

2019

Annual Report

Disclaimer

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Mission

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.

Chapter 1

Purpose

Chapter 1: Purpose

1.1 What we do

IAASA is responsible for the supervision of the accounting profession in Ireland, comprising 40,030 members of Prescribed Accountancy Bodies ('PABs') in business and practice in the State.

IAASA is the competent authority for the oversight of statutory auditors in Ireland, including oversight of the manner in which the five Recognised Accountancy Bodies ('RABs') perform the functions assigned to them in law in respect of statutory auditors, namely approval and registration, continuing education, quality assurance systems and investigative and administrative disciplinary systems.

In addition, IAASA has direct responsibility for the inspection of audits of Public Interest Entities ('PIEs'), comprising entities with securities listed on a regulated market, credit institutions and insurance undertakings. We directly regulate eight auditing and accounting firms in respect of this element of their work.

IAASA is responsible for examining the level of compliance of certain entities' annual and half-yearly financial reporting with applicable financial reporting standards (in the main International Financial Reporting Standards ('IFRS') and Irish Generally Accepted Accounting Practice ('GAAP')). At 31 December this comprised 94 entities as follows:

- 29 equity issuers, with a market capitalisation of just under €230bn;
- 51 debt issuers, with gross assets in excess of €312bn; and
- 14 closed-ended fund issuers, with gross assets in excess of €44bn.

IAASA is responsible for conducting investigations of issues arising from its inspection of the audits of PIEs and referrals from overseas competent authorities. IAASA also has the discretionary power to investigate non-PIE audit matters as well as whether a member of a PAB has complied with that body's standards. IAASA may also conduct enquiries into whether a PAB has complied with its approved investigation and disciplinary process.

IAASA is responsible for adopting standards on auditing, professional ethics and internal quality control. Auditors are required to carry out statutory audits in accordance with these standards.

IAASA carries out a range of other activities, including registration and oversight of third country auditors, engaging with our peer European and international counterparts, and advising the Minister for Business, Enterprise & Innovation on key auditing and accounting matters.

1.2 Why do we do it

IAASA's 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.

1.3 What guides us

IAASA operates with powers and functions granted to it under the Companies Act 2014, related statutory instruments and the EU Audit Regulation. We carry out our work in accordance with values set out by our Board.

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

1.4 Who do we report to

IAASA is governed by a Board of directors comprising representatives of stakeholders and members nominated by the Minister for Business, Enterprise & Innovation. IAASA is answerable to the Oireachtas.

1.5 What is our budget

IAASA's total expenditure in 2019 was €4.2m, from a budget of €6.1m. The most significant areas of underspend were in payroll and related costs due to ongoing difficulties in attracting additional suitably qualified staff.

Chapter 2

Chairperson's Statement &
Chief Executive's Review

Chairperson's Statement

Introduction

This is IAASA's ('the Authority') fourteenth Annual Report. It is with pleasure that I submit it to the Minister for Business, Enterprise & Innovation, in accordance with section 928(1) of the Companies Act 2014 ('the Act'). The Chief Executive's Review summarises the principal activities undertaken by the Authority during 2019 to fulfil its mission. The remainder of this Annual Report gives details of this work. In my statement, I would like to focus on the strategy and governance of the Authority, and in particular on the significant factors that will influence IAASA's work in the future.

Governance

2019 marks the end of the Authority's current three year Work Programme, as provided for under section 910 of the Act. During the year the Authority devised a new Programme covering the period 2020-2022. This Programme was approved by the Board in late 2019 and is available on the Authority's website. The new Programme focuses on three core strands. These are Regulation, Promotion of High Standards, and Maximising our Impact. It sets out a number of strategies by which these strands are translated into strategic priorities. In turn the strategies are analysed into a series of tasks that detail specifically how the strategies will be achieved. The Programme also sets out the Enablers that will be critical to the Programme being successfully realised. These are Our People, Financial Resources, Technology, Government, Peers and Stakeholders. Again these are analysed into a set of tasks. Together, our Strands, Strategies and Enablers form the basis for the Authority's annual business plans, and the first such plan for the year 2020 under the new Programme has been devised and is now being implemented.

The Board continues to review its own governance, and undertook an externally facilitated analysis of its own performance. This review noted the robust governance in place. The recommendations from such reviews, which take place annually, are incorporated into Board training plans. During 2019 the Board continued its series of separate training and strategy days in addition to its regular Board meetings.

PIE Audit Firm Reports

As I outlined in my statement last year, the Authority will be publishing the results of its second round of inspections of the audit firms auditing Public Interest Entities ('PIEs'). At the year end the field work on these inspections was

substantially complete and attention had turned to the reports themselves. I am pleased to note the extensive drafting work and consultation processes that the Authority has undertaken in preparing for the issue of these reports in early 2020. All stakeholders, including the Authority, audit firms, company directors, and audit committees who play an important role in the relationship between the auditor and the company, will need to prepare for and adjust to the new reality of transparency when these reports are issued. The Authority hopes that in the future these reports will become an important part of the audit landscape year on year.

Enforcement

The Authority has significantly enhanced its enforcement capacity through revised statutory instruments which establish an executive led preliminary enforcement phase. This will allow for a much more efficient preliminary stage. Tied in with an enhanced settlement procedure as set out in guidelines issued by the Authority in 2019, these changes should result in more efficient investigations and a quicker route to resolution, which benefits all parties. One outcome of this will be that more preliminary investigations and enquiries will be launched than has been historically the case. This will be driven partly by the enhanced procedures but also by the Authority's role in directly inspecting PIE audit firms, and the investigations that may result from that work. This is already evident in the two investigations ongoing at the year end.

Innovation

During 2019 the Authority, supporting the drive from the Department of Public Expenditure & Reform, set about creating a culture of innovation within the Authority. The response from everyone working in the Authority has been overwhelming, and new projects are already coming on stream arising from in-house workshops. Having started on this process, the challenge for the Authority will be maintaining momentum and ensuring that selected projects have sufficient backing to drive them through planning, design, testing and implementation. The Board strongly supports this initiative and is examining how best it can work with the leadership team to ensure its continued success.

Innovation and change are of course not just a matter for the Authority and the public service, but for the entire accounting and auditing profession. Audit is continuing to change as a result of the impact of technology on what were previously routine and administrative elements of audit. While this allows for audit firms to focus on areas of more significant risk, it also introduces challenges in terms

Chapter 2: Chairperson's Statement & Chief Executive's Review

of ensuring that audit work is properly completed and evidenced as well as creating even greater expectations of what audit can accomplish. While IAASA has ensured that it has staff with technical expertise to undertake its work, it is a challenge for the profession as a whole how best to utilise technology to enhance auditing and accounting.

Looking to the future, both technology and society will no doubt generate even greater changes in audit. IAASA actively works with its peer regulators around the world to monitor these developments, to ensure that it has adequate foreknowledge and where necessary, to allow it to prepare.

Brexit

As set out in the rest of this Annual Report, Brexit preparations continued throughout 2019 and at the year end the Authority had contingency plans in place to deal with the impending UK departure. Brexit preparations also encompass dealing with the UK's future status as a third country, in the context of both the historic and ongoing business links between the jurisdictions and of course the interaction on a shared island. This has been an integral part of the Authority's work in this area over the past three years and continues to be a focus. IAASA is liaising with all stakeholders to ensure all necessary procedures and processes will be in place. Of course a significant element of that new relationship will be dependent on the UK's relationship with the EU, and Authority staff, working with their colleagues in the Department of Business, Enterprise & Innovation, continue to remain apprised of developments at that level.

Board changes

Two directors resigned during the year. Aileen O'Donoghue had been the nominee of the Irish Stock Exchange since 2014 and was one of the Authority's long standing Board members. The Irish Stock Exchange nominated Aisling McArdle as its new nominee and she joined the Board in August. The Revenue Commissioners' nominee, Caitriona Crowley, tendered her resignation in December 2019 and at the year end a new nominee had yet to be nominated. On behalf of the Board I would like to extend my gratitude and best wishes to both Aileen and Caitriona.

Concluding remarks

As I write these words, the Coronavirus is creating a radically changed working environment, and indeed world. Like every organisation, IAASA is coming to terms with circumstances where we can no longer meet and carry out our work in the

way that has historically been taken for granted. For some parts of our work the impact is limited, for others profound. Our thoughts are of course with all those who are suffering, and our heartfelt thanks go to those frontline workers, in so many areas, who are doing all they can to keep us safe and well.

I wish to thank my Board colleagues for their very valuable ongoing contribution and all of the hardworking staff who continually go above and beyond in their work. I want to thank the Minister and her Departmental colleagues who have greatly assisted the Authority in 2019. IAASA remains focused on delivering on its statutory remit and in my view and the view of the Board remains well placed to do so.

Martin Sisk
Chairperson

30 April 2020

Chief Executive's Review

Introduction

The purpose of this review is to provide an overview of the activities of the Authority in 2019. IAASA carried out a range of different regulatory roles as set out in detail in the body of this Annual Report. The Authority continued to address the challenges and uncertainty posed by Brexit during the year. The second round of audit inspections undertaken in 2019 will pave the way for the first publication of reports on PIE firms in 2020. Significant work was undertaken to streamline the Authority's enforcement procedures. My review sets out these and other of the Authority's significant achievements in 2019.

Key activities

The Authority has been preparing for the impacts of Brexit throughout 2019. Following on from the work to publicise those impacts in the previous year, the Authority met with all stakeholders, nationally and internationally to prepare for the UK becoming a third country, and the impact on the audit profession in particular. Arising from this work, the Authority is in a position to deal with the changes that will impact when the UK's transition period set out in the Withdrawal Agreement comes to an end.

2019 was the first full year in which the five RABs undertook their regulated activities under the revised oversight model brought into force by the Companies (Statutory Audits) Act 2018. IAASA engaged with the RABs to ensure that they were complying with their obligations, including obtaining statements of compliance. In undertaking the Authority's supervision of the eight PABs, review meetings were held with all bodies, during which the Authority sought updates on current regulatory matters including PAB regulatory governance structures, regulatory compliance updates, amendments to constitutional documents, status updates on open recommendations and issued action points arising from the engagement. The thematic review of continuing professional development arrangements in the eight PABs was concluded. Also, a supervisory review of an individual RAB's investigative and disciplinary arrangements was concluded. The Authority concluded on-site work for three further supervisory reviews with reports to be finalised in 2020. Part of the Authority's responsibilities include approving the constitutional documents of the PABs. 41 such documents were approved in 2019 and 18 documents were under consideration at year end.

The Authority's auditing standard setting process is now fully up and running. It works primarily through an in-house team, supported by a Technical Advisory Panel. Where necessary and appropriate sub-groups are established

to support the drafting of specific guidance. Two revised auditing standards, and related conforming amendments to other standards, and two guidance notes for auditors were issued during the year.

During 2019 the Authority completed 40 examinations of issuers' financial reports, with a further nine in progress at the year end. Staff also completed one thematic examination on the impact of the transition to the new leasing accounting standard, IFRS 16, and published four information notes: (i) IFRS 15 disaggregation of revenue; (ii) proposed dividends; (iii) key areas of focus for 2019 half-yearly reports; and (iv) liquidity analysis in half-yearly and annual reports. The results of these examinations are published to provide useful information to both preparers and readers of financial statements. Key issues which arose in the context of the Authority's reviews included the initial application of IFRS 15 *Revenue from Contract with Customers* and IFRS 9 *Financial Instruments*, and the use and prominence of Alternative Performance Measures. At European level these issues have also given rise to debate, and the Authority has contributed actively to that debate.

During 2019, the Authority directly carried out quality assurance reviews on eight firms, including joint inspections with the PCAOB. These constituted the second round of inspections for these firms, and will form the basis for the inspection reports that will be published by the Authority in 2020. In preparation for this, the Authority consulted with both auditors and non-auditors on the proposed publication and grading process. Work was well advanced on these publications at the year end.

During the year, IAASA carried out extensive and detailed work in drafting statutory instruments to implement its new executive led preliminary enforcement strategy. This work led to the Authority issuing public consultations on revised procedures for the operation of its enquiry and investigation processes. Following those consultations, revised statutory instruments were drafted. Section 933 Regulations were brought into effect by statutory instrument in November 2019 (S.I. 567 of 2019). Section 934 Regulations were at near final draft at year end. During the year, one preliminary investigation under section 934 was commenced and one open preliminary investigation moved to investigation stage.

As part of its strategic commitment to international engagement, IAASA continued its policy of active membership of EU and international fora in 2019. Staff are now members of six committees under the auspices of ESMA's Corporate Reporting Steering Committee, including the CRSC itself. We are also an observer on both the FRC Corporate Reporting Council and Audit & Assurance Council, and participate on the EU Accounting

Chapter 2: Chairperson's Statement & Chief Executive's Review

Regulatory Committee ('ARC'). IAASA staff are on nine separate committees as part of CEAOB, and a further two as part of the global audit regulation forum IFIAR. IAASA also continuously engages with its wider stakeholder base. This includes meetings, presentations and also a wide range of publications as set out in Appendix 4 to this report.

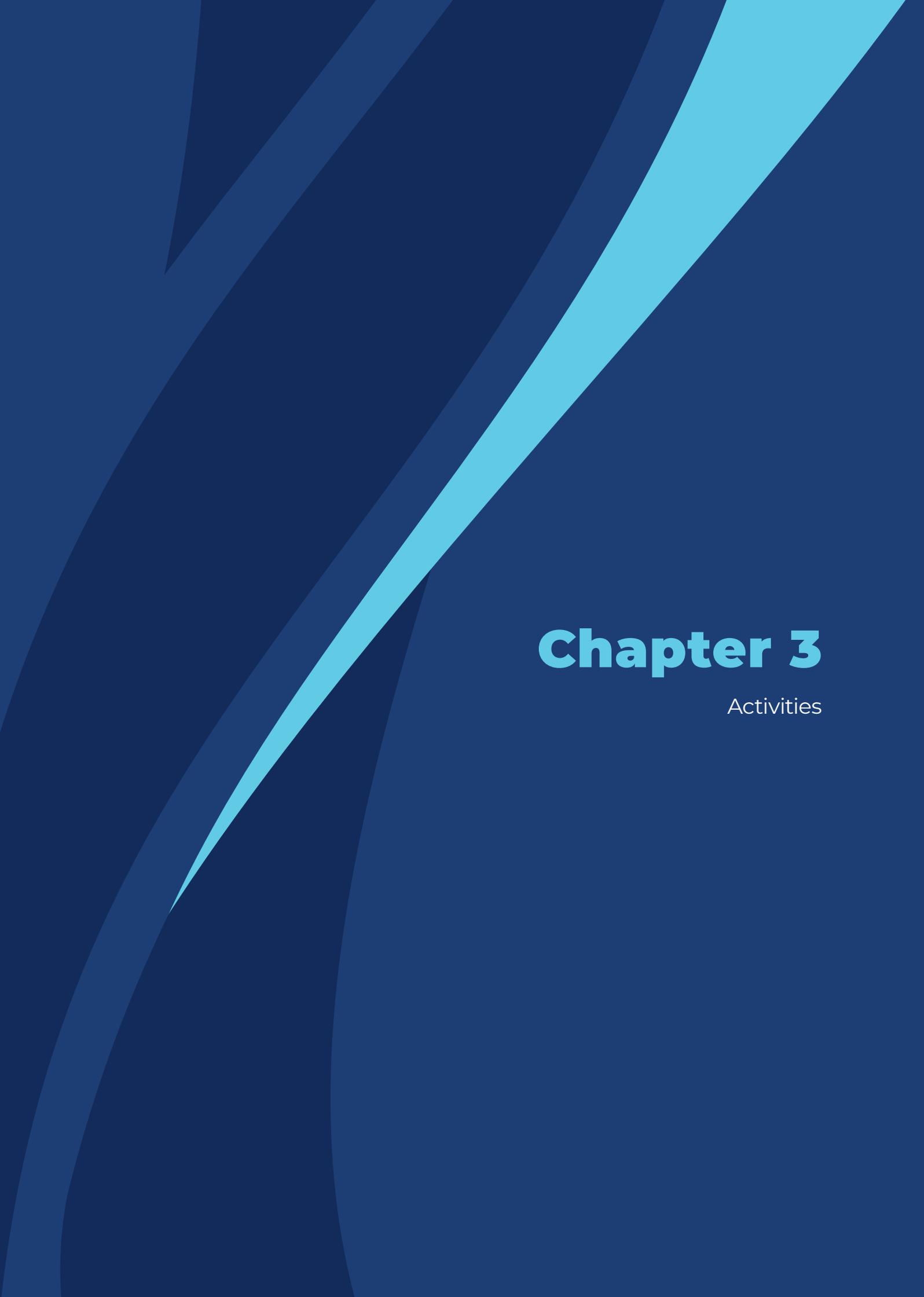
Concluding remarks

As is evident, 2019 was another busy year for the Authority. While its regulatory work makes up much of its visible output, the Authority also carries out a range of other activities, both mandatory and voluntary, which ask a huge amount of everyone working here. I remain deeply grateful to them for their contribution, and they represent everything that is good about public service. I would also like to thank the Chairperson and the Board for their support and guidance during the year. The Authority remains focused on addressing the multiple challenges in regulating the auditing and accounting profession in a volatile and uncertain environment and all of these parties contribute to its success in that endeavour.

