



**Invitation of Expressions of Interest
for the Provision of
Statutory Financial Reporting Full Scope Review
Services**

1. Context

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 from time to time by engaging the services of suitably qualified and experienced providers of statutory financial reporting expertise. Accordingly, IAASA wishes to update its existing Panel of individuals and firms who are interested in being considered for such engagements.

2. Nature of engagements

2.1 Scope of engagements

In broad terms, engagements will involve:

- a) full scope examination of selected issuers' periodic financial reports for the purpose of determining whether same have been prepared in accordance with the relevant reporting framework; and
- b) the provision of detailed findings and conclusions in written report format in respect of each examination, with such reports to be provided within agreed timeframes.

Individuals/firms included on the Panel may also be invited from time to time to tender for the provision of additional services, including, for example, research, advice and/or examination of selected aspects of issuers' periodic financial reports. Such bespoke projects will be subject to separate restricted tendering procedures where considered appropriate.

2.2 Annual financial reports

In accordance with the provisions of the Transparency Regulations, issuers' annual financial reports shall include:

- a) audited financial statements;
- b) a Management Report; and
- c) a Responsibility Statement.

2.3 Half-yearly financial reports

In accordance with the provisions of the Transparency Regulations, issuers' half-yearly financial reports shall include:

- a) a condensed set of financial statements;

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

- b) an Interim Management Report; and
- c) a Responsibility Statement.

2.4 Relevant reporting framework

The relevant reporting framework can include:

- a) the financial reporting standards (and related interpretations) under which the financial statements or condensed financial statements, as applicable, are required to have been prepared;
- b) the Transparency Regulations;
- c) the Companies Acts, including associated secondary legislation, insofar as they relate to periodic financial reports;
- d) the [Transparency Rules](http://www.centralbank.ie/regulation/securities-markets/transparency/Documents/Transparency%20Rules%20Nov%202012.pdf)³, insofar as they relate to periodic financial reports; and
- e) any other law or regulation, insofar as it relates to periodic financial reports generally or to the periodic financial report(s) of a specific issuer.

2.5 Examination output

The output of each examination will be a written report which, at a minimum:

- a) sets out the scope of the work undertaken, including details of the methodology applied;
- b) clearly sets out the issues identified;
- c) ranks issues identified in descending order of significance;
- d) provides sufficient detail to enable IAASA to understand:
 - the nature of each issue;
 - the basis for the examiner's identification of each issue as:
 - i. an apparent/actual instance of non-compliance with the relevant reporting framework (e.g. by reference to a financial reporting standard requirement/principle, a specific statutory/regulatory requirement or industry practice); or
 - ii. one in respect of which further information from the issuer and/or its directors is considered necessary or desirable;
 - the basis for the examiner's assessment of the significance of the issue;
 - where possible/practicable, the monetary value of the potential/actual instance of non-compliance involved;
- e) sets out, where applicable, the examiner's recommendations regarding, amongst other matters, any additional information and/or clarification considered necessary (i.e. from the issuer's directors) in order to enable the examiner to form a conclusion regarding an identified issue;

³ Available at <http://www.centralbank.ie/regulation/securities-markets/transparency/Documents/Transparency%20Rules%20Nov%202012.pdf>

- f) details of any other matters occurring to the examiner regarding compliance or otherwise with the relevant reporting framework; and
- g) will include a detailed record of the checks performed on the periodic financial report (e.g. a completed checklist of each requirement and an indication of compliance or otherwise with that requirement by the issuer).

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;
- 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')⁴. Accordingly, a very high standard of expertise in the provisions and practical application of IFRS is a prerequisite;
- c) in view of certain transitional provisions adopted by the EU Commission, certain third country issuers coming within scope are permitted to prepare their periodic financial reports in accordance with certain codes of third country GAAP⁵ (primarily US GAAP). Accordingly, expressions of interest are welcome from parties possessing a very high standard of expertise in the provisions and practical application of relevant third country GAAP.

4. Information requested from interested parties

Individuals and/or firms who consider that they possess the requisite expertise and experience to meet IAASA's requirements are invited to register their interest and, in addition, to provide the preliminary information set out hereunder:

- a) Name, business address, email address and telephone contact details;
- b) 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;
- c) 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);
- d) 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);
 - debt issuers (excluding banking and insurance entities);
 - banking and insurance entities; and
 - closed ended funds;

⁴ Reference to IFRS throughout this document should be read as reference IFRS as endorsed by the EU

