
WORK PROGRAMME 2014-2016



NOTE

This work programme does not reflect the key strategies, activities and resources required in respect of the quality assurance of the audits of public interest entities.
In the event that this function is conferred on IAASA during the term of this work programme, a supplementary work programme will be prepared.

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SECTION ONE: MISSION AND GOALS

1.1 Mission

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

- (a) examination and enforcement of certain listed entities' periodic financial reporting; and
- (b) supervision of the regulatory functions of the Prescribed Accountancy Bodies ('PABs').

Our mission is:

to promote high quality financial reporting and effective regulation of accountants and auditors through the delivery of independent and effective supervision which protects the public interest.

This document sets out the key strategies to be employed and the activities to be undertaken by IAASA in the three year period 2014 to 2016 in pursuit of this mission.

1.2 Goals

The principal objects of IAASA, which are set out in Section 8 of the Companies (Auditing and Accounting) Act, 2003 ('2003 Act') provide the framework for its activities and are outlined in Appendix I.

These statutory objects have been translated into the following goals:

- I. to deliver independent and effective supervision of financial reporting which promotes high quality financial reporting and which responds to non-compliance robustly, promptly and proportionately;
- II. to deliver independent and effective supervision of the regulatory activities of the PABs which promotes high quality regulation and which responds to inadequate regulatory practice robustly, promptly and proportionately;
- III. to promote adherence to high professional standards by accountants, auditors and preparers of financial reports; and
- IV. to provide specialist advice and support to the Minister for Jobs, Enterprise & Innovation ('the Minister') and high quality information to our stakeholders on key auditing and accounting matters.

Sections three and four below outline the key strategies and activities designed to achieve these goals over the three years 2014 to 2016.

SECTION TWO: BACKGROUND

2.1 IAASA's functions

IAASA was established under the provisions of the 2003 Act. The functions conferred upon IAASA under Section 9 of that Act are set out in Appendix I.

IAASA is divided into two operational units namely Financial Reporting Supervision ('FRS') and Regulatory & Monitoring Supervision ('RMS'), and the principal functions of each unit are elaborated further in sections 2.2 and 2.3 below respectively.

2.2 Financial Reporting Supervision

The principal functions of FRS are:

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

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

At 31 December 2013, IAASA's financial reporting supervision remit was as follows:

Table 1
Issuers under remit at 31 December 2013

Issuer category	Number of issuers in category	Half-yearly financial reports issued per annum	Annual financial reports issued per annum	Total number of periodic financial reports issued per annum
Equity	25	25	25	50
Fund	30	30	30	60
Debt	87	68	87	155
Total	142	123	142	265

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

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

³ Section 9(2)(k) of the 2003 Act (as amended) refers

⁴ Section 8(1)(d) of the 2003 Act (as amended) refers

2.3 Regulatory and Monitoring Supervision

The principal functions of RMS are:

- supervising the manner in which the PABs regulate their members, including the operation of their licensing, membership, and investigations & disciplinary processes^{5, 6};
- supervising the manner in which the Recognised Accountancy Bodies ('RABs') perform quality assurance activities on those of their members and member firms authorised to act as auditors under the Companies Acts^{5 & 6};
- registration of Third Country Auditors and Audit Entities^{5 & 7};
- co-operating with EU and international counterparts as well as with other national and EU authorities^{8 & 9};
- advising the Minister on matters relating to the accounting profession⁴.

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

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

Of the nine PABs, six have been recognised for the purposes of the European Union (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 and section 187 of the Companies Act, 1990. This means that their members and member firms may be authorised to perform audits. Such PABs are referred to as RABs¹⁰.

IAASA also registers Third Country Auditors and Audit Entities, which are entities who provide audit reports in respect of non-EU/EEA entities admitted to trading on a regulated market in Ireland.

2.4 Work Programme

IAASA is required to submit a three year Work Programme to the Minister¹¹ outlining the:

- key strategies and activities that it intends to pursue in order to further its statutory objects and perform its functions;

⁵ The European Union (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 refers

⁶ Section 9 of the 2003 Act refers

⁷ The European Union (Third Country Auditors and Audit Entities Equivalence, Transitional Period and Fees) Regulations 2012 refers

⁸ Part 10 chapter 1 of the European Union (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 refers

⁹ Section 9 (2) (h) and (k) of the 2003 Act refers

¹⁰ The six recognised bodies are the ACCA, ICPAI, ICAEW, ICAI, ICAS and IIPA

¹¹ Section 13 of the 2003 Act (as amended)

- outputs that it aims to achieve and against which its performance will be assessed; and
- staff, resources and expenditures (including an annual Programme of Expenditure) necessary to pursue the proposed strategies and activities.