Kevin Prendergast
Chief Executive

30 April 2020

Chapter 2: Chairperson's Statement & Chief Executive's Review



Chapter 3

Activities

Chapter 3: Activities

3.1. Introduction

3.1.1. Work Programme

IAASA is required under section 910 of the Act to prepare and submit a three year work programme to the Minister for Business, Enterprise & Innovation. The Authority's plan for the years 2017– 2019 is available on the IAASA website. The plan sets out IAASA's key strategies, activities and related outputs for the duration of the programme. It also analyses the staff, resources and expenditure in the context of the plan. During the year a new programme for the years 2020-2022 was approved by the Board.

3.1.2. Strategies

The Authority's strategies for 2017-2019 were as follows:

- to apply a risk-based approach to oversight and supervision;
- to promote ongoing improvements in practice;
- to use its supervisory tools and enforcement powers to best effect;
- to engage effectively with the Authority's stakeholders;
- to make the most of EU and domestic collaborations;
- to develop its employees; and
- to maximise the impact of finite resources.

3.1.3. Goals

These strategies were translated into activities and outputs, based on goals for each area of operation. These goals were as follows:

- to examine and promote improvements in the quality of financial reporting;
- to inspect and promote improvements in the quality of auditing of PIEs;
- 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;
- to adopt and issue auditing standards and related guidance;
- to respond to non-compliance within IAASA's remit, promptly and proportionately;
- to promote adherence to high professional standards by accountants, auditors and preparers of financial reports; and
- to provide specialist advice to the Minister for Business, Enterprise & Innovation and high quality information to IAASA's stakeholders on key auditing and accounting matters.

3.1.4. Business Plan

The Authority uses the work programme as a guide to prepare its annual business plan, setting out key objectives for the Authority. These key objectives, and how the Authority has set out to achieve them, are set out in the remainder of this chapter.

3.2. Auditing Framework

3.2.1. Purpose

IAASA is responsible for adopting the standards applicable to the conduct of statutory audits in Ireland, including standards on professional ethics and internal quality control of audit firms.

The auditing framework for Ireland is based on the FRC Auditing Framework for the UK, which in turn is based on the international standards issued by the IAASB. This policy is reviewed on an ongoing basis to ensure that it remains the most effective and efficient approach for the Irish audit market.

Through its observer status at the Audit & Assurance Council of the FRC and participation in the CEAOB's International Auditing Standards subgroup, IAASA continually monitors developments in auditing standards both at FRC and international level.

Revised standards, reflecting changes to the UK and international standards and adapted for Irish requirements, are issued to ensure that the auditing framework in Ireland continues to reflect international best practice. Where the changes are substantive, a public consultation on the draft standard is issued prior to amendment of the auditing framework.

In addition, IAASA issues guidance notes to support the work of statutory auditors in applying the standards to particular circumstances and industries.

A Technical Advisory Panel advises IAASA at various stages of the development process of the auditing framework in Ireland, including identification of areas where standards or guidance are needed and advice on draft standards and guidance notes in the context of Irish specific requirements. Working groups are also appointed, as required, to support projects on specific topics.

3.2.2. Significant developments

Revised standards

IAASA adopted two revised International Standards on Auditing (Ireland) during the year – ISA (Ireland) 540 *Auditing Accounting Estimates and Related Disclosures* and ISA (Ireland) 570 *Going Concern*. A number of ISAs (Ireland) were also updated to include conforming amendments required to reflect the revisions to ISA (Ireland) 540.

Chapter 3: Activities

Guidance notes

In 2019, IAASA issued two guidance notes on the audit of credit unions and the duty of auditors to report to the Director of Corporate Enforcement.

Engagement with peers, stakeholders and standard setters

IAASA continued to actively engage with peers, stakeholders and standard setters throughout the year including:

- public consultations on proposed revisions to the auditing framework for Ireland and draft guidance notes, and the publication of feedback statements in response to the comments received;
- attendance as observer at meetings of the FRC's Audit & Assurance Council;

- active participation in the CEAOB International Auditing Standards subgroup;
- periodic meetings of the Technical Advisory Panel and working groups;
- engagement with other regulatory bodies on proposed changes to the Irish auditing framework that reference matters within their remit; and
- contributing to the CEAOB's response to two IAASB consultations and the submission of IAASA comment letters to the IAASB.

Appendix 4 lists the publications issued by IAASA in 2019, including changes to the auditing framework in Ireland, consultation papers, feedback papers and comment letters.

3.2.3. Activities arising from Business Plan

Business Plan Objectives	Outcomes
Maintain and update the Auditing Framework for Ireland	<ul style="list-style-type: none"> • During the year, IAASA issued two revised International Standards on Auditing (Ireland) and updated certain other standards for related conforming amendments. • Monitored developments in international and UK auditing standards, including through attendance as an observer at meetings of the FRC's Audit & Assurance Council and participation in the CEAOB International Auditing Standards subgroup.
Engagement with peers	<ul style="list-style-type: none"> • Participation in the CEAOB International Auditing Standards subgroup, including periodic conference calls and the annual meetings with the international standard setting boards (PIOB, IAASB and IESBA).
Engagement with stakeholders and advocacy	<ul style="list-style-type: none"> • IAASA re-evaluated the operation and suitability of the risk scoring matrix and further developed the determination of risk factors used in that matrix to assign risk scores to issuers to aid in our allocating limited resources to those areas meriting greatest focus
Further develop standards and guidance methodology	<ul style="list-style-type: none"> • Four Technical Advisory Panel meetings took place during the year and two working groups provided support on the development of guidance notes. • Presentation at the annual CEAOB International Auditing Standards subgroup with the international standard setters. • Meeting with ICAI, including committee members and audit firms. • Issued three consultations relating to auditing standards and guidance notes during the year. Prior to issuing the consultations, IAASA engaged with the Technical Advisory Panel and, where relevant, IAASA working groups and regulatory bodies. • Contributed to the development of the CEAOB's responses to audit related consultations issued by the IAASB and submitted two individual responses to IAASB consultations.
Engage in advocacy activities with IAASA's wider stakeholders	<ul style="list-style-type: none"> • Two guidance notes for auditors were issued in 2019 - reporting to the Director of Corporate Enforcement and the audit of credit unions.

Chapter 3: Activities

3.3. Supervision of the Auditing and Accounting Profession

3.3.1. Purpose

IAASA's principal functions relating to the supervision of the accountancy profession, carried out by its Regulatory & Monitoring Supervision Unit, are to:

- oversee the RABs' performance of the functions assigned to them in respect of statutory auditors; and
- examine and promote improvements in the quality of the PABs' regulatory activities.

A PAB is an accountancy body that comes within IAASA's supervisory remit. At 31 December 2019, there were eight PABs:

ACCA	Association of Chartered Certified Accountants;
AIA	Association of International Accountants;
CIMA	Chartered Institute of Management Accountants;
CIPFA	Chartered Institute of Public Finance and Accountancy;
CPA	Institute of Certified Public Accountants in Ireland;
ICAEW	Institute of Chartered Accountants in England and Wales;
ICAI	Institute of Chartered Accountants in Ireland; and
ICAS	Institute of Chartered Accountants of Scotland

At 31 December 2019, five of the eight PABs were also recognised as RABs: ACCA, CPA, ICAEW, ICAI and ICAS.

A RAB is a body of accountants that may authorise its members/ member firms to practice as auditors in Ireland. In addition to the approval and registration of their members/ member firms as auditors, the Act assigns responsibility to the RABs for continuing education, quality assurance and the investigation and discipline of auditors, to the extent that such activities are not required to be carried out by IAASA in respect of the audit of PIEs.

Details of the bodies' membership, student numbers, public practice profiles and their regulatory activities during the year are set out in a separate publication *Profile of the Profession 2019*, which will be available on the IAASA website.

3.3.2. Significant developments

Brexit

During 2019, the Authority engaged with all stakeholders, including the Department, the relevant UK department, the RABs and its UK counterpart, the FRC on the impact of Brexit. There was on-going engagement with these stakeholders in relation to the advice communicated by the Department following engagement with the Attorney General, that UK based auditors regardless of their RAB's

location would cease to be Irish statutory auditors after the United Kingdom leaves the EU. The Authority has continued to engage with stakeholders to clarify how this withdrawal will operate in practice.

Throughout 2019, the Chief Executive also participated in Brexit coordination meetings held by the Department to which all relevant Agencies were invited.

IAASA also engaged with the RABs in relation to audit firm ownership criteria and the necessity for a majority of members on the management body of an audit firm to be eligible to be statutory auditors. This resulted in amendments to the RABs' regulations as well as consequential implications for a number of audit firms' ownership structures or registrations in Ireland.

Companies (Statutory Audits) Act 2018

The Companies (Statutory Audits) Act 2018 deemed the RABs to be recognised by the Authority for the purposes of the Act and continues the model of direct performance of the regulatory tasks by the RABs with oversight by the Authority. Those tasks are licensing and registration, quality assurance, continuing professional development ('CPD') and investigation and discipline of statutory auditors, except those in relation to PIE audits that are performed directly by IAASA.

During the year, IAASA staff liaised with the RABs to assess the impact of the Act's provisions on the overall regulatory framework for the oversight of auditors. In 2019, in line with requirements of the Act, the Authority engaged with the RABs in relation to the following:

- compliance with obligations set out in the Act;
- compliance with the General and Exemptions Guidelines, which both became effective from 1 April 2019; and
- obtained a compliance statement from the RABs for 2019, as required under the General Guidelines issued by IAASA.

Supervisory engagement

IAASA holds regular review meetings with all bodies where regulatory matters are discussed. These generally include PAB governance and oversight of regulatory areas; updates on regulatory matters; status updates on open recommendations arising from supervisory visits or thematic reviews, and proposed amendments to constitutional documents requiring IAASA approval. Action points arising from the engagement are issued and followed up on during the year.

A further method by which the Authority assesses the PABs' regulatory processes is by means of on-site supervisory visits and thematic desktop reviews (Appendix 3 refers).

IAASA concluded a desktop review focused on the eight PABs' CPD arrangements. Supervisory expectations for

Chapter 3: Activities

CPD arising from work undertaken were communicated to the PABs and specific findings for each body were communicated individually.

In addition to the CPD review, IAASA concluded one (2018: five) supervisory visit during the year focused on the investigation and disciplinary process of the RAB and resulted in recommendations relating to timeliness, management information systems and governance. Three further on-site reviews were on-going with RABs at 31 December 2019, one visit reviewed a RAB's investigation and disciplinary arrangements and two considered audit licensing.

Following supervisory visits, IAASA issues correspondence setting out findings identified during the review. Often these matters can be addressed by implementing recommendations issued by the Authority. At year end, IAASA continued to actively consider a number of matters and to monitor the relevant PABs' actions to implement recommendations contained in previous supervisory visit reports.

3.3.3. Activities arising from Business Plan

Business Plan Objectives	Outcomes
Supervision of the PABs' regulatory activities	<ul style="list-style-type: none"> One (2018: five) supervisory visit report was issued relating to investigation and disciplinary arrangements. One (2018: zero) thematic report was issued arising from the review of the system of continuing professional development in the prescribed accountancy bodies. One supervisory RAB review is on-going in relation to investigation and disciplinary arrangements and two supervisory RAB reviews are on-going in relation to audit licensing. The on-site work has been completed for all reviews in 2019. Reviewed PAB regulatory returns and relevant publications.
Oversight of the RABs' functions in respect of statutory auditors	<ul style="list-style-type: none"> Regular meetings were held with the RABs on regulatory matters, following which action points were issued and their progress monitored. IAASA had periodic engagement with the FRC in relation to the RABs within our common remit. Published the 2018 Annual Audit Programme and Activity Report in June 2019. Engaged with the RABs in respect of compliance with the 2014 Act and with guidelines issued by IAASA. Reviewed and sought updates on RAB annual regulatory plans.
Supervision of the Accounting Profession	<ul style="list-style-type: none"> A total of nine (2018: eight) review meetings with PAB representatives took place during the year. 41 (2018: 42) new or revised PAB constitutional documents were approved. At 31 December 2019, there were also 18 reviews of constitutional documents in progress. 30 (2018: 22) complaints relating to PABs and their members were dealt with and responses provided to 263 (2018: 184) queries from a range of stakeholders. Feedback provided on 10 PAB policies or guidance material.
Respond to Brexit impact	<ul style="list-style-type: none"> Contribution to the Authority's preparations for Brexit and its audit implications. Engagement with the Department, the FRC and the relevant UK Government Department in relation to Brexit implications for audit.
Engage effectively with stakeholders and continue to enhance the quality of relationships with them	<ul style="list-style-type: none"> Liaised with the FRC regarding the four RABs within common supervisory remit (ACCA, ICAEW, ICAI, ICAS). Based on information supplied by the PABs, IAASA published the Profile of the Profession 2018. IAASA also engaged with the Department on a regular basis on matters of mutual interest.

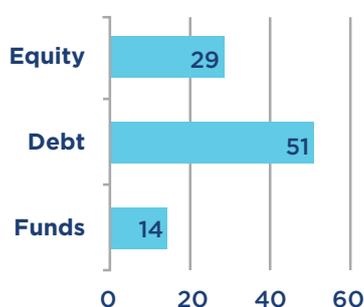
Chapter 3: Activities

3.4. Supervision of Financial Reporting Quality

3.4.1. Purpose

IAASA's Financial Reporting Quality function, operating through its Financial Reporting Supervision Unit, examines the periodic financial statements of certain equity issuers, debt issuers and closed-end fund issuers to ensure that they are compliant with the relevant financial reporting framework.

At 31 December 2019, the known financial reporting examination constituency comprised 94 (2018: 102) issuers made up of 29 equity issuers, 14 closed-ended fund issuers and 51 debt issuers as illustrated in the chart below:



Depending upon risk factors identified and other relevant considerations, the scope of examinations undertaken by IAASA may be:

- **Unlimited scope examination of financial information** – the evaluation of the entire content of the financial information in order to identify issues/ areas that need further analysis and to assess whether the financial information is compliant with the relevant financial reporting framework;
- **Focused examination of financial information** – the evaluation of pre-defined issues in the financial information and the assessment of whether the financial information is compliant with the relevant financial reporting framework in respect of those issues;
- **Follow-up examination of actions** – ensuring that appropriate improvements are made to financial reports where the issuer has previously given an undertaking to IAASA to amend future reports;
- **Thematic examination of financial information** – the evaluation of financial reporting practices adopted by a range of issuers in respect of one or more financial reporting matters. These examinations are desk-based and limited to examining publicly published information without issuer engagement; and
- **Topical surveys** – these surveys, mandated by ESMA, comprise the examination of the financial reporting treatments applied by selected issuers based on parameters set by ESMA. These surveys are also desk-based and limited to examining publicly published

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 unlimited scope examination or focused examination as appropriate.

3.4.2. Significant developments

During 2019 IAASA completed 40 (2018: 39) examinations with a further nine (2018: six) examinations in progress at 31 December 2019. IAASA submitted eight issues to the EECS decisions database. A full list of issuers examined during the year is set out in Appendix 2.

The results of matters raised with issuers during 2019 reflect the fact that IFRS 9 and IFRS 15 are new standards impacting many issuers for the first time and there are new judgements being applied by many issuers (about measurement, recognition or new disclosures). The new standards are European common enforcement priorities and therefore, enforcers are required to include these topics in examinations where relevant. The high level of IAS 1 related matters raised indicates continuing concern regarding a range of matters including: (a) entities' presentation of items in their financial statements; (b) boilerplate disclosures in some note disclosures; and (c) disclosures surrounding initial application of new accounting standards. The level of IFRS 13 related matters is reflective of the judgments exercised by management in measuring fair values. This pattern is consistent with activities at European accounting enforcer level.

Significant themes for equity issuers

Significant topics arising in the 2019 examination programme were:

- (a) IFRS 9 related matters, particularly in relation to the disclosures required under IFRS 7, including the disclosures regarding the judgements and estimation assumptions applied by management and those charged with governance regarding significant increase in credit risk, forward looking information, management adjustments to modelled expected credit losses and sensitivity analysis;
- (b) IFRS 15 disclosures, particularly those relating to the disaggregation of revenue and the interaction with IFRS 8; and
- (c) IAS 1 matters regarding the requirement to separately disclose significant accounting judgements and sources of estimation uncertainty.

IAASA corresponded with several issuers concerning these topics during the year.

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Significant themes for debt issuers and closed-ended fund issuers

- (a) IFRS 13 related matters, particularly in relation to the disclosures of unobservable inputs in level 3 measured assets and liabilities;
- (b) IFRS 7 disclosures, particularly in relation to disclosures on the liquidity maturity analysis; and
- (c) IAS 24 related matters, particularly in relation to disclosing all related party transactions.

How the Authority's financial reporting enforcement activity compares internationally

Issuers falling within IAASA's financial reporting review remit amount to less than 2% of the total EU IFRS issuer population subject to enforcement. However, IAASA has contributed approximately 13% of the decisions submitted to the EECS database in 2019. In absolute terms, Ireland ranks number two in terms of decisions submitted in the year.

Thematic review and information notes

IAASA undertook one thematic review and published four information notes during 2019 as follows:

Table 3.1 Summary of thematic reviews and information notes

Description	Purpose
Thematic Review: Review on the IFRS 16 Leases disclosures within the 2019 half-yearly financial reports	To analyse the nature, extent and impact of the information disclosed in relation to the transition to IFRS 16 in the half-yearly reports and to compare the actual transitional impact with the estimated impact disclosed in the prior year annual report.
Information Note: Liquidity analysis in annual and half-yearly financial reports	To remind management and those charged with governance of the requirement to disclose high quality liquidity risk analysis in annual and half-yearly reports.
Information Note: Some key areas of focus for 2019 for half-yearly reports	To note the key areas where IAASA has noted instances of apparent non-compliance with financial reporting standards in the past.
Information Note: Requirement to disclose disaggregated revenue	To remind management and those charged with governance that the disaggregation of revenue requirements in IFRS 15.115 may require further disaggregation information than the requirements in IFRS 8.
Information Note: Requirement to disclose dividend proposed	To remind management and those charged with governance of the requirement to disclose the amount of dividend proposed or declared before the annual reports are approved but which have not been recognised as a distribution in those annual reports.