⁵ Generally Accepted Accounting Principles

- e) Respondents should provide detailed cost proposals, which should be all inclusive and detail all amounts and expenses chargeable. A separate cost may be proposed for each category of issuer as set out above, and for half-yearly and full-year reviews. In accordance with Department of Finance procurement stipulations, respondents will be required to provide a fixed fee per engagement per category. Rates on a daily basis (or variations thereon, e.g., hourly rates) are not permissible. The quoted fixed fee per engagement should factor in that having considered an examiner's report, IAASA may require an examiner to clarify certain aspects of their report.
- f) 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).
- g) 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 expertise in the application of IFRS and/or relevant third country GAAPs;
- c) knowledge of law and regulation as it applies to issuers' periodic financial reports;
- d) sufficient capacity and resources to enable delivery on IAASA's requirements; and
- e) one or more of the following:
 - recent significant experience at a suitably senior level (e.g. senior manager level) in the practical application of IFRS and/or third country GAAP 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 4.4 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 (and those existing Panellists electing to attend interview (see section 6 below)) will be requested to make a presentation at the outset of the interview outlining the following:

- a) their experience of preparing, auditing and/or examining IFRS and/or relevant third country GAAP financial reports and preparing examination output to the level detailed at section 2.5 above;
- b) their expertise and practical experience of IFRS and/or other reporting frameworks relevant to IAASA's examination constituency;
- c) 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, type of issuer, etc);
- d) their understanding of IAASA's financial reporting supervisory and enforcement role and its associated requirements;
- e) their proposed methodology for delivery of the service;
- f) their capacity to deliver within tight deadlines and to provide on-going support in a flexible and responsive manner while a examination is underway;
- g) quality assurance processes built into their internal processes;
- h) whether they consider that there may be any constraints or limitations on the services which can be provided (e.g. category or categories of issuer, third country GAAP, specific financial reporting matters/issues, etc);
- i) specific proposals for added-value that the respondent considers that they can bring to the process;
- j) their processes for identifying and managing potential conflicts of interest; and
- k) any other issues which are considered to be relevant to their expression of interest.

5.3 Sample examination of financial statements

Following the interview, respondents (other than those included on the existing Panel) reaching the required minimum standard at interview will be requested to undertake a sample examination of an extract from a financial report. Further details of this sample examination will be provided to respondents progressing to this stage of the process following the interview.

5.4 Cost

A score will be extrapolated for each respondent based on their proposed charges *vis-à-vis* other eligible respondents.

5.5 Ranking and allocation

Following the above assessment, the table below will be completed for each respondent. This table shall be used for ranking purposes:

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> 	10
Relevant experience <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 combination of:</i> <ul style="list-style-type: none"> - <i>Demonstrated technical knowledge of relevant reporting frameworks;</i> - <i>Examination methodologies to be used;</i> - <i>Proposed reporting processes and methodologies;</i> - <i>Broader perspectives applied on financial reporting issues (e.g. peer entities practices)</i> 	25
Sample examination <i>A score will be awarded based on the report received in relation to the sample examination referred to in 5.3 above.</i>	20
Cost	25
Total score awarded	100

Following the above assessment, successful respondents will be added to IAASA's Panel of prospective service providers. Thereafter, assignments will, be allocated to the highest-ranked Panellist, having regard to the following criteria:

5.5.1 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.

5.5.2 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.

5.5.3 Operational Maxima

For operational or associated reasons, IAASA may, from time to time, set a maximum number of engagements to be assigned to any one individual/firm at any given time.

5.5.4 Specific Expertise/Knowledge/Experience

When assigning engagements, IAASA may in certain limited circumstances 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. Position of existing panel

Existing Panellists wishing to continue to be considered for engagements should submit the material as set out in section 4 above.

6.1 Shortlisting

Existing Panellists will automatically advance to the interview stage.

6.2 Interview

Existing Panellists may elect to attend interview as detailed above. Alternatively, where existing Panellists are satisfied that there has been no material change (bar cost) to the information set out in section 4 above, they may elect to rely on the results of the previous tendering process. In such cases, the relevant marks awarded at that time will be carried forward.

6.3 Sample examination of financial statements

Existing Panellists may elect to undertake the sample examination of financial statements detailed in 5.3 above. Alternatively, IAASA will review the most recent examination undertaken by the Panellist, and award the relevant mark on the basis of that assessment.

7. Respondents' costs and expenses

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

8. Payment terms and conditions

- a) All proposed fees should be quoted in euro, including VAT at the appropriate rate.
- b) No additional fees, other than those originally quoted for the work when tendering of the project shall be paid.
- 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.

9. 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.**

10. Further information

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

11. Submission of expressions of interest

Expressions of interest, which should be clearly marked '*Expressions of Interest – Statutory Financial Reporting Expertise*', 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.

12. 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.