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

It is expected that IAASA will be conferred with significant new statutory functions in respect of the quality assurance of the auditors of public interest entities. In addition, the Companies Bill 2012 also contains provisions to confer responsibility for certain liquidator related functions on IAASA. In the absence of clarity as to when or how the conferral of either of these new functions will take effect, this Work Programme does not reflect how the organisation would propose to develop nor the additional resources required to facilitate any activities pertaining to these proposed functions. Section 5.6 provides further background in this regard.

IAASA will keep this Work Programme under review and make any changes which become necessary in order to respond to developments in its statutory remit or arising from other factors.

2.5 Further information

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

SECTION THREE: KEY STRATEGIES

Strategy 1: Apply a risk-based approach to supervision

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

Strategy 2: Promote best practice approaches

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

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

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

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

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

IAASA will continue to make use of its statutory functions to approve and require amendment to the constitutional documents of the PABs and to attach terms and conditions to the recognition of RABs. IAASA also has the statutory power to adopt rules and issue guidelines concerning any matter that relates to its functions and powers. During the term of this Work Programme, IAASA intends to use this power in respect of a number of the key regulatory activities undertaken by the PABs. In the event that adoption of guidelines is weak, slow or otherwise unsatisfactory, IAASA will use its statutory functions and powers to compel compliance. In cases where a more immediate supervisory response is warranted, IAASA may adopt rules.

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

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

Strategy 4: Engage effectively with our stakeholders

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

IAASA has a range of stakeholder groups which include:

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

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

Strategy 5: Make the most of EU and domestic collaborations

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

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

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

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

Strategy 6: Develop its employees

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

Strategy 7: Maximise the impact of finite resources

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

SECTION FOUR: ACTIVITIES AND RELATED OUTPUTS

4.1 Introduction to activities and related outputs

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

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

At the time of writing, IAASA has two project manager vacancies in its approved staff complement¹². Moreover, there is a significant gap between the Authority's approved and required staffing complement as outlined in Section five, which includes a further discussion of IAASA's financial resources, staffing and expenditure.

¹² Sanction to advertise one vacant post has been received. Sanction for the second post has not been received from the Department of Public Expenditure & Reform

4.2 Activities and outputs related to supervision of financial reporting

Goal I: To deliver independent and effective supervision of financial reporting which promotes high quality financial reporting and which responds to non-compliance robustly, promptly and proportionately

- 1 Review and refine risk assessment processes to identify the more significant risks in issuers' periodic financial reports and supplement this risk assessment with 'random selection'. Such risk assessment processes to include (i) the Performance of overviews of preliminary announcements and (ii) the analysis of information received from users of financial reports and other interested parties
- 2 Conduct annual programmes of examinations of financial reports utilising a range of approaches including full scope, focused, thematic and follow-up reviews across annual and half-yearly financial reports to identify instances of material non-compliance
- 3 Review and, as necessary, refine financial reporting examination methodologies and procedures in line with emerging trends, changes in financial reporting and developments in technology
- 4 Engage with entities' directors to secure improvements in future financial reports and take formal enforcement measures where warranted
- 5 Assist other regulatory agencies in respect of financial reporting matters and entities under common remit and make referrals in respect of matters of concern to relevant regulatory agencies
- 6 Incorporate European Securities & Markets Authority ('ESMA') Common Enforcement Priorities into the annual programme of examinations and conduct examinations as requested by ESMA
- 7 Participate at the European Enforcer Co-ordination Sessions ('EECS') and in Corporate Reporting Standing Committee ('CRSC') working groups
- 8 Explore options, including legislative amendment, to provide for greater transparency of activities in respect of individual issuers
- 9 Engage with stakeholder groups *via* conference hosting and other fora to seek user feedback on enforcement
- 10 Develop and publicise a policy on enforcement actions that are proportionate and progressive

Related Outputs:

- Development of issuer risk matrix and detailed annual work plans for each of the three years to 2016
- Financial statement examinations – annual and half-yearly financial statements of equity, fund and debt issuers: full scope, focussed, follow-up, thematic
- Securing of undertakings for improvements to future periodic financial statements
- Seeking preparation and publication of amended financial statements where appropriate
- Preparation and presentation of cases and decisions to EECS plenary sessions
- ESMA projects completed

4.3 Activities and outputs related to supervision of the Prescribed Accountancy Bodies and third country auditors

Goal II: To deliver independent and effective supervision of the regulatory activities of the PABs which promotes high quality regulation and which responds to inadequate regulatory practice robustly, promptly and proportionately