Training

IFRS 16 and IFRIC 23 are applicable to issuers' 2019 reports and, therefore, will be subject to enforcement in 2020. To meet these challenges, IAASA has taken a number of steps to prepare for their adoption, including:

- (a) continuing professional development of staff;
- (b) participation at ESMA and IASB training workshops;
- (c) participating in EECS discussions of relevant emerging issues related to the new financial reporting standards; and
- (d) tailored in-house IFRS training.

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3.4.3. Activities arising from Business Plan

Business Plan Objectives	Outcomes
Conduct annual programme of examinations of financial reports of entities within remit	<ul style="list-style-type: none"> IAASA completed 40 (2018: 39) examinations of annual and half-yearly financial reports in 2019. It also undertook one thematic review and published four information notes. IAASA completed seven ESMA topical surveys. 21 (2018: 18) issuers provided 89 (2018: 134) undertakings in respect of future financial reports.
Develop best practice methodologies for review process	<ul style="list-style-type: none"> IAASA re-evaluated the operation and suitability of the risk scoring matrix and further developed the determination of risk factors used in that matrix to assign risk scores to issuers to aid in allocating limited resources to those areas meriting greatest focus.
Engage effectively with our regulatory stakeholders, including other regulators, Government, and at EU and international fora	<ul style="list-style-type: none"> IAASA submitted seven emerging issues and eight decisions to the EECS decisions database. All fifteen papers were presented and discussed at EECS preliminary meetings. IAASA representatives participated in the following EECS working groups: <ul style="list-style-type: none"> CRSC Narrative Reporting Working Group Financial Institutions Task Force IAS 12 Deferred Tax Asset Subgroup, which completed its work in mid-2019; and Task Force on ESMA's Guidelines on Enforcement of Financial Information IAASA attends the quarterly meetings of ESMA's CRSC to which EECS reports. IAASA, together with a DBEI representative, attends the EU Accounting Regulatory Committee meetings. IAASA is an active participant in the EECS Agenda Group. IAASA acts as an observer at the Corporate Reporting Council of the FRC.
Engage in advocacy activities with our wider stakeholders	<ul style="list-style-type: none"> IAASA published four (2018: 14) financial reporting decisions on its website. IAASA published eight (2018: 9) reports and other publications including publication of the results of one thematic survey and four information notes on financial reporting matters. Authority staff engaged with representatives of the profession on financial reporting issues during the year.

3.5. Supervision of Audit Quality for PIE Audits

3.5.1. Purpose

IAASA's Audit Quality Unit is responsible for the quality assurance of PIE auditors. At 31 December 2019, there were nine (2018: nine) PIE audit firms, auditing approximately 724 (2018: 750) PIEs. IAASA is directly responsible for the quality assurance review of eight of these audit firms. One audit firm, auditing one PIE, is based in the UK and is therefore reviewed by the FRC in 2019.

A PIE for the purposes of quality assurance is defined by Part 27 of the Act and includes entities listed on any EU regulated market, credit institutions and insurance undertakings.

IAASA currently carries out quality assurance reviews on the eight PIE firms on an annual basis. A quality assurance review includes an assessment of the internal quality control system of the audit firm and testing the effectiveness of that internal quality control system, through compliance testing and inspection of individual audits of PIEs.

IAASA has implemented the Common Audit Inspection Methodology ('CAIM') for assessing the internal quality

control systems of PIE audit firms. The CEAOB is responsible for the maintenance and development of CAIM. IAASA has also developed a suite of working papers for the inspection of individual audits of PIEs.

3.5.2. Significant developments

Inspections

As noted above, there were eight PIE audit firms in Ireland in 2019 (2018: nine). These include what are commonly known as the Big 4 audit firms: Deloitte, EY, KPMG and PwC. The Big 4 firms audit approximately 80% (2018: 84%) of the PIEs in Ireland, earning approximately 94% (2018: 95%) of the PIE audit fees.

Between 2016 and 2018, the Authority completed the first round of reviews and issued recommendations to all firms. During 2019, the Authority continued to ensure that those recommendations were appropriately implemented within 12 months of the date of recommendation. All firms have engaged early in this process and no issues have been noted with implementation to date. Some firms were still within the 12 month implementation period from this initial round at the end of 2019.

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One investigation was commenced into an audit referred to the Enforcement function during 2019. IAASA highlights that it does not re-perform audit procedures or seek to determine whether there are issues with the financial statements.

As such, there should be no inference that the financial statements of entities whose audits have been referred for investigation are misstated. For these audits, the inspection team issues recommendations in the usual manner, which are required to be implemented within twelve months.

The inspection team will perform follow-up visits to review implementation. Finally, audit firms with matters referred for investigation are given a higher risk weighting and visit schedules and sample sizes will be impacted accordingly.

International cooperation

IAASA believes that cooperating with international audit regulators is fundamental to its success. As the entities and firms within IAASA's remit often operate within global structures, it is vital that regulators cooperate effectively to share knowledge, experience and be consistent if possible. Such activities contribute to regulators achieving their aim of effectively and efficiently contributing to continuing improvements in audit quality.

IAASA actively participates in both CEAOB and IFIAR. IAASA has representatives on all CEAOB subgroups as well as a number of task forces and colleges. IAASA holds the chair of the subgroup on market monitoring.

3.5.2. Activities arising from Business Plan

Business Plan Objectives	Outcomes
Carry out inspection regime	<ul style="list-style-type: none"> Fieldwork on the second round of inspections was completed in 2019. In addition, joint inspections were carried out with the PCAOB. The proposed system for grading and publication of the results of audit inspections for round two of the inspections was finalised in 2019.
Develop and refine inspection methodology	<ul style="list-style-type: none"> IAASA has implemented the CAIM for assessing the internal quality control systems of PIE audit firms. In addition, IAASA has developed and continues to refine a suite of working papers for the assessment of individual audits, taking into account the specificities of particular auditing standards as well as any relevant matters relating to the entity type or industry.
Engage effectively with our peers and stakeholders	<ul style="list-style-type: none"> IAASA chairs the CEAOB Market Monitoring Subgroup. During 2019, it developed market indicators for use in its next report in 2020. It also developed a survey on the activities of audit committees. IAASA actively participated in the CEAOB Equivalence & Adequacy and Inspections Subgroups during 2019 and is a member of the CEAOB organising committee. Presentations were made to a number of stakeholders including audit firms, industry forums and PIE audit committee chairpersons. IAASA issued a number of consultations during the year and continues to engage informally with stakeholders on matters as requested.

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3.6. Enforcement Function

3.6.1. Purpose

The Authority's Enforcement function undertakes enquiries and investigations under its powers set out in section 933 and section 934 of the Companies Act, respectively. Section 933 relates to the Authority's power to intervene in the disciplinary process of PABs, and section 934 relates to the Authority's powers to directly investigate the conduct of members/ member firms of those PABs.

Section 905(2)(d) of the Act provides that IAASA may conduct, under section 933, enquiries into whether a PAB has complied with its approved investigation and disciplinary procedures and, where appropriate, impose sanctions. Section 905(2)(ea) of the Act provides that IAASA may conduct, under section 933, enquiries into whether a RAB has complied with its statutory obligations under Part 27 of the Act. IAASA may also impose sanctions in relation to these enquiries. Table 3.2 provides a summary of the Section 933 enquiry activity during the year.

Section 905(2)(f) of the Act provides that IAASA may undertake, under section 934, investigations into possible breaches of the standards of a PAB by a member of that body. Section 905(2)(fa) of the Act provides that IAASA may undertake, under section 934, investigations into possible contraventions of section 336, section 337, part 27 of the Companies Act or the EU Audit Regulation by a statutory auditor relating to public interest entities. IAASA may also impose sanctions in relation to these investigations. Table 3.3 provides a summary of the section 934 investigation activity during the year.

3.6.2. Significant developments

During the year, IAASA issued public consultations on revised procedures for the operation of its enquiry and investigation processes. Following those consultations, revised statutory instruments were drafted. Section 933 Regulations were brought into effect by statutory instrument in November 2019 (S.I. 567 of 2019). Section 934 Regulations were at near final draft at year end. An important component of the revised processes is the potential for settlement and to that end, settlement procedures were published in respect of section 933 enquiries and section 934 investigations.

In September 2019, following High Court approval, IAASA published the December 2018 Decision of its Enquiry Committee 1/2018. The Enquiry was commenced on foot of a complaint made by the Health Service Executive regarding the audit of Positive Action Ltd, carried out by Cronin & Company, a member firm of CPA Ireland. The Authority annulled the decision of CPA Ireland's Investigation Committee and directed the Institute to undertake a fresh investigation. The Full Enquiry Committee Decision is available on IAASA's website.

Further details of the outcome of completed statutory enquiries and investigations are available on the IAASA website.

Table 3.2: Summary of Section 933 enquiry activity

	Preliminary Enquiry Stage	Full Enquiry Stage	Total
Enquiries ongoing at 1 January 2019	-	-	-
New enquiries initiated during the year	-	-	-
Enquiries completed during the year	-	-	-
Section 933 enquiries ongoing at 31 December 2019	-	-	-

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Table 3.3: Summary of Section 934 investigation activity

	Preliminary Investigation Stage	Full Investigation Stage	Total
Investigations ongoing at 1 January 2019	1	-	1
New investigations initiated during the year	1	1	2
Investigations completed during the year	(1)	-	(1)
Section 934 investigations ongoing at 31 December 2019	1	1	2

3.6.3. Activities arising from Business Plan

Business Plan Objectives	Outcomes
Establish a system for the conduct of investigations into suspected irregularities	<ul style="list-style-type: none"> Final revised section 933 regulations were brought into effect by statutory instrument (S.I. 567 of 2019) in November 2019. This followed a consultation process on draft regulations, following which a feedback paper was issued. Draft section 934 regulations were issued for consultation, setting out revised procedures for the conduct of investigations. The related statutory instrument was in draft form at year end. Settlement procedures in respect of section 933 enquiries and section 934 investigations were published and are available on the IAASA website. Other internal procedures for the processing of enquiry and investigation matters were developed during the year.
Engage effectively with our peers	<ul style="list-style-type: none"> IAASA representatives attended CEAOB and IFIAR Enforcement Subgroups. IAASA representatives attended the relevant CLRG Subgroup on Enforcement.

3.7 Other Functions

3.7.1. Liquidators

During 2019 the Authority concluded its process for the registration of certain liquidators under section 633 of the Act ('Category 5 liquidators'). 22 applications were authorised and are listed on a register on the IAASA website. Three applicants appealed the Authority's refusal to authorise them. These cases were considered by a sub-committee of the Board. In this instance, all appeals were refused.

3.7.2. Other activities

Training and Development

In 2019 the Authority continued to provide staff with educational opportunities through a range of supports. As well as CPD and other relevant training for all staff, the Authority also funds staff engaging in longer term courses which develop and enhance their skills. There is a particular challenge in accessing training relevant to the Authority's regulatory activities. Accordingly, the Authority carries out much of its learning through in-house sessions. These are now augmented through a learning team made up of staff from across the Authority. Staff are also actively encouraged to participate in international groups and committees as part of their professional development.

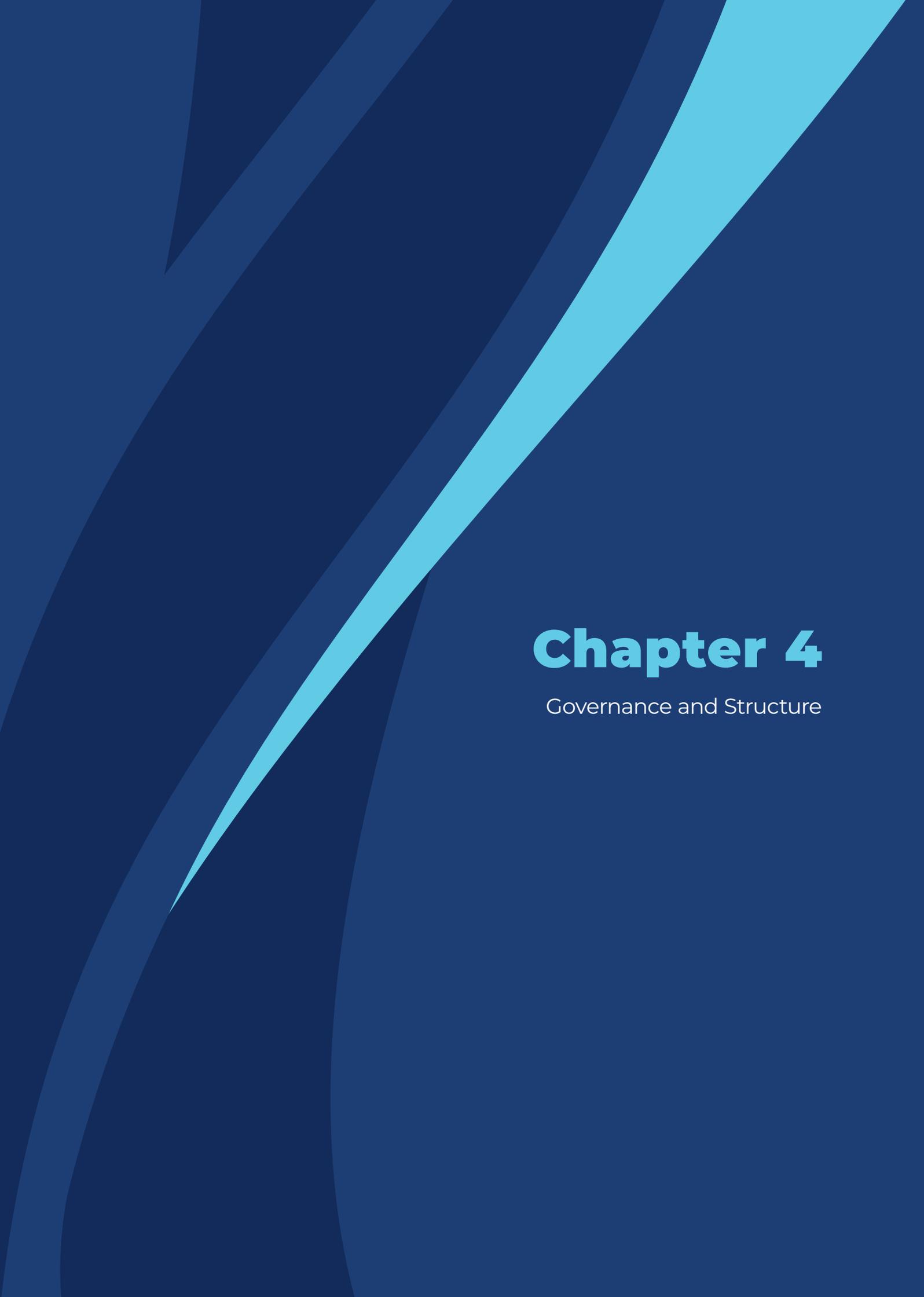
Finance and Administration

The Authority continued the development of its Finance and Administration Team in 2019. In addition to the expansions in 2018, the team recruited a Legal Services Manager to provide in-house advice and assistance to all Authority staff, and to act as Data Protection Officer.

Chapter 3: Activities

3.7.3. Activities arising from Business Plan

Business Plan Objectives	Outcomes
Authorise 'Category 5' liquidators	<ul style="list-style-type: none">· One further applicant was authorised.· Three appeals were processed by an appeals committee.· A report was submitted to the Department summarising the outcome of the Category 5 approval process.
Implement a learning and development strategy for staff	<p>The Authority continued to provide staff support for training and development. Supports ranged from CPD through longer term education as well as in-house training. As part of education support, 81 [2018: 84] training days were taken by staff relating to some 45 [2018: 47] training and development courses. These were in addition to staff training undertaken online or on personal time.</p>

The background is a solid dark blue color. It features several large, overlapping, curved shapes in various shades of blue, ranging from a very dark navy to a bright cyan. These shapes create a sense of movement and depth, with some appearing as if they are layered on top of others. The overall effect is modern and professional.

Chapter 4

Governance and Structure

Chapter 4: Governance and Structure

4.1. Legal structure

IAASA is a company limited by guarantee with the following 12 members at 31 December 2019:

- Association of Chartered Certified Accountants*
- Association of International Accountants*
- Chartered Institute of Management Accountants*
- Chartered Institute of Public Finance and Accountancy*
- Central Bank of Ireland
- Director of Corporate Enforcement
- Institute of Certified Public Accountants in Ireland*
- Institute of Chartered Accountants in England and Wales*
- Institute of Chartered Accountants in Ireland*
- Institute of Chartered Accountants of Scotland*
- Irish Stock Exchange
- Revenue Commissioners

* Denotes a PAB

4.2. Organisational structure

4.2.1. Overview

By year end, IAASA had 29 (2018: 29) staff, structured into four units as follows:

- Statutory Reporting Quality, which was concerned principally with:
 - quality assurance of audits of PIEs; and
 - examination of certain entities' financial reports for compliance with the relevant financial reporting framework;
 - Regulatory & Monitoring Supervision, which was concerned principally with:
 - supervision of the PABs' regulation of their members; and
 - the adoption of auditing standards in Ireland.
- Enforcement, which coordinates the Authority's statutory investigations and enquiries; and
- Finance & Administration, which provides corporate services support to IAASA, together with providing a Secretariat to the Board and to certain of its committees.

