforcement role and their relevant experience in preparing, auditing and/or examining financial reports in that context;
- d) assess respondents' proposals to bring added-value to the engagements; and
- e) respond to any clarifications sought by respondents.

Those invited to interview will be requested to make a presentation at the outset of the interview outlining the following:

- a) their expertise and practical experience of IFRS and/or Irish GAAP (including FRS 100 – 102), relevant to IAASA's examination constituency;
- b) the background and relevant experience of the proposed person/team to provide the service, including the availability of specialist expertise in key areas (e.g. relevant industries, GAAPs, accounting topics, specific financial reporting topics, etc);
- c) their understanding of IAASA's financial reporting supervisory and enforcement role and its associated requirements;
- d) their proposed methodology for delivery of the service;
- e) their capacity to deliver within tight deadlines and to provide on-going support in a flexible and responsive manner while an examination is underway;
- f) quality assurance processes built into their internal processes;
- g) whether they consider that there may be any constraints or limitations on the services which can be provided);
- h) specific proposals for added-value that the respondent considers that they can bring to the process;
- i) their processes for identifying and managing potential conflicts of interest; and
- j) any other issues which are considered to be relevant to their expression of interest.

5.3 Cost

Given the nature of the required service, a fixed rate per engagement is not sought. Respondents' cost proposals should be on the basis of a fixed rate per hour, with the proposed rate to include all outlay and expenses. A score will be extrapolated for each respondent based on their proposed charges *vis-à-vis* other eligible respondents.

5.4 Ranking and allocation

Respondents reaching the required minimum standard at interview shall be awarded a ranking based on an assessment of their service proposal, interview and submitted costs.

Following the above assessment, the table below will be completed for each respondent. The highest-scored respondent deemed to have capacity to act as principal advisor will be selected as such

Criterion	Max score
General understanding <i>Demonstration of understanding of:</i> <ul style="list-style-type: none"> - <i>Objective of financial reporting enforcement across the EU;</i> - <i>IAASA and its function and role in financial reporting enforcement;</i> - <i>Service delivery requirements.</i> 	15
Relevant experience and sector specific expertise <ul style="list-style-type: none"> - <i>Experience in the preparation, auditing, review or enforcement relating to periodic financial statements;</i> - <i>Specific experience in and/or expert knowledge of (a) IFRS financial reports; or (b) Irish GAAP financial reports; or (c) 3rd country financial reports;</i> - <i>Specific experience in and/or expert knowledge of specific industry sectors;</i> - <i>Specific experience in and/or expert knowledge of specific categories of issuer (e.g. equity, funds, debt, financial institutions);</i> - <i>Specialised resources available to respondent (e.g. actuary, property valuers); and</i> - <i>Any limitations to experience/expertise (e.g. resource constraints at specific times of the year)</i> 	20
Technical competencies <i>Score will be awarded based on demonstrated technical knowledge of relevant reporting frameworks</i>	40
Cost	25
Total score awarded	100

Thereafter, assignments will, be allocated to the highest-ranked Panellist, having regard to the following criteria:

5.4.1 *Conflicts of Interest*

Persons/firms for whom a conflict of interest, or perceived conflict of interest, would arise were they to undertake a particular assignment will be excluded from that assignment.

5.4.2 *Capacity to Deliver*

Completion of examinations is time-sensitive. Individuals/firms who, in IAASA's assessment or in their own assessment, would not be in a position to complete the engagement to the appropriate standard within a pre-defined period will be excluded.

5.4.3 *Specific Expertise/Knowledge/Experience*

When assigning engagements, IAASA may have regard to any specific expertise, knowledge and/or experience that a particular individual/firm may possess in the context of the particular financial report (and/or issuer) being allocated.

Without prejudice to the foregoing, IAASA reserves the absolute right to consult and engage individuals/firms who have not submitted an expression of interest where it deems it appropriate to do so.

6. **Payment terms and conditions**

- a) All proposed fees should be quoted in euro, including VAT at the appropriate rate.
- b) No fees, outlays or expenses other than those outlined in the respondent's cost proposal shall be paid in respect of any engagements made pursuant to this Invitation.
- c) Payment will be made in accordance with the provisions of Statutory Instrument No. 580 of 2012 (EU (Late Payment of Commercial Transactions) Regulations) on receipt by the Authority of a valid invoice from the Service provider.
- d) The successful respondent will be required to produce a current Tax Clearance Certificate.
- e) In accordance with the Irish Finance Acts, a deduction of tax at the specified rate may have to be made from all payments in respect of professional services (Professional Services Withholding Tax). The successful respondent will be required to submit details of their tax reference number.
- f) The successful respondent will be required to enter into a written contract reflecting, *inter alia*, the cost of the engagement.

7. **Respondents' costs and expenses**

IAASA shall not be liable for any costs or expenses howsoever incurred by respondents in pursuing this invitation.

8. **Confidentiality**

Respondents should note that, as the appointee will be a professional adviser to the Authority, the appointee shall be bound by the statutory obligations with respect to the confidentiality of information imposed by section 31 of the Act and other relevant legislation. The successful respondent will be required to sign an acknowledgement that s/he/they is/are aware of the obligations imposed by section 31 and that all information that is obtained by the respondent in acting as advisor to the Authority and that has not otherwise come into the public domain shall not be disclosed except in accordance with law. **A breach of section 31(1) is an offence and may result in criminal liability.**

9. **Further information**

Relevant legislation, together with further information regarding IAASA and its activities, can be obtained from IAASA's website, www.iaasa.ie

10. Submission of expressions of interest

Expressions of interest, which should be clearly marked '*Expressions of Interest – Financial Reporting Advisor*', should be submitted by **5.00pm** on **31 October 2014** to one of the contact points set out below:

Irish Auditing & Accounting Supervisory Authority
Willow House,
Millennium Park
Naas,
Co Kildare
Ireland

or

by fax: + 353 45 983 601

or

submissions@iaasa.ie

Expressions of interest received after the above deadline will not be considered.

Respondents may wish to note that interviews will be held in the week-beginning 10 November 2014.

11. Status of parties expressing an interest

IAASA does not guarantee to retain persons or firms applying for inclusion on the Panel but will, where practicable, afford due recognition to individuals/firms who responded to this invitation. IAASA further reserves full discretion to consult and engage firms and/or individuals who are not on the Panel whenever it considers it advisable to do so.

Irish Auditing & Accounting Supervisory Authority