- 1 Review and refine risk assessment processes to identify where the most significant risks lie in the regulatory activities (i.e. membership, licensing, quality assurance of auditors and investigations and disciplinary processes) within and across PABs, tailoring activities to the PABs' key regulatory risks
- 2 Examine the PABs' regulatory plans, annual reports and annual returns. Require changes where necessary to (i) ensure adequate regulatory activity in key areas of risk, (ii) ensure emerging trends are considered and (iii) reflect IAASA's expectation of high quality regulatory outcomes
- 3 Adopt a variety of supervisory approaches which ensure effective engagement with the PABs. Such approaches to include (i) conducting wide-scope, focused, thematic and follow-up supervisory reviews in key regulatory areas performed *via* on-site visits and desktop analyses, (ii) regular meetings and (iii) periodic reporting
- 4 Make full use of our range of regulatory tools, including the potential to adopt rules and issue guidance in key regulatory areas. Attach terms and conditions to the recognition of the RABs where necessary to remediate regulatory shortcomings identified through supervisory activities and monitor compliance with those terms and conditions
- 5 Monitor that all practising individually authorised auditors become subject to the regulation of a PAB
- 6 Analyse information received from consumers of accounting and auditing services who are dissatisfied with the standard of performance received from a member of a PAB for use in supervisory activities and for consideration for a Statutory Enquiry where appropriate
- 7 Process applications from third-country auditors for registration, perform quality assurance of third-country auditors and set up investigation and disciplinary arrangements in respect of third-country auditors
- 8 Implement an online system of receipt of notification of cessation of office by an auditor and evaluate cessation notifications for matters meriting referral to the relevant RAB or, where appropriate, other regulators, and for incorporation into risk assessment processes
- 9 Refer regulatory matters of concern to other regulatory agencies where appropriate and accept referrals from other agencies relating to matters under IAASA's regulatory remit
- 10 Liaise and develop co-operation agreements where possible with international counterparts
- 11 Perform a review of the Section 23 and 24 Enquiry processes, including consultation with stakeholders, and revise, as necessary, to ensure that the processes are effective, efficient and operate in line with current regulatory, disciplinary and legal norms
- 12 Instigate Statutory Enquiries into significant matters where considered appropriate or in the public interest

Related Outputs:

- Delivery of effective risk-based supervisory programmes tailored to the PABs' key risk areas and which utilise a variety of supervisory approaches
- Reviews of the PABs regulatory plans, annual returns and annual reports completed
- Improvements to PABs' regulatory processes and procedures secured through supervisory review recommendations made and implemented by the relevant PAB
- Examinations of proposed amendments to PABs constitutional documents completed
- Terms & conditions attached to RABs recognition where warranted and rules/guidelines

issued

- Consideration of complaints received and incorporation of results into supervisory programmes
- Third-country auditor registrations processed and renewed
- Implementation of an online system of notification of cessation of office by an auditor
- Referrals made to other regulatory agencies and action taken on third party referrals
- Assistance provided to other regulatory agencies and international counterparts
- Consultations undertaken on Sections 23 and 24 and revised Section 23 and 24 Regulations

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

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

- 1 Promote best practice in the financial reporting of issuers under IAASA's remit through our examination and enforcement processes
- 2 Promote best practice regulation in supervisory recommendations to the PABs and where good practices are identified promote its adoption by other PABs
- 3 Publicise the results of our enforcement and supervisory activities to the extent permitted by law to encourage compliance through periodic publications, presentations and web releases
- 4 Implement a learning and development strategy for employees
- 5 Co-operate, as permitted by law, with other domestic authorities on matters within joint remit to ensure inadequate performance or inappropriate conduct is remediated
- 6 Contribute to EU and international efforts aimed at supporting and enhancing audit quality, and leverage the knowledge gained through participation at EU bodies to identify international best practice and incorporate it into supervisory activities
- 7 Contribute at Accounting Council and Auditing & Assurance Council of the FRC to advocate for improvements to financial reporting and auditing standards and to ensure that Irish relevant matters are addressed
- 8 Encourage PAB initiatives to improve members' performance in areas where shortcomings are apparent and/or which involve engagement with consumers of accounting and, where relevant auditing, services
- 9 Fund research into areas of relevance (e.g. attributes of effective disciplinary systems, best practices in other countries)
- 10 Seek feedback from consumers of accounting and auditing services and from complainants about their perception of standards of accountant and auditor performance