4.2.2. Approved staff complement

The numbers, grades, and terms and conditions of IAASA's staff are determined by IAASA with the approval of the Minister for Business Enterprise & Innovation ('the Minister'), given with the consent of the Minister for Public Expenditure & Reform. Accordingly, any amendments to IAASA's approved staff complement require both Ministers' prior approval. IAASA's approved staff complement at year end, and its actual staff complement, are set out in Table 4.1.

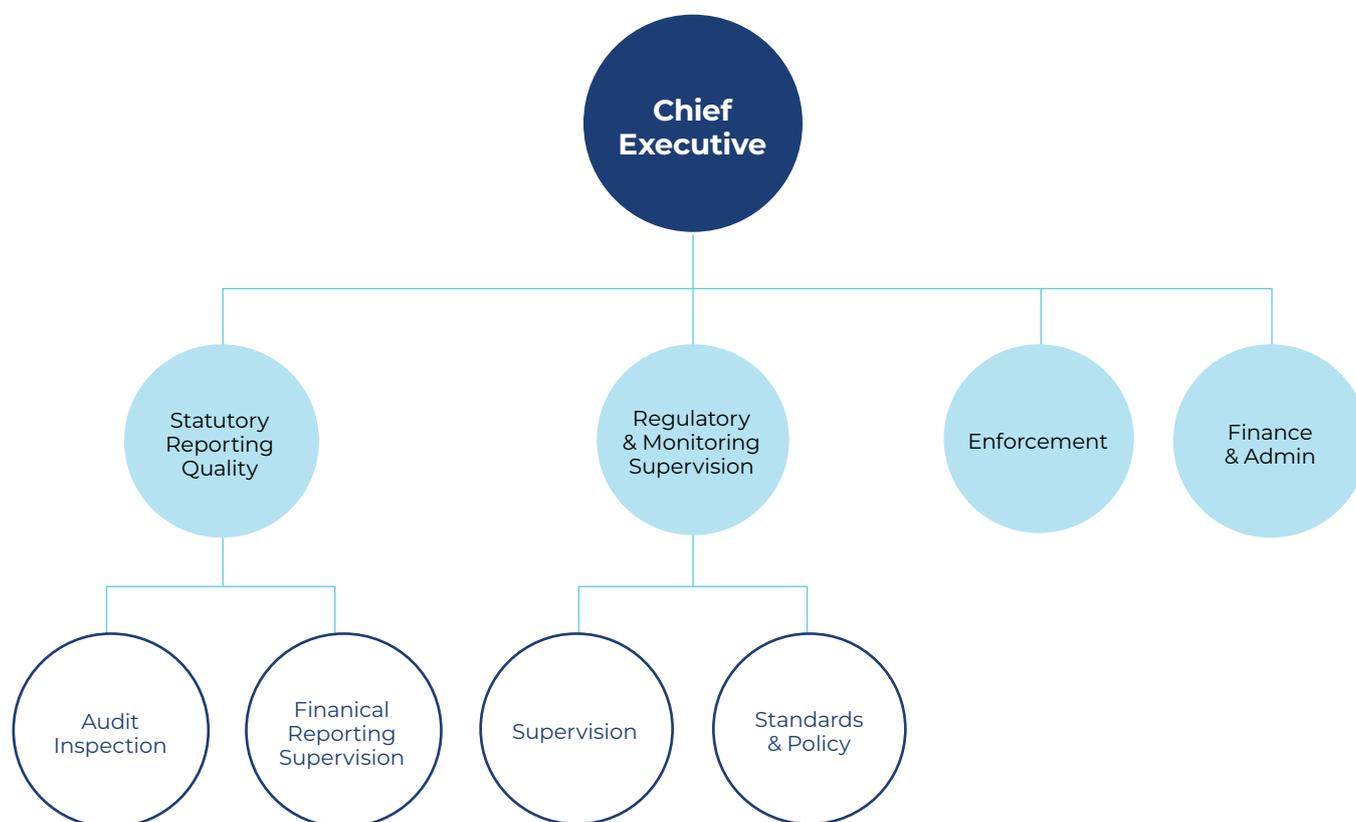
Table 4.1: Approved and actual staff complements at year end

Grade	Approved	Actual
Chief Executive	1	1
Heads of Function	5	3
Senior Managers	8	6
Inspectors and Project Managers	13	10
Executive and Administrative	16	9
Total	43	29

Chapter 4: Governance and Structure

4.2.3 Organisational chart

IAASA's organisational structure at 31 December 2019 was as set out in the organisation chart below.



4.3. Financial Overview

IAASA is a not for profit entity, funded through a combination of Exchequer grant, statutory levy on the PABs, statutory levy on the PIE audit firms, and to a lesser extent, by fees charged for registration services. All funding sources are governed by the provisions of the Act. As a company limited by guarantee, IAASA produces financial statements in accordance with the Companies Act, which are in turn audited by the Comptroller and Auditor General ('C&AG') and lodged with the CRO.

Total expenditure in 2019 amounted to €4.2m (2018: €3.8m) from a budget of €6.1m (2018: €5.9m). The principal variations from budget comprised:

- significant underspend in payroll costs due to ongoing difficulties in attracting suitably qualified staff; and
- consequential underspend in related costs such as office expenditure and travel & subsistence, and consultancy support costs.

4.4. Governance

4.4.1. Board of directors

Pursuant to the Act, IAASA is governed by a Board of nine directors, eight of whom are non-executive and appointed by the Minister having been nominated by those entities set out in Table 4.2. The remaining director is the Chief Executive, who is appointed by the Board. The Act specifies that the Authority operates independently of Government and the Minister is statutorily precluded from giving directions to the Authority in the discharge of its functions.

The non-executive directors are nominated by the nominating bodies prescribed under the Act. Whilst this fact could be perceived as affecting their independence of judgement, they are independent as they neither represent the interests of their nominating bodies nor consult with their nominating bodies or their members on matters related to IAASA.

Chapter 4: Governance and Structure

Table 4.2: Board of directors – nominating bodies

Nominating body	Nominees
Minister	2
PABs (jointly by agreement)	2
Central Bank of Ireland	1
Director of Corporate Enforcement	1
Irish Stock Exchange	1
Revenue Commissioners	1
Total	8

As required by the Act, a maximum of three of these eight directors may be members of a PAB.

4.4.2. Directors' biographies

Set out below are biographies of those persons who were members of the Board at the date of issue of this Report. The Board composition at year end and changes in directors since the last Annual Report are tabulated in Appendix 1.

Martin Sisk, Chairperson, has over 35 years regulatory and business related experience. A qualified solicitor, he started his career in the Revenue Commissioners, served as Registrar of Friendly Societies 1985–2003, Deputy Registrar of Credit Unions 2003–2006, Deputy Head of Consumer Protection Codes 2007–2008 and as Head of the Anti-Money Laundering, Terrorist Finance and Financial Sanctions Unit of the Central Bank 2008–2010. He retired from the Central Bank in July 2010. Martin was elected to the Board of Malahide and District Credit Union in December 2010 and continues to be a Director. He was elected to the Board of the Irish League of Credit Unions in February 2011 and was subsequently elected as Vice President 2011–2013 and President 2013–2015. He continues to be a Director. Martin was appointed a Director of VHI Healthcare in March 2012 for a three year term (2012–2015) and was subsequently appointed as Chairman in September 2012 for the remainder of his term. Martin was appointed to the Board of the Health Information and Quality Authority in July 2015.

Kevin Prendergast, Chief Executive, joined IAASA in November 2016 from his role as Head of Enforcement with the Office of the Director of Corporate Enforcement, having been employed there since 2005. Prior to that he worked in the Large Cases Division of the Revenue Commissioners and also has several years' experience in the private sector including a number of years working in an audit firm. Kevin is a Fellow of Chartered Accountants Ireland. As well as a holding a Bachelor's Degree and a Masters in Accounting from University College Dublin, he also holds an MSc in Executive Leadership from the University of Ulster.

Mary Burke is Head of the Governance and Operational Resilience Division of the Central Bank of Ireland. The Division is responsible for the provision of specialist expertise

in areas of non-financial risk (including claims underwriting, governance, culture, operation, cyber and information technology) for inspections and ongoing supervision in order to support and challenge the regulation/supervision of financial services firms. She has worked with the Central Bank since 1984 moving into financial services supervision in 1997. Previous roles within the Central Bank have included Head of Financial Risks and Governance Policy and Head of Banking Supervision. Mary is a Fellow of the ACCA.

David Devlin was a partner in PwC in Dublin until 30 September 2012. He continued with the PwC global network for a further year, latterly as Leader, Public Policy and Regulatory Affairs for PwC's network firms in Europe. David was a member of the European Commission's European Corporate Governance Forum from 2005 to 2011. He is a past President of FEE (now Accountancy Europe), having served two terms from 2002 to 2006. He was for two terms a member of International Federation of Accountants' ('IFAC') International Ethics Standards Board for Accountants, which was responsible for the profession's global Ethics Code. Previously he has been a member of the Supervisory Board of the European Financial Reporting Advisory Group, established to advise the European Commission, and of the Urgent Issues Task Force of the United Kingdom Accounting Standards Board (now Corporate Reporting Council of the FRC). David is a Chartered Accountant who has been honoured with a Lifetime Achievement Award by the ICAI, and with honorary life membership by both the ACCA in the UK and the CPA. He is a director of Our Lady's Children's Hospital Crumlin; a member of the Board of Management of CBC Monkstown; and a Board member of the European Corporate Governance Institute in Brussels.

Etain Doyle is an accountant and accredited executive coach with a varied portfolio including running a peer learning circle and coaching SME CEOs. She is a member of the IoD with extensive governance experience. Apart from Board membership of IAASA, she chairs the Technology Committee of ACCA Ireland which seeks to encourage members and provide opportunities for them to keep up to date on technology. She was ACCA Accountant of the Year in 2018 for this work. She is also Chairperson of the Audit Committee of the NCCA.

David Hegarty is a barrister working as a Principal Officer in the Office of the Director of Corporate Enforcement. He qualified as a solicitor in 2002 and transferred to the Bar in 2006, practising primarily in the area of criminal defence and advocacy. He is registered on the LSRA Roll of Practising Barristers in the full-time service of the State. Prior to joining the ODCE he was Advisory Counsel in the Office of the Parliamentary Legal Adviser advising the Houses of the Oireachtas Commission and Service and parliamentary committees on constitutional, parliamentary and administrative law matters. He has also worked as a legal officer in the European Union Rule of Law Mission in Kosovo (EULEX) and at the Special Tribunal for Lebanon in The Hague, working in Judges' Chambers with international

Chapter 4: Governance and Structure

judges trying economic crime, corruption, abuse of public office, war crimes and conspiracy to commit terrorism cases.

Nicole Lappin qualified as a barrister from King's Inns. Along with colleagues on the board of the Education Authority in Northern Ireland she oversaw the transition of five Education and Library Boards into a single organisation without loss of or reduction to services. In 2017 Nicole was appointed as an independent non-executive board member of the Northern Ireland Courts and Tribunals Service and currently chairs its audit and risk committee. Since July 2018 she has served as the chair of the Northern Ireland Ambulance Service Health and Social Care Trust. Through her role as Trust chair Nicole is also a non-executive member of the Paediatric Clinical Workstream for the Department of Health (NI); a Council member of the Association of Ambulance Chief Executives, (UK and Ireland); and a committee member of the Public Sector Chairs Forum (NI). In August 2019, Nicole was appointed as the Chief Commissioner of the Charity Commission in Northern Ireland.

Aisling McArdle is Head of Regulation at Euronext Dublin and is a member of the Euronext global regulation team. She joined the Irish Stock Exchange in 2002 and has held a variety of regulatory roles within the company over the past 17 years. She became Head of Regulation, Dublin in September 2018, and is responsible for regulation and operations relating to the listing of financial instruments on Euronext Dublin's markets, across a variety of asset classes and a number of jurisdictions. Aisling is responsible for the regulatory engagement with issuers and market participants as well as domestic and EU regulatory authorities. She participates on the European Corporate Governance Network and is a former member of the Company Law Review Group and the International Markets Surveillance Group. She is a Licentiate of the Association of Compliance Officers in Ireland.

Kathleen Redmond is a Principal Officer with the Office of the Revenue Commissioners. She is currently responsible for compliance policy. Prior to this she served as the Customer Engagement Strategy Manager (2015 – 2018), PAYE Manager (2012 – 2014) and District Manager for the Revenue Fingal Tax District (2010 – 2012). As well as holding a Bachelor of Arts Degree in Applied Taxation, she also completed an Executive Leadership Programme with Harvard University.

4.4.3. Board procedures

The Board holds regular meetings and its procedures further provide for the convening of unscheduled meetings should the need arise. Board members receive regular and timely information in a form and of a quality appropriate to enable them to discharge their duties.

The Board has put in place a formal Schedule of Matters reserved specifically to it for decision, which covers the key areas of governance, finance, risk and oversight. Certain matters are delegated to Board Committees, as outlined in section 4.5, and the Board has also put in place a system of

formal delegations of authority to the Chief Executive.

Service on a statutory Board such as IAASA requires integrity, independence, objectivity and good faith on the part of Board members. Whilst it is recognised that members of the Board have responsibilities to their nominating organisations, their overriding responsibility as directors of IAASA is to act in accordance with the relevant legislation and to act in, and protect and promote, the best interests of IAASA. In this regard, all Board members bring independent judgement to bear on issues dealt with by the Board. The Board has a formal policy in place for dealing with conflicts of interest that may arise, including disclosure obligations and requirements that directors absent themselves from any discussions or decisions in respect of any such conflicts.

4.5. Governance Statement

IAASA was established under the Companies (Auditing & Accounting) Act 2003, and operates as a company limited by guarantee under the provisions of the Companies Act 2014. The functions of the Board are set out in section 905 of the Act. The Board is statutorily independent in the performance of its functions and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of IAASA are the responsibility of the Chief Executive with the support and assistance of the leadership team. The Chief Executive and the leadership team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. While members of the leadership team routinely attend Board meetings, the Chief Executive, who is a director, acts as a direct liaison between the Board and executive of IAASA.

4.5.1. Board responsibilities

The work and responsibilities of the Board are set out in the Schedule of Matters Reserved to the Board, the Code of Conduct for Board Members, and in related Board policies. Standing items considered by the Board include:

- declaration of conflicts of interests;
- the report of the Chief Executive, which includes details of the work of the various operational units together with ongoing financial information and management accounts;
- matters for discussion;
- risk management;
- reports from committees; and
- the report of the Secretary.

Section 927 of the Act requires IAASA to keep, in such form as may be approved by the Minister (with consent of the Minister for Public Expenditure & Reform), all proper and

Chapter 4: Governance and Structure

usual accounts of money received and expended by it.

In preparing these financial statements, the Board of IAASA is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with section 927 of the Act, and as a company limited by guarantee, section 281 of the Act. The maintenance and integrity of the corporate and financial information on IAASA's website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. The Board approved the annual budget for 2019 at its meeting on 17 September 2018. Financial information including management accounts detailing actual and budgeted expenditure were considered by the Board at each scheduled meeting in 2019. Ongoing evaluation of operational issues also occurred at each meeting. The Authority's three year work programme 2017–2019 was approved by the Board on 20 December 2016.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of IAASA give a true and fair view of the financial performance and the financial position of IAASA at 31 December 2019.

4.5.2. Board composition

As detailed above, IAASA is governed by a Board of nine directors. The Act specifies that the Authority operates independently of Government and the Minister is statutorily precluded from giving directions to the Authority in the discharge of its functions. The Act provides that members may be appointed for a period of three to five years. Generally members are appointed for three year periods, and the Chairperson for five years. The composition of the Board at 31 December 2019, and movements since that date, are set out in Appendix 1.

The Board commenced a process of external evaluation of its own performance in early January 2020, which concluded at its meeting of 10 March 2020.

Chapter 4: Governance and Structure

4.5.3. Board Committees

The Board has established a number of Committees to assist it in discharging its functions and responsibilities. All Committees have written terms of reference and report regularly to the Board. Details of Committees' mandates and memberships are set out in Table 4.3.

Table 4.3: Board Committees – mandates and membership

Committee	Mandate	Membership at 31 December 2019
Section 933 committees	In accordance with the section 933 Regulations which were in effect until November 2019, from time to time IAASA established Preliminary Enquiry Committees ('PECs') and Enquiry Committees for the purpose of determining whether a PAB has complied with its approved investigation and disciplinary procedures or whether a RAB had complied with its obligations under Part 27 of the Act. From November 2019, revised Regulations provide only for the establishment of Enquiry Committees so no further PECs will arise.	There were no PECs or Enquiry Committees in existence at year end.
Section 934 committees	In accordance with the section 934 Regulations which were in effect in 2019, from time to time IAASA established Preliminary Investigation Committees ('PICs') and Investigation Committees ('ICs') for the purpose of determining whether there was a possible breach of standards by a PAB member, or into possible contraventions of part 27 of the Act or the EU Audit Regulation by a statutory auditor or audit firm.	At year end, there was 1 PIC and 1 IC in existence. PIC members: Mr Paul Appleby (Chairperson) Mrs Nicole Lappin Mr Pat O'Connor IC members: Ms Aisling McArdle (Chairperson) Mr John Geary Mr Shane McCarthy
Audit & Risk Committee	Monitoring the integrity of IAASA's financial statements, the effectiveness of IAASA's internal control and risk management systems and monitoring and reviewing the effectiveness of the internal and external audit processes.	Mr Conor O'Mahony (Chairperson) Mr David Devlin Mrs Nicole Lappin

Whilst section 933 and 934 committees report to the Board on a regular basis, such reporting is concerned mainly with the progress of enquiries or investigations and other important issues relevant to the overall governance of IAASA (for example, matters pertaining to litigation risk). The Board does not receive reports regarding the subject matter of enquiries or investigations as committees operate independently of the Board and executive in discharging their mandates.

Chapter 4: Governance and Structure

4.5.4. Audit & Risk Committee

The Audit & Risk Committee ('ARC') comprises three non-executive directors and its terms of reference are set out in the Charter of the Audit & Risk Committee ('the Charter'), available on the Authority's website. The Charter sets out specific roles and responsibilities for the ARC and Table 4.4 sets out how these roles were discharged in 2019.

Table 4.4: Audit & Risk Committee activities

Charter Requirement	Actions taken during 2018
Internal controls and risk management systems (section 6.1)	<ul style="list-style-type: none"> The committee reviewed the Authority's risk register at each meeting in consultation with the Chief Risk Officer, who attended each meeting. The committee made recommendations on risk mitigation in areas including Brexit, GDPR, ICT vulnerabilities and compliance with legal obligations. The committee reviewed the System of Internal Control ('SIC') for 2018 in conjunction with the internal auditor.
Financial reporting (section 6.2)	<ul style="list-style-type: none"> The committee considered the 2020 Programme of Expenditure, and directed a revised approach to the process resulting in a more accurate estimate of future payroll costs. The committee reviewed the 2018 Annual Report to the Minister, and considered the Report understandable, consistent and unbiased.
Whistle-blowing (section 6.3)	<ul style="list-style-type: none"> No relevant disclosures arose during the year.
Compliance with laws, regulations and the Code of Practice for the Governance of State Bodies ('the Code') (section 6.4)	<ul style="list-style-type: none"> IAASA's internal auditor completed a detailed audit of the SIC, including testing of IAASA's compliance with the Code. The committee satisfied itself that no material instances of non-compliance arose during the year under review. The committee considered the Corporate Procurement Plan 2019 – 2021 and expressed its satisfaction with it. The committee undertook an evaluation of its own performance.
Internal audit (section 6.5)	<ul style="list-style-type: none"> The committee considered a report on risk management processes compiled by the Authority's internal auditors, CrowleysDFK. The Committee recommended the appointment of CrowleysDFK's as internal auditors for the period 2020 – 2022 on foot of a tender process coordinated by the Office for Government Procurement.
External audit (section 6.6)	<ul style="list-style-type: none"> As mandated by the Act, the C&AG remained and remains IAASA's external auditor. The committee met with the C&AG Deputy Director of Audit in the absence of the executive. The committee considered the C&AG's report on its 2018 audit. The C&AG carried out its audit of the 2018 Financial Statements and cleared them for approval by the directors.
Reporting responsibilities (section 6.7)	<ul style="list-style-type: none"> A report from the Chairperson of the ARC to the Board was given at each scheduled Board meeting in 2019.
Other matters (section 6.8)	<ul style="list-style-type: none"> The committee monitored the impact of GDPR, and the ongoing efforts to conclude an appropriate statutory instrument relating to its implementation.

In addition, the external auditor and internal auditor have access to the ARC Secretary whenever required, who is also the Authority's Head of Finance & Administration.

The ARC will review the 2019 Financial Statements prior to their consideration and approval by the Board.

4.5.5. Schedule of Attendance, Fees and Expenses

Details of fees and expenses paid to members are disclosed in the Authority's Financial Statements, and have been provided to the Minister.

4.5.6. Key personnel changes

The responsibility for planning, directing and controlling the activities of IAASA rests exclusively with the Board of directors and the Chief Executive, who is also a director.

Ms Aileen O'Donoghue resigned from the Board on 25 April 2019 for personal reasons. She was replaced on 29 August 2019 by Ms Aisling McArdle on the nomination of the Irish Stock Exchange.

Ms Caitriona Crowley resigned from the Board on 23 December 2019, and a nomination from the Revenue Commissioners was awaited at year end.

Chapter 4: Governance and Structure

4.5.7. Disclosures required by Code of Practice for the Governance of State Bodies

The Board is responsible for ensuring that IAASA has complied with the requirements of the Code of Practice for the Governance of State Bodies ('the Code'), as published by the Department of Public Expenditure & Reform in August 2016. The following disclosures are required by the Code:

- An analysis of total employee remuneration (including salaries and other benefits, but excluding employer superannuation contributions) for those earning over €60,000 is set out in Note 14 of the Authority's Financial Statements;
- An analysis of travel and subsistence is set out in Note 16 of the Authority's Financial Statements;
- An analysis of consultancy expenditure is set out in Note 17 of the Authority's Financial Statements;
- The Authority did not incur costs under the 'Legal Costs and Settlements' heading in 2019. All legal costs incurred relate to general legal advice; and
- An analysis of hospitality expenditure is set out in Note 18 of the Authority's Financial Statements.

4.5.8. Statement of Compliance

IAASA is satisfied that it has complied with all of the requirements of the Code.

4.6. Other governance and public sector obligations

4.6.1. Legal and governance obligations as a body established under statute

The Board is principally assisted in ensuring IAASA's compliance with its legal and governance obligations by the Secretary and Head of Finance & Administration, who is also the Chief Risk Officer. Where applicable, other members of IAASA's staff contribute as required to IAASA's ongoing compliance with its obligations.

4.6.2. Legal requirements under the Companies Acts

During the year, in compliance with IAASA's obligations as a company, the directors:

- held IAASA's thirteenth Annual General Meeting on 9 July 2019;
- filed the company's Annual Return with the Registrar of Companies on 11 July 2019; and
- completed its registration on the Register of Beneficial

Ownership.

IAASA has taken the steps necessary to ensure that, in compliance with section 281 of the Act, adequate accounting records are maintained. Similarly, the Secretary is charged with maintaining IAASA's statutory Registers and ensuring that all filings are made to the CRO within prescribed timeframes.

4.6.3. Principal legal requirements under other legislation

IAASA has also taken the necessary steps to ensure its compliance with a range of other legal requirements, including:

- health and safety legislation;
- employment and related legislation;
- tax law, including those provisions relating to the necessity for certain service providers to IAASA to hold valid Tax Clearance Certificates in advance of payments being made;
- Data Protection Acts;
- Ethics in Public Office law; and
- the European Communities (Late Payments in Commercial Transactions) Regulations, 2012.

Certain other requirements typically applicable to statutory bodies such as the Freedom of Information Acts, Disability Acts, the Irish Human Rights & Equality Commission Act and the Official Languages Act do not apply to IAASA by virtue of it not having been designated for such purposes at this time.

4.6.4. GDPR

The Authority has a Data Protection Officer who works with the Chief Executive to oversee its ongoing obligations under GDPR.

4.6.5. Protected disclosures

The Authority adheres to the requirements of the Protected Disclosures Act 2014, and details on how to make such disclosures are available on its website. IAASA's Annual Return under the Act is included as Appendix 5.

Chapter 4: Governance and Structure

The background is a solid dark blue color. It features several large, overlapping, curved shapes in various shades of blue, ranging from a very dark navy to a bright cyan. These shapes create a sense of movement and depth, with some appearing as if they are layered on top of others. The overall effect is modern and dynamic.

2019

Financial & Related Statements

Report of the Directors

Introduction

The directors are pleased to submit to the fourteenth Annual General Meeting of the Irish Auditing and Accounting Supervisory Authority ('IAASA') the financial statements for the year ended 31 December 2019, together with the Report of the Directors, which has been prepared pursuant to the provisions of section 325 of the Companies Act 2014 ('the 2014 Act').

Principal activities

IAASA was incorporated as a company limited by guarantee on 20 December 2005 and is the independent statutory body in Ireland responsible for the:

- (a) examination and enforcement of certain listed entities' periodic financial reporting;
- (b) oversight of the Recognised Accountancy Bodies' functions in respect of statutory auditors and supervision of the regulatory functions of the Prescribed Accountancy Bodies;
- (c) adoption of standards on auditing, professional ethics and internal quality control; and
- (d) the inspection and promotion of improvements in the quality of auditing of Public Interest Entities.

IAASA is also responsible for the registration of certain classes of liquidators, and has been designated as the competent authority for the registration and quality assurance of certain third country auditors and audit entities. The company does not trade for the acquisition of gain by its members.

Business Overview

An overview of IAASA's activities and future developments is given in the annual report.

Financial position

The assets and liabilities and financial position of the company are set out in detail in the financial statements on pages 45 to 66.

Risk and uncertainties

The directors confirm that, as required by the Code of Practice for the Governance of State Bodies ('the Code'), a Risk Management Policy and procedures have been developed and adopted for the purpose of facilitating the identification, quantification and management of the key business risks facing IAASA.

Accounting records

To ensure that adequate accounting records are maintained in accordance with the requirements of sections 281 to 286 of the 2014 Act, IAASA has employed an appropriately qualified Head of Finance and provides sufficient resources to the finance function. The accounting records are located at IAASA's registered office at Willow House, Millennium Park, Naas, Co. Kildare.

Provision of Relevant Audit Information

In accordance with Section 330 (1) of the 2014 Act, the directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the auditor is aware of that information. Insofar as they are aware, there is no relevant audit information of which the auditor is unaware.

Events after the end of the reporting period

No events have occurred subsequent to the reporting date which would require disclosure in the financial statements.

Auditor

IAASA's auditor, the Comptroller & Auditor General, remains in office in accordance with the provisions of section 927(2) of the 2014 Act.

Governance

IAASA was established under the Companies (Auditing & Accounting) Act 2003 ('the 2003 Act'), and operates as a company limited by guarantee under the provisions of the 2014 Act. The functions of the Board are set out in section 905 of the 2014 Act. The Board is statutorily independent in the performance of its functions and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of IAASA are the responsibility of the Chief Executive with the support and assistance of the senior management team. The Chief Executive and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. While senior managers routinely attend Board meetings, the Chief Executive, who is a director, acts as a direct liaison between the Board and management of IAASA.

Board Responsibilities

The work and responsibilities of the Board are set out in the Schedule of Matters Reserved to the Board, the Code of Conduct for Board Members, and in related Board policies. Standing items considered by the Board include:

- declaration of conflicts of interests;
- the report of the Chief Executive, which includes details of the work of the various operational units together with ongoing financial information and management accounts;
- matters for decision;
- matters for discussion;
- risk management;
- reports from committees; and
- the report of the Secretary.

Section 927 of the 2014 Act requires IAASA to keep, in such form as may be approved by the Minister for Business, Enterprise & Innovation (with consent of the Minister for Public Expenditure & Reform), all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of IAASA is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with section 927 of the 2014 Act, and as a company limited by guarantee, section 281 of the 2014 Act. The maintenance and integrity of the corporate and financial information on the IAASA's website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. The Board approved the annual budget for 2019 at its meeting on 17 September 2018. Financial information including management accounts detailing actual and budgeted expenditure were considered by the Board at each meeting in 2019. Ongoing evaluation of operational issues also occurred at each meeting. The Authority's three year work programme 2017 - 2019 was approved by the Board on 20 December 2016.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of IAASA give a true and fair view of the financial performance and the financial position of IAASA at 31 December 2019.

Board Responsibilities

IAASA is governed by a Board of nine directors, eight of whom are non-executive and appointed by the Minister having been nominated by entities specified in the 2014 Act. The remaining director is the Chief Executive, who is appointed by the Board. The 2014 Act specifies that the Authority operates independently of Government and the Minister is statutorily precluded from giving directions to the Authority in the discharge of its functions. The 2014 Act provides that members may be appointed for a period of three to five years. Generally members are appointed for three year periods, and the Chairperson for five years. The composition of the Board at 31 December 2019, and movements since that date, are set out below:

Composition of Board at 31 December 2019

Board member	Occupation	Nominating body	Date appointed
Martin Sisk (Chairperson)	Solicitor and former regulator	Minister	21 December 2016
Mary Burke*	Head of Governance & Operational Resilience	Central Bank	14 October 2015
David Devlin*	Chartered Accountant	PABs	30 May 2014
Etain Doyle*	Accountant	PABs	30 May 2014
Nicole Lappin	Barrister	Minister	13 September 2017
Aisling McArdle	Company director	ISE	29 August 2019
Conor O'Mahony	Principal Officer, ODCE	Director of Corporate Enforcement	1 March 2012
Kevin Prendergast*	Chief Executive	Ex-officio	14 November 2016

* Denotes membership of a Prescribed Accountancy Body ('PAB')

Details of appointments and reappointments to the Board during the year

Director	Date appointed	Nominating body	Reason for vacancy	Term Expires
Aisling McArdle	29 August 2019	ISE	Resignation of Ms Aileen O'Donoghue on 25 April 2019	2 January 2021

2019: Financial & Related Statements

The following were not directors at the reporting date, having ceased to hold office during the year or having been appointed since 1 January 2020:

Member	Nominating body	Commencement of term of office	Cessation of term of office
Caitríona Crowley	Revenue Commissioners	2 January 2018	23 December 2019
Clodagh Hegarty	PABs	30 May 2020	29 May 2023
David Hegarty	ODCE	3 January 2020	2 January 2023
Ronan Nolan	PABs	30 May 2020	29 May 2023
Aileen O'Donoghue	ISE	3 January 2014	25 April 2019
Kathleen Redmond	Revenue Commissioners	23 January 2020	2 January 2021

The Board commenced a process of external evaluation of its own 2019 performance in early January 2020. The Board reviewed an evaluation questionnaire at its meeting of 28 January 2020, and held a facilitated discussion in this regard at its 10 March 2020 meeting.

The Board has established a number of Committees to assist it in discharging its functions and responsibilities. All Committees have written terms of reference and report regularly to the Board. Details of Committees' mandates and memberships are set out below.

Board Committees – mandates and membership

Committee	Mandate	Membership at 31 December 2019
Section 933 committees	In accordance with section 933 of the 2014 Act from time to time IAASA establishes Preliminary Enquiry Committees ('PECs') and Enquiry Committees for the purpose of determining whether a PAB has complied with its approved investigation and disciplinary procedures.	Board members are nominated to PECs/ Enquiry Committees as and when the need arises
Section 934 committees	In accordance with section 934 of the 2014 Act from time to time IAASA establishes Preliminary Investigation Committees ('PICs') and Investigation Committees for the purpose of determining whether there has been a possible breach of standards by a PAB member.	Board members are nominated to PICs/ Investigation Committees as and when the need arises.
Audit & Risk Committee	Monitoring the integrity of IAASA's financial statements, the effectiveness of IAASA's internal control and risk management systems and monitoring and reviewing the effectiveness of the internal and external audit processes.	Conor O'Mahony (Chairperson) David Devlin Nicole Lappin

Whilst section 933 and 934 committees report to the Board on a regular basis, such reporting is concerned mainly with the progress of enquiries or investigations and other important issues relevant to the overall governance of IAASA (e.g. matters pertaining to litigation risk etc.). The Board does not receive reports regarding the subject matter of enquiries or investigations as committees operate independently of the Board and executive in discharging their mandates.

The Audit & Risk Committee comprises three non-executive directors and its terms of reference are set out in the Charter of the Audit & Risk Committee ('the Charter'), available on the Authority's website. The Charter sets out specific roles and responsibilities for the Audit & Risk Committee.

2019: Financial & Related Statements

Schedule of Attendance, Fees and Expenses

Details of fees and expenses paid to members are disclosed in the Authority's Financial Statements, and have been provided to the Minister for Business, Enterprise & Innovation.

	Board	ARC	PIC 1/2018	PIC 1/2019	IC 1/2019	Fees (€) (Note 1)	Expenses (€) (Note 2)
Martin Sisk (Chairperson)	8/8	-	-	-	-	€11,970	€3,493
Kevin Prendergast (Chief Executive)	8/8	-	-	-	-	-	Note 3
Mary Burke	8/8	-	-	-	-	-	€74
Caitríona Crowley	7/8	-	-	-	-	-	€193
David Devlin	7/8	3/4	-	-	-	€7,695	€226
Etain Doyle	7/8	-	-	-	-	€7,695	€210
Nicole Lappin	7/8	3/4	-	1/1	-	€7,695	€597
Aisling McArdle	3/3	-	-	-	-/-	€2,614	€74
Aileen O'Donoghue	0/2	-	-	-	-	Note 4	-
Conor O'Mahony	7/8	4/4	2/2	-	-	-	€74

Meetings attended/meetings eligible to attend

Note 1: Members who are public servants, including the Chief Executive, are not eligible to receive fees.

Note 2: In addition to the expenses set out in this Table, IAASA incurred costs of €6,037 in respect of room hire and incidental expenditure related to Board activities.

Note 3: Expenses paid to the Chief Executive, an ex-officio Director/Board member, are excluded from this table on the basis that they are incurred by him pursuant to his role as Chief Executive rather than as a Board member. In any event, any expenses paid to the Chief Executive are publicly disclosed in IAASA's financial statements.

Note 4: Ms O'Donoghue was unavailable to attend meetings in 2019 due to unforeseen circumstances. She voluntarily waived her entitlement to her 2019 Board fee.

2019: Financial & Related Statements

Key Personnel Changes

The responsibility for planning, directing and controlling the activities of IAASA rests exclusively with the Board of directors and the Chief Executive, who is also a director.

As set out above, Ms Aileen O'Donoghue resigned from the Board on 25 April 2019 for personal reasons. She was replaced by Ms Aisling McArdle on 29 August 2019 on the nomination of the Irish Stock Exchange.