Related Outputs:

- Supervisory review recommendations made and implemented by the relevant PAB/issuer as applicable
- Publications issued including (i) an Annual Report (ii) annual financial reporting observations (iii) commentaries on findings of thematic reviews (iv) information notes (v) web releases (vi) a document profiling the profession in Ireland and (vii) articles for professional publications;
- Presentations to stakeholders on the results of supervisory activities and other relevant topics
- Implementation of a learning & development strategy for employees
- Co-operation activities with domestic and international counterparts
- Participation in EU and international forums/committees/groups
- Attendance at the UK FRC AC and AAC meetings
- Research reports in relevant areas, funded by IAASA
- Feedback received from consumers of accounting and auditing services

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

Goal IV: To provide specialist advice and support to the Minister and high quality information to our stakeholders on key auditing and accounting matters

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

Related Outputs:

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

SECTION FIVE: STAFF, RESOURCES AND EXPENDITURE

5.1 Introduction to staff, resources and expenditure

Section 13 of the 2003 Act states that in preparing its Work Programme, IAASA shall have regard to the need to ensure the most beneficial, effective and efficient use of its resources. As outlined above, our key strategies focus on maximising the use of our scarce resources and focusing those resources on areas of highest risk. The resources at our disposal are outlined further below.

5.2 Financial resources - programme of expenditure

In accordance with the provisions of section 13(4) of the 2003 Act, IAASA submits an annual Programme of Expenditure ('PoE') to the Minister for approval, which the Minister may approve after considering the views of the PABs and with the consent of the Minister for Public Expenditure & Reform.

IAASA's proposed PoE for 2014, which is based on existing levels of service, is €2.5m. The annual PoEs for 2015 and 2016 will be submitted to the Minister in mid-2014 and 2015 respectively for consideration as part of the Government's annual estimates process.

Under the funding model provided for by the 2003 Act, the Exchequer and the PABs fund IAASA by way of "a grant not exceeding 40%" and a levy which "may not exceed 60%" respectively. This, in effect, limits the PAB levy in any year to 1.5 times the Exchequer grant in respect of such expenditure. In addition, expenditure in connection with IAASA's obligations under the Transparency Directive is 100% Exchequer funded. The net Exchequer contribution to IAASA in 2014 will be €1.2m.

5.3 Financial resources – reporting and governance

As a statutory body, IAASA will continue to produce its annual financial statements in accordance with law and these financial statements will continue to be audited by the Comptroller and Auditor General. Over the period of this Work Programme, IAASA will migrate to the new Financial Reporting Standard 102 which is effective from 1 January 2015. Additionally, in order to provide a more efficient service, IAASA will introduce an electronic payments system, and update its financial procedures accordingly to ensure the system is effective and secure.

5.4 Human resources

IAASA performs its work through four units described below.

- Regulatory & Monitoring Supervision ('RMS')
- Financial Reporting Supervision ('FRS')
- Finance & Administration ('F&A')
- Secretariat & Legal Services ('S&LS')

IAASA's Organisation Chart is presented in Appendix II.

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

Table 2

Summary of approved, sanctioned, actual and required staff resources	ECF*/Approved	Sanctioned by D/PER**	Actual staff in place	Workforce planning: staff required
Chief Executive	1	1	1	1
Heads of Function	4	4	4	4
Project Managers – RMS	5	4	3.8	6
Project Managers – FRS	3	3	2	8
Administration Executive	1	1	1	4
Clerical Support Staff	1	1	1	1
Total	15	14	12.8	24
*ECF: Employment Control Framework				
**D/PER: Department of Public Expenditure & Reform				

As is apparent from Table 2, IAASA currently has two senior vacancies, one of which awaits sanction from the Department of Public Expenditure & Reform. Apart from these approved vacancies, IAASA considers that the staffing resources required to adequately discharge its current mandate is 24 - considerably greater than the approved complement of 15.

However, given the prevailing economic environment and the current moratorium on public sector recruitment, IAASA has not sought sanction for these nine positions. Clearly, a shortfall of this magnitude in its staffing resources significantly impacts IAASA's ability to discharge its statutory mandate. Therefore, as was outlined in Section four, not all the activities listed in that Section will be undertaken within current resources.

5.5 Information and communications technology resources

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

- complete this upgrade programme, subject to available resources;
- undertake a comprehensive redevelopment of its website on foot of a recently completed expression of interest process;
- examine ways to maximise the value of its website as both a resource for stakeholders and a facility for staff and Board members;
- maintain its policy of including a detailed ICT review as part of its three-year internal audit Work Programme; and
- ensure its back-up and disaster recovery processes remain consistent with best practice, and appropriate to an entity of IAASA's scale and functions.