Disclosures Required by Code of Practice for the Governance of State Bodies

The Board is responsible for ensuring that IAASA has complied with the requirements of the Code of Practice for the Governance of State Bodies ('the Code'), as published by the Department of Public Expenditure & Reform in August 2016. The following disclosures are required by the Code:

Employee Short-Term Benefits Breakdown

An analysis of total employee remuneration (including salaries and other benefits, but excluding holiday pay accruals and employer superannuation contributions) for those earning over €60,000 is set out in Note 14 of the Financial Statements.

Consultancy Costs

An analysis of consultancy expenditure is set out in Note 17 of the Financial Statements,

Legal Costs and Settlements

There were no legal settlements in the year [2018: nil]. Legal costs incurred relate to general legal advice.

Travel and Subsistence Expenditure

An analysis of Travel and Subsistence expenditure is set out in Note 16 of the Financial Statements.

Hospitality Expenditure

As set out in Note 18 of the Financial Statements, IAASA reviewed its approach to defining 'entertainment expenditure' in 2019, to include items such as flowers to departing Board members and beverages provided at Board functions. This broader definition has captured items of 2018 expenditure not considered as 'entertainment expenses' in that year's financial statements. An analysis of expenditure for both years is included in the Note.

Statement of Compliance

- IAASA has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure & Reform in August 2016.

Approved and authorised for issue by the Board of directors and signed on its behalf:

Martin Sisk
Chairperson

9 June 2020

Kevin Prendergast
Chief Executive

9 June 2020

Statement on Internal Control

Scope of Responsibility

On behalf of the Irish Auditing & Accounting Supervisory Authority ('IAASA'), I acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure & Reform, has been in place in IAASA for the year ended 31 December 2019 and up to the date of approval of the financial statements except for the internal control issues outlined below.

Capacity to Handle Risk

IAASA has an Audit and Risk Committee (ARC) comprising three Board members, one of whom is the Chair. In accordance with Section 907(2A) of the 2014 Act, all Board members are knowledgeable in areas relevant to the conduct of statutory audit. The ARC met four times in 2019.

IAASA has also appointed CrowleysDFK as internal auditors for the period 2016-2019, who are adequately resourced to conduct a programme of work agreed with the ARC.

IAASA has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within IAASA's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

Risk and Control Framework

IAASA has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing IAASA and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the ARC on at each meeting. Moderate and significant risks are also reported to the Board, where Risk Management remains a standing agenda item. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented;
- financial responsibilities have been assigned at management level with corresponding accountability;
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management;
- there are systems aimed at ensuring the security of the information and communication technology systems; and
- there are systems in place to safeguard the assets.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies;
- responsibility for financial management has been assigned to the Head of Finance, a professional accountant; and
- there are regular reviews by the Chief Executive and Board of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

2019: Financial & Related Statements

Procurement

I confirm that IAASA has procedures in place to ensure compliance with current procurement rules and guidelines.

Review of Effectiveness

I confirm that IAASA has procedures to monitor the effectiveness of its risk management and control procedures. IAASA's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within IAASA responsible for the development and maintenance of the internal financial control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2019.

Signed on behalf of the Board:

Martin Sisk
Chairperson

9 June 2020

Directors' Responsibilities Statement

IAASA performs its functions and exercises its powers through a company limited by guarantee, designated for that purpose in accordance with the 2014 Act.

Company law requires the directors to prepare financial statements and the report of the directors for each financial year which give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of its surplus or deficit for that period and otherwise comply with the 2014 Act. In preparing those financial statements, which are prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Ireland*, the directors are required to:

- select suitable accounting policies in accordance with Irish generally accepted accounting practices and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with appropriate accounting standards, identify these standards, and note the effect and the reason for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that IAASA will continue in operation.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the 2014 Act and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Section 927(1) of the 2014 Act further provides that IAASA '*... shall keep records of, and prepare all proper and usual accounts of –*

- a) all income received by it, including records of the sources of that income,*
- b) all expenditure incurred by it, and*
- c) its assets and liabilities'.*

Approved and authorised for issue by the Board of directors on and signed on its behalf:

Martin Sisk
Chairperson

9 June 2020

Kevin Prendergast
Chief Executive

9 June 2020

Ard Reachtaire Cuntas agus Ciste

Comptroller and Auditor General: Report for presentation to the Houses of the Oireachtas

Opinion on financial statements

I have audited the financial statements of the Irish Auditing and Accounting Supervisory Authority for the year ended 31 December 2019 as required under the provisions of section 927 of the Companies Act 2014. The financial statements comprise the statement of financial position, the statement of income and expenditure, the statement of changes in reserves and capital account, the statement of cash flows and the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements

- give a true and fair view of the assets, liabilities and financial position of the Authority at 31 December 2019 and of its income and expenditure for 2019
- have been properly prepared in accordance with Financial Reporting Standard (FRS) 102 — The Financial Reporting Standard applicable in the UK and the Republic of Ireland, and
- have been properly prepared in accordance with the Companies Act 2014.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis. As described in the appendix to this report, I conclude on

- the appropriateness of the use of the going concern basis of accounting by the directors and
- whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

I have nothing to report in that regard.

Opinion on matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, I report that in my opinion

- the information given in the report of the directors is consistent with the financial statements, and
- the report of the directors has been prepared in accordance with the Companies Act 2014.

I have obtained all the information and explanations that I consider necessary for the purposes of my audit.

In my opinion, the accounting records of the Authority were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

The Companies Act 2014 also requires me to report if, in my opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The directors have presented certain other information with the financial statements. This comprises the annual report including the report of the directors, the statement on internal control and the director's responsibility statement. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Mark Brady

For and on behalf of the Comptroller and Auditor General

15 June 2020

Appendix to the report

Responsibilities of the Directors

As detailed in the directors' report, the directors are responsible for

- the preparation of financial statements in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 927 of the Companies Act 2014 to audit the financial statements of the Authority and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

Statement of Financial Position

as at 31 December 2019

	Note	2019 €	2018 €
Non-current assets			
Property, Plant & Equipment	4	74,537	90,075
Deferred Finance Lease Costs		112	436
		<u>74,649</u>	<u>90,511</u>
Current Assets			
Inventory		2,490	2,898
Receivables	5	116,449	97,260
Deferred Finance Lease Costs		325	513
Cash & Cash Equivalents	6	1,755,755	2,152,305
		<u>1,875,019</u>	<u>2,252,976</u>
Creditors: Amounts falling due within 1 year			
Payables	7	189,376	179,202
Deferred Rent Incentive	8	6,710	6,710
Finance lease obligations	9	2,063	3,744
Excess PAB Levy Income	10	617,025	969,204
Excess PIE Audit Firm Levy Income	10	628,966	598,072
Excess Departmental Grant Income	10	110,851	148,650
		<u>1,554,991</u>	<u>1,905,582</u>
Net Current Assets		320,028	347,394
Amounts falling due after 1 year			
Deferred Rent Incentive	8	32,180	38,890
Finance lease obligations		3,096	5,159
		<u>35,276</u>	<u>44,049</u>
Net Assets before Retirement Benefits		359,401	393,856
Retirement Benefits			
Retirement Benefit Liability	11	(5,266,000)	(3,829,000)
Deferred Exchequer Retirement Benefit Funding	11	5,266,000	3,829,000
Net Assets after Retirement Benefits		359,401	393,856
Reserves			
Income reserve		-	-
Capital Account	12	74,537	90,075
Reserve Fund		284,864	303,781
Members' Funds		359,401	393,856

Approved and authorised for issue by the Board of directors and signed on its behalf:

Martin Sisk
Chairperson

9 June 2020

Kevin Prendergast
Chief Executive

9 June 2020

Statement of Income and Expenditure

for the year ended 31 December 2010

	Note	2019 €	2018 €
Revenue	13	4,144,177	3,743,086
Administrative Expenses			
Staff Costs	14	2,863,883	2,720,603
Directors' Fees	15	37,669	42,750
Accommodation		260,493	264,247
Travel & Subsistence	16	137,765	110,870
Legal and Professional Services	17	507,328	348,371
Office Expenditure	18	85,344	99,791
Information Technology		89,911	61,503
Professional Development		106,850	101,300
Insurance		27,731	26,582
Auditor's Remuneration	19	14,300	13,000
Depreciation		46,948	55,904
Total Administrative Expenses		4,178,222	3,844,921
(Deficit) of Income over Admin Expenses before Finance Costs		(34,045)	(101,835)
Finance costs		512	879
(Deficit) of Income over Admin Expenses after Finance Costs		(34,557)	(102,714)
Finance Income	20	102	128
(Deficit) for the year		(34,455)	(102,586)
Other comprehensive income			
Experience (losses) on pension scheme liabilities		(313,000)	(279,000)
Changes in assumptions		(507,000)	261,000
Adjustment to deferred Exchequer pension funding		820,000	18,000
Total recognised (Deficit) for the year		(34,455)	(102,586)

Approved and authorised for issue by the Board of directors and signed on its behalf:

Martin Sisk
Chairperson

9 June 2020

Kevin Prendergast
Chief Executive

9 June 2020

Statement of Changes in Reserves and Capital Account for the year ended 31 December 2019

	Income Reserve €	Capital Account €	Reserve Fund €	NET ASSETS €
Balance – 1 January 2018	-	122,073	374,369	496,442
Deficit for the year	(102,586)	-	-	(102,586)
Transfer from Income & Expenditure Account:				
Income applied to capitalised asset acquisitions	(23,906)	23,906	-	-
Less: Amortisation applied in line with asset depreciation	55,904	(55,904)	-	-
Income receivable on reserve fund monies	(91)	-	91	-
Amounts payable from reserve fund (S. 933, 2014 Act)	70,679	-	(70,679)	-
Actuarial (loss) on pension liabilities	(501,000)	-	-	(501,000)
Adjustments to deferred Exchequer pension funding	501,000	-	-	501,000
Balance – 31 December 2018 / 1 January 2019	-	90,075	303,781	393,856
Deficit for the year	(34,455)	-	-	(34,455)
Transfer from Income & Expenditure Account:				
Income applied to capitalised asset acquisitions	(31,410)	31,410	-	-
Less: Amortisation applied in line with asset depreciation	46,948	(46,948)	-	-
Income receivable on reserve fund monies	(23)	-	23	-
Amounts payable from reserve fund (S. 933, 2014 Act)	18,940	-	(18,940)	-
Actuarial (loss) on pension liabilities	(1,437,000)	-	-	(1,437,000)
Adjustments to deferred Exchequer pension funding	1,437,000	-	-	1,437,000
Balance – 31 December 2019	-	74,537	284,864	359,401

Approved and authorised for issue by the Board of directors and signed on its behalf:

Martin Sisk
Chairperson

9 June 2020

Kevin Prendergast
Chief Executive

9 June 2020

Statement of Cash Flows

for the year ended 31 December 2019

	Note	2019 €	2018 €
Net Cash (Outflow) from Operating Activities	21	(365,243)	(277,541)
Cash flows from financing activities			
Interest Received		103	591
Cash flows from investing activities			
Payments to Acquire Tangible Fixed Assets		(31,410)	(23,906)
(Decrease)/Increase in Cash & Cash Equivalents in Year		(396,550)	(300,856)
Reconciliation of Net Cash Flow to Movements in Net Funds			
(Decrease) in Net Funds in Year	22	(396,550)	(300,856)
Net Funds at 1 January		2,152,305	2,453,161
Net Funds at 31 December		1,755,755	2,152,305

Approved and authorised for issue by the Board of directors and signed on its behalf:

Martin Sisk
Chairperson

9 June 2020

Kevin Prendergast
Chief Executive

9 June 2020

Notes to Financial Statements

1. Basis of Preparation

These financial statements have been prepared under the historic cost convention in accordance with applicable legislation and with FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Ireland issued by Financial Reporting Council in the UK for use in Ireland.

As the company does not trade for the acquisition of gain by its members, the directors have determined that a Statement of Income & Expenditure disclosing the surplus or shortfall for the year rather than a Profit & Loss account is appropriate as provided for in Section 291(5) of the Act. Similarly, the Statement of Financial Position provides all information that would otherwise be disclosed in the Balance Sheet.

In accordance with FRS 102, these Financial Statements comprise the Statement of Financial Position, Statement of Income & Expenditure, Statement of Changes in Reserves & Capital Account, Statement of Cash Flows, and Notes to the Financial Statements.

2. Accounting policies applied

2.1. Non-current Assets – depreciation

Non-current assets are stated in the Statement of Financial Position at cost less accumulated depreciation. Depreciation is charged to the Statement of Income & Expenditure on a straight line basis, with the charge being calculated over assets' expected useful lives.

2.2. Non-current Assets purchased prior to establishment

Non-current assets owned and controlled by IAASA have been recorded by the Authority at cost. In addition to these assets, and as detailed in Note 4, IAASA has the use of certain assets which were purchased by the Department of Business, Enterprise & Innovation ('the Department') prior to the Authority's establishment. Section 2 of FRS 102 defines an asset as "*a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity*". These assets remain the property of the Department. Their return may be sought at any time. In the event of their sale, or the dissolution of the Authority, the asset/proceeds remain the property of the Department. In light of the foregoing, the Directors are satisfied that these assets are not assets of the Authority, and are properly omitted from the Authority's Statement of Financial Position.

2.3. Inventory

Stocks on hand at period end represent stocks of information technology consumables and office consumables and are stated at the lower of cost and net realisable value.

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2.4. Revenue Recognition

IAASA receives income from a number of sources to meet expenditure incurred in the conduct of its functions. In general terms, any amounts received which are in excess or fall short of the expenditure incurred are recognised as a creditor or debtor respectively. Section 921(1) of the Act provides that excess amounts reduce the amount payable for the following financial period. The basis of the funding and the accounting policy in relation to income recognition are set out below.

Source of income	Purpose	Recognition policy
Levy Income		
Exchequer (via the Department)	Exchequer funds 40% of IAASA's net expenditure in the financial period not funded from the other sources listed below.	
Prescribed Accountancy Bodies ('PABs')	PABs fund 60% of IAASA's net expenditure in the financial period not funded from the other sources listed below.	
Public Interest Entity ('PIE') audit firms	PIE audit firms fund costs associated with the inspection of the quality of audits of PIEs	Recognised in line with expenditure incurred in the performance of the function in the financial period. Amounts received in excess of that amount are recognised as a creditor.
Exchequer (via the Department)	Exchequer funds costs in relation to its functions under the Transparency Directive Regulations	
Recognised Accountancy Bodies ('RABs')	RABs (PABs authorised to recognise auditors) fund costs associated with the adoption of Auditing Standards for use in Ireland	
Exchequer (via the Department)	The Reserve Fund is primarily used to defray costs relating to section 933 statutory enquiries. Levies where arising are charged to the Exchequer and PABs respectively in a 40:60 ratio under section 919 of the Act	Recognised on date of approval by the Minister for Business, Enterprise & Innovation ('the Minister').
Non-levy Income		
Fine income	Income arising from fines imposed by IAASA on foot of statutory enquiries and investigations under sections 933 and 934 of the Act respectively is lodged to the Reserve Fund, and can be used solely to defray enquiry or investigation costs relating to the same section.	Recognised on date of High Court approval
Third country audit entity fees	This income is used to offset costs associated with processing registration requests from non-EU auditors for recognition in Ireland.	Recognised when registered. Registration fees in excess of €40,000 must be returned to the Department.
Liquidator fees	This income is used to offset costs associated with processing requests for registration as 'Category 5' liquidators under section 633 of the Act.	Recognised when registered

2.5. Key management personnel

The responsibility for planning, directing and controlling the activities of IAASA rests exclusively with the Board of directors and the Chief Executive, who is also a director.

2.6. Single Public Sector Pension Scheme

IAASA operates the Single Public Services Pension Scheme ("Single Scheme"), which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme members' contributions are paid over to the Department of Public Expenditure & Reform.

3. Critical accounting judgements and estimates

3.1. Retirement Benefits

The position regarding IAASA's superannuation schemes is as set out in Note 11. Section 28.10(a) of FRS 102 defines Defined Contribution schemes as "post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurer, together with investment returns arising from the contributions". All other schemes are to be treated as Defined Benefit schemes. In substance, the directors consider that the obligation to pay retirement benefits remains with IAASA, but that the Exchequer has committed to providing IAASA with sufficient funds to settle any such obligations on IAASA's behalf as they fall due, provided IAASA pays over employees' and the employer's contributions at rates specified by the Minister for Public Expenditure & Reform. Notwithstanding that the Exchequer has confirmed that it will bear all liabilities arising to IAASA employees (and their spouses, civil partners and children) in return for a fixed contribution, the directors remain of the view that the contractual obligation remains between the Authority and its employees. Consequently, the directors continue to account for the schemes as Defined Benefit schemes. Accordingly, the financial statements recognise both a Retirement Benefit Obligation and a Deferred Exchequer Retirement Benefit Funding receivable.

4. Non-current assets

	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	33.33%	20%	12.5%	
Cost	€	€	€	€
At 1 January 2019	131,378	46,021	88,116	265,515
Additions	26,468	4,717	225	31,410
Disposals	(12,544)	-	-	(12,544)
At 31 December 2019	145,302	50,738	88,341	284,381
Accumulated Depreciation				
At 1 January 2019	103,572	30,687	41,181	175,440
Charge for year	30,630	6,785	9,533	46,948
Disposals	(12,544)	-	-	(12,544)
At 31 December 2019	121,658	37,472	50,714	209,844
NET BOOK VALUE				
At 1 January 2019	27,806	15,334	46,935	90,075
At 31 December 2019	23,644	13,266	37,627	74,537

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Further to a commitment given to the PABs by the Minister with the consent of the Minister for Public Expenditure & Reform prior to IAASA's incorporation, the Exchequer funded IAASA's establishment costs in full. This expenditure was incurred by the Department. As a consequence, in addition to non-current assets acquired by IAASA subsequent to its incorporation, and to which IAASA has legal title, IAASA also has the use of certain assets that were acquired by the Department prior to its incorporation and to which the Department has legal title. The nature and acquisition cost of these assets is set out hereunder for information:

	€
Fit out costs – Millennium Park premises	507,127
Furniture and fittings	147,415
IT equipment	60,539
Total	715,081

The notional Net Book Value of these assets at the reporting date, had they been capitalised and depreciated in accordance with IAASA policies, would be nil [2018: nil]. The bulk of the IT assets have, with the Department's permission, been disposed of.

4.1. Non-current assets 2018

	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	33.33%	20%	12.5%	
Cost	€	€	€	€
At 1 January 2018	113,376	40,738	87,495	241,609
Additions	18,002	5,283	621	23,906
Disposals	-	-	-	-
At 31 December 2018	131,378	46,021	88,116	265,515
Accumulated Depreciation				
At 1 January 2018	72,120	18,891	28,525	119,536
Charge for year	31,452	11,796	12,656	55,904
Disposals	-	-	-	-
At 31 December 2018	103,572	30,687	41,181	175,440
NET BOOK VALUE				
At 1 January 2018	41,256	21,847	58,970	122,073
At 31 December 2018	27,806	15,334	46,935	90,075

5. Receivables

	2019 €	2018 €
PIE Audit Firm Debtors	-	8
PAB Debtors	-	-
Other	116,449	97,252
	116,449	97,260

6. Cash and cash equivalents

	2019 €	2018 €
Bank - notice deposit (Reserve)	303,803	401,463
Bank - notice deposit (Non-Reserve)	1,222,098	1,222,018
Bank - current	229,810	528,780
Cash on Hand	44	44
Total cash & cash equivalents	1,755,755	2,152,305

7. Payables

	2019 €	2018 €
Pay and Pay-Related	73,361	67,871
Office of the Revenue Commissioners	3,458	18,552
Legal and Professional Services	75,522	49,118
Other	37,035	43,661
	189,376	179,202

8. Lease of Accommodation, Deferred Rent Incentive

Rents due under leases are paid to the lessor by the Office of Public Works ('OPW') and are recouped by the OPW from IAASA on a quarterly basis by agreement. Rents are charged to the Statement of Income & Expenditure in the year to which they relate.

Under the lease agreement concluded in 2005 in respect of the second floor, Willow House, Millennium Park, Naas, IAASA benefited from a rent free period at the commencement of this lease. The value of the incentive has been spread across the life of the lease. This treatment has resulted in a charge of €27,652 in the financial statements at the date of incorporation and a corresponding deferred rent incentive, which will be released to the Statement of Income & Expenditure over the period of the lease.

Under the lease agreement concluded in 2016 in respect of the first floor, Willow House, IAASA benefited from a further six month rent free period from the commencement of this lease to 14 March 2017. The value of the incentive will be spread across the life of the lease, i.e., to 14 September 2025. This treatment has resulted in a charge of €40,630 in the financial statements and a corresponding deferred rent incentive, which will be released to the Statement of Income & Expenditure over the period of the lease.

The value of these incentives at 31 December to be released to the Statement of Income & Expenditure:

	2019		2018	
	First Floor €	Second Floor €	First Floor <i>restated</i> €	Second Floor €
- within one year	5,258	1,452	5,258	1,452
- in two to five years	21,032	5,808	21,032	5,808
- in more than five years	3,824	1,516	9,082	2,968
	30,114	8,776	35,372	10,228

The amount disclosed in the 2018 financial statements as due in two-to-five years in respect of the first floor lease was incorrectly calculated as five years rent (€26,290) rather than four (€21,032). The total due was correctly stated.

9. Finance Costs

IAASA acquired office equipment in August 2014 by way of finance lease. The period of the lease is 63 months, and total payments of €11,776 will be made in this period. At the end of the lease period, ownership of assets (with a cash value of €9,193 in August 2014) will pass to IAASA.

IAASA acquired further office equipment in July 2017 by way of finance lease. The period of the lease is 60 months, and total payments of €10,317 will be made in this period. At the end of the lease period, ownership of assets (with a cash value of €8,250 in July 2017) will pass to IAASA.

The value of the financial obligation accruing to IAASA as at 31 December:

	2018 €	2017 €
- within one year	2,063	3,744
- in two to five years	3,096	5,159
- in more than five years	-	-
	5,159	8,903

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10. Exchequer Grant Debtor/PAB Levy Carry Forward

As outlined in Note 2, income is received from a number of sources. The amounts recognised together with year end balances are set out below.

10.1. Calculation of Net Expenditure

	2019 €	2018 €
Gross Expenditure per Statement of Income & Expenditure	4,178,222	3,844,921
Adjust for:		
Unamortised amount of income used for capital acquisitions	(15,538)	(31,998)
Finance costs	512	879
Expenditure related to the Reserve Fund (Note 2.4)	(18,940)	(70,679)
	<u>4,144,256</u>	<u>3,743,123</u>
Less:		
Non-reserve fund interest receivable	79	37
Liquidator registration	2,500	2,000
Income from third country audit entity registration	39,926	35,913
Net Expenditure for the year	<u>4,101,751</u>	<u>3,705,173</u>
Net expenditure attributable to the Exchequer		
i. Transparency Directive (100%) (Note 2.4)	614,980	739,352
ii. Obligations under the Act (40% of balance)	688,763	634,097
Net expenditure attributable to the PABs		
i. Audit Standards Adoption (100%) (Note 2.4)	310,831	199,650
ii. Obligations under the Act (60% of balance)	1,033,144	951,146
Net expenditure attributable to the PIE Audit Firms	<u>1,454,033</u>	<u>1,180,928</u>
	<u>4,101,751</u>	<u>3,705,173</u>

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10.2. Calculation of Grant Debtor / Levy Carry Forward

	Exchequer	PAB's	PIE – Audit Firms	Other	Total
Opening balance 1 January 2019	(148,650)	(969,204)	(598,072)	-	(1,715,926)
Income for specified purposes					
Liquidator registration				2,500	2,500
Third country auditor registration				39,926	39,926
Adoption of audit standards		310,831			310,831
Inspection of PIEs			1,454,033		1,454,033
Transparency Directive	614,980				614,980
Net expenditure	688,763	1,033,144			1,721,907
Income recognised in I&E (Note 13)	1,303,743	1,343,975	1,454,033	42,426	4,144,177
Amounts receivable	(1,265,944)	(991,796)	(1,484,927)	(42,426)	(3,785,093)
Movement 2019	37,799	352,179	(30,894)	-	359,084
Balance carried forward 31 December 2019	(110,851)	(617,025)	(628,966)	-	(1,356,842)

11. Retirement Benefits

11.1. Overview

Section 926(1) of the Act provides that IAASA may only establish a superannuation scheme with the approval of the Minister, given with the consent of the Minister for Public Expenditure & Reform ('the Ministers'). IAASA prepared and submitted proposals to the Ministers in respect of employees and employees' spouses, civil partners & children (based upon the civil service defined benefit 'Model Schemes'). The schemes, which were submitted pursuant to the corresponding provision of the 2003 Act, were approved by the Ministers on 29 November 2010 and 5 December 2012 respectively. The schemes are based on the civil service 'model' schemes as described on the www.cspensions.gov.ie website. Benefits under these schemes are based on the members' final salary.

Employees who joined the public service since 1 January 2013 are members of the Single Scheme (as set out in Note 2.6). This is a defined benefit scheme, with benefits based on career-average earnings.

In summary, the arrangements for all schemes are that:

- IAASA employees' scheme contributions are paid to the Department;
- IAASA pays an employer contribution to the Department, the rate of which is set by the Minister for Public Expenditure & Reform. The rate applicable in 2019 was 25% [2018: 25%], capped at a maximum of three times the employee contribution for members of the Single Scheme;
- in return for the payment to it of the employees' and employer's contributions, the Department has committed that any benefits due to IAASA employees, and/or their spouses, civil partners and children will be met in full by the Exchequer as they fall due.

Scheme liabilities represented by the present value of future payments earned by IAASA staff to date are measured on an actuarial basis using the projected unit method. Pension costs reflect benefits earned by IAASA staff in the period and are shown net of employee pension contributions, which are retained by the Department. The amount to be included in the financial statements for the Deferred Exchequer Retirement Benefit Funding amount is estimated at an amount equal to the estimate of the obligation for the pension scheme liabilities.

Actuarial gains or losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Income & Expenditure for the year in which they occur and a corresponding adjustment is recognised to the balance for Deferred Exchequer Retirement Benefit Funding.

Employer contributions, which are charged at a rate imposed by the Minister for Public Expenditure & Reform and retained by

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the Exchequer, are charged or credited to the Statement of Income & Expenditure to the extent that they exceed or fall short of pension costs respectively as described above.

11.2. Actuarial valuation

IAASA has commissioned an actuarial valuation of accrued liabilities at the balance sheet date, and the cost of benefits (service cost) accrued during the year. This valuation, which was based on the Projected Unit method, is premised on the following assumptions:

	At 31-12-2019	At 31-12-2018
Rate of increase in salaries	2.50%	2.75%
Rate of increase in pensions in payment	2.00%	2.25%
Discount rate	1.30%	2.00%
Inflation assumption	1.50%	1.75%
Life expectancy at age 70:		
Current pensioners - male	17.9 years	17.9 years
Current pensioners - female	20.2 years	20.2 years
Future pensioners - male	18.4 years	18.4 years
Future pensioners - female	20.8 years	20.8 years

Based on the above, the present value of liabilities at the balance sheet date is €5,266,000 [2018: €3,829,000], and the service cost (calculated on the foregoing assumptions) for the year is €317,000 [2018: €312,000]. Certain of IAASA's staff, who have accumulated service elsewhere in the public service, have not to date exercised the option to transfer said service to IAASA.

11.3. Analysis of total pension costs charged to Statement of Income & Expenditure

	2019 €	20187 €
Total employer contribution	410,275	475,572
*Current service cost	546,000	432,000
Interest cost	77,000	60,000
Adjustment to deferred Exchequer pension funding	(623,000)	(492,000)
Total charged to Statement of Income & Expenditure	410,275	475,572

*Employee contributions totalling €228,689 [2018: €119,844] have been included in the calculation of the current service cost. Employee contributions in 2019 include the Additional Superannuation Contribution introduced on 1 January 2019

2019: Financial & Related Statements

11.4. Movement in net pension liability

	2019 €	2018 €
Net Pension Liability at 1 January	3,829,000	3,328,000
Current Service Cost	546,000	432,000
Interest Cost	77,000	60,000
Experience losses on scheme liabilities	313,000	279,000
Changes in assumptions	507,000	(261,000)
Pensions paid in the year (rounded)	(6,000)	(9,000)
Net Pension Liability at 31 December	5,266,000	3,829,000

11.5. History of scheme liabilities and experience (gains)/losses

	2019 €	2018 €	2017 €	2016 €	2015 €
Scheme liability	5,266,000	3,829,000	3,328,000	2,665,000	1,822,000
Experience losses/(gains) on scheme liabilities	313,000	279,000	83,000	23,000	(44,000)
Changes in assumptions	507,000	(261,000)	204,000	568,000	(155,000)

12. Capital Account

The Capital Account represents the unamortised value of income used for capital purposes (i.e. asset acquisitions).

13. Revenue

13.1. Approved Programme of Expenditure

IAASA's Programme of Expenditure for the year, as approved by the Minister under section 911(1) of the Act, was €6,151,000 [2018: €5,940,000] as laid out below. This includes Exchequer funding (via the Department's Vote 32, Subhead C12) to a maximum of €1,068,000 [2018: €835,000] made available during the year in respect of IAASA's functions under the Transparency Directive. The Audit Inspections and Audit Standards Adoption functions were funded by PIE Audit Firms and Recognised Accountancy Bodies respectively.

	Exchequer €	PABs €	PIE Audit Firms €	Total €
Recurrent Expenditure	1,039,000	1,544,000		2,583,000
Approved allocation in respect of audit standards adoption		417,000		417,000
Approved allocation in respect of audit investigation activities			2,083,000	2,083,000
Approved allocation in respect of Transparency Directive activities	1,068,000			1,068,000
Total	2,107,000	1,961,000	2,083,000	6,151,000

2019: Financial & Related Statements

The foregoing amounts totalling €6,151,000 were used as a basis for billing the respective funders in 2019, less amounts due to these funders at the start of the year totalling €1,715,926. Net expenditure for the year amounted to €4,101,751. Further analyses of these amounts are disclosed in Note 10, including the balance due to funders at year end of €1,356,842.

13.2. Analysis of Income	2019 €	2018 €
<i>Recurrent Income under the Act</i>		
Exchequer Grant Income: Vote 32, Subhead C12	688,763	634,097
PABs' Levies	1,033,144	951,146
<i>Income in respect of Transparency Directive Activity</i>		
Exchequer Grant Income: Vote 32, Subhead C12	614,980	739,352
<i>Income in respect of Audit Quality Unit</i>		
RABs' Levies	310,831	199,650
PIE Audit Firms	1,454,033	1,180,928
<i>Income in respect of Liquidator Registration</i>		
Application fees received from liquidators	2,500	2,000
<i>Income in respect of Third Country Audit Entity Registration</i>		
Registration fees received from Third Country Audit Entities	39,926	35,913
	4,144,177	3,743,086

14. Staff Costs

	2019 €	2018 €
Salaries	2,222,716	2,037,601
Employer PRSI Contributions	230,892	207,430
Employer Retirement Benefit Contributions	410,275	475,572
	2,863,883	2,720,603

The average number of employees during the year was 29 [2018: 26]. IAASA's complement of full time staff at 31 December 2019 was 29 [2018: 29].

IAASA employees are paid on the basis of salary scales analogous with civil service grades. These salaries represent total pay and IAASA does not pay overtime or similar allowances.

2019: Financial & Related Statements

In accordance with Department of Public Expenditure & Reform requirements, an analysis of total employee remuneration based on their paypoint at 31 December for those earning over €60,000 is set out below:

	2019	2018
€60,000 to €69,999	2	3
€70,000 to €79,999	2	2
€80,000 to €89,999	4	10
€90,000 to €99,999	8	6
€100,000 to €109,999	5	1
€110,000 to €119,999	-	-
€120,000 to €129,999	-	-
€130,000 to €139,999	-	-
€140,000 to €149,999	-	1
€150,000 to €159,999	1	-
	22	23

15. Board fees and expenses

Fees are payable to Board members at a rate specified from time to time by the Minister for Public Expenditure & Reform. In accordance with Department of Public Expenditure & Reform regulations and the Code of Practice for the Governance of State Bodies ('the Code'), fees are not payable to certain Board members who are also public servants.

	2019 €	2018 €
Martin Sisk	11,970	11,970
David Devlin	7,695	7,695
Etain Doyle	7,695	7,695
Nicole Lappin	7,695	7,695
Aisling McArdle	2,614	-
Aileen O'Donoghue	-	7,695
	37,669	42,750

In addition, a total of €10,976 [2018: €11,721] was incurred by Board members during the year in furtherance of their duties. These amounts include both expenses paid directly to Board members and those incurred by IAASA on their behalf. Expenses paid to or incurred on behalf of the Chief Executive, who is also a Board member, totalled €11,002 [2018: €18,233], as detailed in Note 25.

16. Travel & Subsistence

	2019 €	2018 €
National	65,485	51,418
International	72,280	59,452
	137,765	110,870

These amounts include travel and subsistence paid to Board members. The total paid to Board members (excluding the Chief Executive) for national travel and subsistence in 2019 is €4,939 [2018: €8,938] and for international travel and subsistence in 2019 is Nil [2018: Nil]

17. Consultancy, Legal and Professional Services

	2019 €	2018 €
<i>Consultancy</i>		
Legal Advice - General	68,535	53,898
- Audit Reform Legislation	-	88,681
- Registration of Liquidators	18,074	10,252
- Committees of Enquiry - Section 933	18,940	41,656
- Committees of Investigation - Section 934	171,898	-
- Brexit	48,569	-
PR Services	-	3,444
Recruitment Services	10,740	25,584
GDPR/Data Access Requests	43,033	19,219
	379,789	242,734
<i>Professional Services</i>		
Financial Statement Review (Transparency Directive)	45,510	65,820
Committees of Enquiry - Section 933	-	29,023
Committees of Investigation - Section 934	31,101	-
Internal Audit & Actuarial Services	16,063	10,578
Board training & evaluation	2,614	-
Employee wellbeing programs	8,696	-
Branding & Design services	18,757	-
Architectural and associated works	4,798	-
Other	-	216
	127,539	105,637
Total	507,328	348,371

All consultancy costs are business-as-usual costs.

2019: Financial & Related Statements

18. Office Expenditure – Entertainment/hospitality

The following amounts are included in Office Expenditure totalling €85,344 [2018: €99,791]:

	2019 €	2018 <i>restated</i> €
<i>Internal</i>		
Meals/beverages	192	101
Flowers/gifts	283	254
<i>External</i>		
Meals/beverages	480	-
	955	355

19. Auditor's remuneration

	2019 €	2018 €
Audit of company financial statements	14,300	13,000

The Office of the Comptroller & Auditor General does not provide non-audit services to IAASA and no services other than statutory audit services were provided by the Comptroller & Auditor General during the year.