5.6 Proposed additional statutory functions

In July 2010, the then Minister for Trade and Commerce decided to implement an EU Recommendation (2008/362/EC) on external quality assurance of the auditors of public interest entities to confer on IAASA the statutory function to perform quality assurance directly. IAASA subsequently submitted an implementation plan to the Department which would give effect to the Minister's decision. The Quality Assurance function, when transferred to IAASA, will represent a major expansion of IAASA's existing activities.

In addition, the Combined Companies Bill 2012 contains provisions which would confer responsibility for certain liquidator related functions on IAASA. Given that these functions have not yet been conferred on IAASA, and the absence of clarity as to when or how these functions will be implemented, this Work Programme does not reflect the impact of such an extension of IAASA's functions. Therefore, it does not reflect how the organisation would propose to develop nor the additional resources which would be required. In the event that IAASA is conferred with either or both of these functions and provided with the requisite resources during the term of this Work Programme, IAASA will prepare a supplementary Work Programme for submission to the Minister.

**Extract from Section 8 of the
Companies (Auditing and Accounting) Act 2003 (as amended)**

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

- (a) to supervise how the prescribed accountancy bodies regulate and monitor their members;
- (b) to promote adherence to high professional standards in the auditing and accountancy profession;
- (c) to monitor whether the accounts of certain classes of companies and other undertakings comply with the Companies Acts and, where applicable, Article 4 of the IAS Regulation; and
- (d) to act as a specialist source of advice to the Minister on auditing and accounting matters.

Section 9 (as amended)

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

- (2) Without limiting its responsibilities under *subsection (1)*, the functions of the Supervisory Authority are as follows:
 - (a) to grant recognition to bodies of accountants for the purposes of section 187 of the Act of 1990;
 - (b) to attach under section 192 of the Act of 1990 terms and conditions to the recognition of bodies of accountants, including terms and conditions—
 - (i) requiring changes to and the approval by the Supervisory Authority of their regulatory plans, and
 - (ii) requiring their annual reports to the Supervisory Authority on their regulatory plans to be prepared in the manner and form directed by the Supervisory Authority;
 - (c) to require changes to and to approve—
 - (i) the constitution and bye-laws of each prescribed accountancy body, including its investigation and disciplinary procedures and its standards, and
 - (ii) any amendments to the approved constitution or byelaws of each prescribed accountancy body, including amendments to its investigation and disciplinary procedures and to its standards;
 - (d) to conduct under *section 23* enquiries into whether a prescribed accountancy body has complied with the investigation and disciplinary procedures approved for that body under *paragraph (c)*;
 - (e) to impose under *section 23* sanctions on prescribed accountancy bodies;
 - (f) to undertake under *section 24* investigations into possible breaches of the standards of a prescribed accountancy body;
 - (g) to supervise how each recognised accountancy body monitors its members and to undertake under *section 25* reviews of those members;

- (h) to co-operate with the recognised accountancy bodies and other interested parties in developing standards relating to the independence of auditors and to monitor the effectiveness of those standards
- (i) to monitor the effectiveness of provisions of the Companies Acts relating to the independence of auditors;
- (j) to supervise the investigation and disciplinary procedures of each prescribed accountancy body, including by requiring access to its records and by requiring explanations about the performance of its regulatory and monitoring duties;
- (k) to co-operate with the prescribed accountancy bodies and other interested parties in developing auditing and accounting standards and practice notes;
- (l) to review under *section 26* whether the accounts of companies and undertakings referred to in that section comply with the Companies Acts, and where applicable, Article 4 of the IAS Regulation and to make applications to the High Court to ensure compliance;
- (m) to arrange for the regulation and supervision of individually authorised auditors by recognised accountancy bodies;
- (ma) to perform the functions conferred on it by transparency (regulated markets) law (within the meaning of *Part 3* of the *Investment Funds, Companies and Miscellaneous Provisions Act 2006*) in respect of the matters referred to in Article 24(4)(h) of the Transparency (Regulated Markets) Directive (within the meaning of that Part)¹³;
- (mb) to perform the functions (and in particular the functions of public oversight) conferred on it by the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010;
- (n) to perform any other duties or discharge any other responsibilities imposed on it by this Act or the Companies Acts.

¹³ Inserted by section 16 of the Investment Funds, Companies and Miscellaneous Provisions Act, 2006

IAASA Organisation Chart at 1 January 2014