20. Finance income – analysis of interest receivable

Notice deposit accounts	Reserve Fund €	Non-Reserve €	TOTAL €	2018 €
Gross interest receivable	39	134	173	217
DIRT	(16)	(55)	(71)	(89)
Net interest receivable	23	79	102	128

21. Reconciliation of Surplus for the year to Net Cash from Operating Activities

	2019 €	2018 €
(Deficit) for the year	(34,455)	(102,586)
Non Operating Items:		
Less: Finance income	(103)	(591)
Add:	(34,558)	(103,177)
Increase/(Decrease) in Payables	10,174	(586)
(Decrease)/Increase in Excess PABs Levy Income	(352,179)	164,437
(Decrease) in Excess Departmental Grant Income	(37,799)	(255,320)
Increase/(Decrease) in Excess PIE Levy Income	30,894	(171,453)
(Increase)/Decrease in Receivables	(19,189)	42,780
Decrease in Inventory	408	12
Decrease in Deferred Finance Lease Costs	512	879
(Decrease) in Finance Lease Obligations	(3,744)	(4,306)
(Decrease) in Deferred Rent Incentive	(6,710)	(6,711)
Depreciation	46,948	55,904
	(330,685)	(174,364)
Net Cash (Outflow)/Inflow from Operating Activities	(365,243)	(277,541)

22. Analysis of changes in net funds

	Cash at Bank & on Hand €	Cash on Fixed Term Deposit (Non-Reserve) €	Cash on Fixed Term Deposit (Reserve) €	TOTAL €
Balance at 1 January 2019	528,824	528,824	401,463	2,152,305
Cash flow for year	(298,970)	(298,970)	(97,660)	(396,550)
Balance at 31 December 2019	229,854	229,854	303,803	1,755,755

23. Taxation

IAASA is a non-commercial state-sponsored body for tax purposes and, accordingly, income and capital gains arising, if any, are not liable to income tax or capital gains tax respectively. IAASA is not, however, exempt from Deposit Interest Retention Tax ('DIRT').

24. Financial Commitments

24.1. Capital Commitments

There are no capital commitments as at 31 December 2019.

24.2. Rental commitments

IAASA's premises are leased on behalf of the State by the OPW. IAASA in turn rents the premises from the OPW, but has provided no undertakings in this regard. Given that IAASA is not a party to the lease, it has no rental commitments in the coming twelve months. Rental commitments under the lease in the coming twelve months, which are payable by the OPW, will be €195,646 [2018: €195,646]

25. Chief Executive's salary and expenses

Mr Kevin Prendergast was appointed as Chief Executive from 14 November 2016. His remuneration is detailed below. The amount is approved by the Minister with the consent of the Minister for Public Expenditure & Reform. The Chief Executive was not entitled to receive a Board fee, and the Performance Related Bonus Scheme was not in operation in 2019. Mr Prendergast remains a member of the Civil Service Pension Scheme. The foregoing represents the Chief Executive's total remuneration package for the period.

	2019 €	2018 €
Gross salary	149,405	138,516
	149,405	138,516

The Chief Executive is an ex-officio director of the company. Expenses incurred directly by the Chief Executive in the performance of his/her duties and/or by IAASA on behalf of the Chief Executive are disclosed hereunder.

	2019 €	2018 €
Professional memberships	1,465	1,534
Travel & Subsistence, incl. air fares	7,742	11,376
Mobile phone costs	986	718
Internet Services	242	242
Training	-	4,000
Incidentals	567	363
	11,002	18,233

26. Related Party Transactions

26.1. Directors

Details of all payments made to IAASA non-executive directors and the Chief Executive are set out in Notes 15 and 25 respectively. There were no other transactions with directors during the year [2018: nil], and no balances outstanding at the reporting date [balance at 31 December 2018: nil].

26.2. Key management personnel

The responsibility for planning, directing and controlling the activities of IAASA rests exclusively with the Board of directors and the Chief Executive, who is also a director. As alluded to above, all payments made to these key management personnel are set out in Notes 15 and 25 respectively.

26.3. Other related parties

There were no other related party transactions during 2019 or 2018 and there were no amounts outstanding at either year end.

27. Board Members – Disclosure of Transactions

In accordance with the Code of Practice for the Governance of State Bodies, IAASA has in place a Code of Business Conduct for Board members. The Code of Business Conduct includes guidance in relation to the disclosure of interests by Board members and these procedures have been adhered to by the Board during the year covered by these financial statements. During the year under review, there were no financial transactions with directors other than the payment of Board fees and expenses detailed in Note 15. There were no occasions whereby a Board Member disclosed a financial interest during 2019.

28. Approval of the Financial Statements

The Financial Statements were approved and authorised for issue by the Board of Directors on 9 June 2020



Appendices

Appendix 1

Board Membership at Year End and Changes in Composition Since Last Annual Report

Composition of Board at 31 December 2019

Board member	Occupation	Nominating body	Date appointed
Martin Sisk (Chairperson)	Solicitor and former regulator	Minister	21 December 2016
Mary Burke*	Head of Governance & Operational Resilience	Central Bank	14 October 2015
David Devlin*	Chartered Accountant	PABs	30 May 2014
Etain Doyle*	Accountant	PABs	30 May 2014
Nicole Lappin	Barrister	Minister	13 September 2017
Aisling McArdle	Head of Regulation, Euronext Dublin	Irish Stock Exchange	29 August 2019
Conor O'Mahony	Principal Officer, ODCE	Director of Corporate Enforcement	1 March 2012
Kevin Prendergast*	Chief Executive	Ex-officio	14 November 2016

Details of appointments and reappointments to the Board during the year

Director	Date appointed	Nominating body	Reason for vacancy	Term Expires
Aisling McArdle	29 August 2019	Irish Stock Exchange	Resignation of Ms Aileen O'Donoghue	2 January 2020

Details of resignations from the Board during the year by nominees of former members

Director	Occupation	Nominating body	Date of resignation
Caitríona Crowley	Principal Officer	Revenue Commissioners	23 December 2019
Aileen O'Donoghue	Director of Strategy, Policy and Communication, Irish Stock Exchange	Irish Stock Exchange	25 April 2019

* Denotes membership of a Prescribed Accountancy Body

Appendix 2

Issuers examined by the Financial Reporting Supervision Unit during 2019

Equity issuers examined in 2019

Issuer	Report type	Examination type	Reporting date
AIB Group plc	Annual	Unlimited	31 December 2018
Aminex plc	Annual	Unlimited*	31 December 2018
Bank of Cyprus Holdings plc	Annual	Unlimited*	31 December 2017
Bank of Cyprus Holdings plc	Annual	Focused*	31 December 2018
Bank of Ireland Group plc	Annual	Focused	31 December 2018
C&C Group plc	Annual	Focused	28 February 2019
C&C Group plc	Annual	Follow-up	28 February 2019
Cairn Homes plc	Annual	Focused	31 December 2018
CRH plc	Annual	Follow-up	31 December 2018
Dalata Hotels Group plc	Annual	Focused	31 December 2018
Datalex plc	Half-yearly	Focused*	30 June 2018
DCC plc	Half-yearly	Focused	30 September 2018
DCC plc	Annual	Focused*	31 March 2019
DCC plc	Annual	Follow-up	31 March 2019
FBD plc	Annual	Follow-up	31 December 2018
Flutter Entertainment plc	Annual	Focused	31 December 2018
Glanbia plc	Annual	Focused	29 December 2018
Glanbia plc	Annual	Follow-up	29 December 2018
Glenveagh Properties plc	Annual	Unlimited	31 December 2018
Grafton Group plc	Annual	Focused	31 December 2018
Grafton Group plc	Annual	Follow-up	31 December 2018
Greencore Group plc	Annual	Focused	28 September 2018
Greencore Group plc	Annual	Follow-up	27 September 2019
Independent News and Media plc	Annual	Follow-up	31 December 2018
Irish Continental Group plc	Annual	Follow-up	31 December 2018
Irish Residential Properties REIT plc	Annual	Focused	31 December 2018
Kenmare Resources plc	Annual	Unlimited	31 December 2018
Kerry Group plc	Annual	Focused	31 December 2018
Kerry Group plc	Annual	Follow-up	31 December 2018
Kingspan Group plc	Annual	Focused	31 December 2018
Kingspan Group plc	Half-yearly	Follow-up	30 June 2019

Appendices

Issuer	Report type	Examination type	Reporting date
Permanent TSB Group Holdings plc	Annual	Focused	31 December 2018
Permanent TSB Group Holdings plc	Annual	Focused	31 December 2017
Ryanair Holdings plc	Annual	Unlimited	31 March 2019
Smurfit Kappa Group plc	Annual	Focused	31 December 2018
UDG Healthcare plc	Annual	Focused	30 September 2018

Closed-ended fund issuers examined in 2019

Issuer	Report type	Examination type	Reporting date
Carador Income Fund plc	Annual	Follow-up	31 December 2018
Crown Global Secondaries IV plc	Annual	Unlimited	31 December 2018

Debt issuers examined in 2019

Issuer	Report type	Examination type	Reporting date
Astute Capital plc	Annual	Unlimited*	31 December 2018
BBVA Global Market B.V.	Annual	Focused*	31 December 2018
Beechwood Structured Finance plc	Annual	Focused	30 April 2019
Eirles Three DAC	Annual	Focused*	30 April 2019
Juturna (European Loan Conduit No. 16) plc	Annual	Focused*	30 April 2019
Vermillion Protective Bond Portfolio plc	Annual	Unlimited	30 April 2019
Vespucci Structured Financial Products plc	Annual	Unlimited	31 December 2017
Vespucci Structured Financial Products plc	Annual	Follow-up	31 December 2018
Waterford Capital Investments plc	Annual	Focused	30 April 2019
Willow No. 2 (Ireland) plc	Annual	Unlimited	31 December 2017
Willow No. 2 (Ireland) plc	Annual	Follow-up	31 December 2018

Notes:

- Unlimited scope and focused examinations are different in nature to follow-up examinations and are, therefore, classified as a separate examination. For that reason an issuer may appear more than once in the list of examinations for the same financial statements.
- The examinations performed by IAASA during 2019 includes nine examinations (marked as * above) which were commenced in 2019 and were on-going at 31 December 2019.
- The issuers selected for thematic examinations are listed in the publication, if any, resulting from the thematic examination and are not, therefore, listed in the above Table.

Appendix 3

Reports issued to PABs by the Regulatory and Monitoring Supervision Unit during 2019

RAB/PAB	Function Reviewed
ALL PABs	Continuing professional development
Institute of Chartered Accountants in Ireland	Investigation & disciplinary system

Appendix 4

Publications issued by IAASA during 2019

Corporate and General Publications

- Annual Report 2018
- Annual Audit Programme and Activity Report 2018
- Authority Work Programme 2020-2022

Audit Inspection

- Consultation paper on IAASA's intended policy on publication and grading in the quality assurance review process
- IAASA AQU Bulletin: 1st Edition
- Feedback Paper - Publication and Grading (April)
- Feedback Paper - Publication and Grading (June)

Auditing Framework

- Guidance Note 01/2019 The Duty of Auditors to Report to the Director of Corporate Enforcement
- Feedback Paper - Guidance Note on The Duty of Auditors to Report to the Director of Corporate Enforcement
- Consultation Paper - Proposal to issue a Guidance Note on The Duty of Auditors to Report to the Director of Corporate Enforcement
- Draft Guidance Note - The Duty of Auditors to Report to the Director of Corporate Enforcement
- Guidance Note 02/2019 The Audit of Credit Unions
- Feedback Paper - Guidance Note on the Audit of Credit Unions
- Consultation Paper - Proposal to issue a Guidance Note on The Audit of Credit Unions
- Draft Guidance Note - The Audit of Credit Unions
- ISA (Ireland) 570 (Revised October 2019) – Going Concern
- Feedback Paper – ISA (Ireland) 570 (Revised October 2019) – Going Concern
- Exposure Draft - ISA 570 (Ireland) Going Concern Revised
- Consultation Paper on Proposal to Revise ISA (Ireland) 570 – Going Concern
- ISA (Ireland) 540 (Revised December 2018) Auditing Accounting Estimates and Related Disclosures and related conforming amendments to other ISAs (Ireland)
- Feedback Paper - ISA (Ireland) 540 (Revised December 2018) Auditing Accounting Estimates and Related Disclosures
- Updated Statement on Scope and Authority of Audit and Assurance Pronouncements

- Comment letter relating to the IAASB's proposed strategy for 2020-2023 and work plan for 2020-2021
- Comment letter relating to the IAASB's Quality Management Exposure Drafts

Financial Reporting Supervision

- Observations on selected financial reporting issues - years ending on or after 31 December 2018
- Snapshot of IAASA's financial reporting enforcement activities in 2018
- Review on the IFRS 16 Leases disclosures within the 2019 half-yearly financial reports
- Information note: Liquidity analysis in annual and half-yearly reports
- Information note: Some key areas of focus for 2019 half-yearly report
- Information note: Requirement to disclose disaggregate revenue
- Information note: Requirement to disclose dividends proposed
- Compendium of financial reporting decisions

Enforcement

- Consultation Paper on proposed Section 933 Regulations
- Feedback Paper - Consultation on the proposal to issue Companies Act 2014 (Procedures Governing the Conduct of Section 933 Enquiries) Regulations
- Consultation Paper on proposed Section 934 Regulations
- S.I. 567 of 2019 - Companies Act 2014 (Procedures Governing the Conduct of Section 933 Enquiries) Regulations 2019
- Settlement Procedures for Section 933 Enquiries
- Settlement Procedures for Section 934 Investigations
- Section 933 Enquiry Committee Decision 1/2018

Regulatory & Monitoring Supervision

- Profile of the Profession 2018

Appendix 5

Protected Disclosures Report 2019

Section 22 of the Protected Disclosures Act 2014 requires the publication of a report each year relating to the number of protected disclosures made in the preceding year and also for the publication of information with regard to any actions taken in response to protected disclosures made.

No protected disclosure was received by the Irish Auditing and Accounting Supervisory Authority in the year ended 31 December 2019.

Appendices

The background is a solid dark blue color. It features several large, overlapping, curved shapes in various shades of blue, ranging from a very dark navy to a bright cyan. These shapes create a sense of depth and movement, with some appearing as if they are layered on top of others. The overall effect is a modern, abstract design.

Glossary

Glossary

AAC	Audit & Assurance Council of the FRC
ARC	IAASA Audit and Risk Committee
ACCA	Association of Chartered Certified Accountants
Act, the	Companies Act 2014
AIA	Association of International Accountants
Authority, the	Irish Auditing and Accounting Supervisory Authority
C&AG	Comptroller and Auditor General
CAIM	Common Audit Inspection Methodology
CEAOB	Committee of European Auditing Oversight Bodies
Central Bank	Central Bank of Ireland
Charter, the	Charter of the IAASA ARC
CIMA	Chartered Institute of Management Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
CLRG	Company Law Review Group
Code, the	Code of Practice for the Governance of State Bodies
CPA	Institute of Certified Public Accountants in Ireland
CPD	Continuing Professional Development
CRO	Companies Registration Office
CRSC	Corporate Reporting Standing Committee
Department, the	The Department of Business, Enterprise & Innovation
EECS	European Enforcers' Co-ordination Sessions
ESMA	European Securities and Markets Authority
EU	European Union
EU Audit Regulation	Regulation EU No. 537/2014
FRC	Financial Reporting Council in the UK
GAAP	Generally Accepted Accounting Practice
GDPR	General Data Protection Regulation
IAASA	The Irish Auditing and Accounting Supervisory Authority
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standard(s)
IAS 1	IAS 1 Presentation of Financial Statements
IAS 12	IAS 12 Income Taxes

Glossary

IAS 24	IAS 24 Related Party Disclosures
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
ICAI	Institute of Chartered Accountants in Ireland
ICAS	Institute of Chartered Accountants of Scotland
IESBA	International Ethics Standards Board for Accountants
IFIAR	International Forum of Independent Audit Regulators
IFRIC 23	IFRIC 23 Uncertainty over Income Tax Treatments
IFRS	International Financial Reporting Standards
IFRS 7	IFRS 7 Financial Instruments: Disclosure
IFRS 8	IFRS 8 Operating Segments
IFRS 9	IFRS 9 Financial Instruments
IFRS 13	IFRS 13 Fair Value Measurement
IFRS 15	IFRS 15 Revenue from Contracts with Customers
IFRS 16	IFRS 16 Leases
ISAs	International Standards on Auditing
Issuer	An entity coming within IAASA's remit under the Transparency (Directive 2004/109/EC) Regulations, 2007
LSRA	Legal Services Regulatory Authority
Minister, the	Minister for Business, Enterprise & Innovation
ODCE	Office of the Director of Corporate Enforcement
PAB	Prescribed Accountancy Body
PCAOB	Public Company Accounting Oversight Board (US)
PEC	Preliminary Enquiry Committee (section 933)
PIC	Preliminary Investigation Committee (section 934)
PIE	Public Interest Entity
PIOB	Public Interest Oversight Board
RAB	Recognised Accountancy Body
Relevant financial reporting framework	The body of financial reporting standards, legislation, codes and rules with which issuers are required to comply in preparing their annual and half-yearly financial reports
SI	Statutory instrument
SIC	System of Internal Control
Third country	Non-EU





IAASA

Irish Auditing & Accounting
Supervisory Authority

**Irish Auditing & Accounting
Supervisory Authority**

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