

2020

Annual Report



Disclaimer

Whilst every effort has been made to ensure the accuracy of the information contained in this document, IAASA accepts no responsibility or liability howsoever arising from any errors, inaccuracies, or omissions occurring. IAASA reserves the right to take action, or refrain from taking action, which may or may not be in accordance with this document.

Table of Contents

Values	2
Strands and Strategies	3
About Us	4
Highlights	5

Chapter 1

Chairperson's Statement & Chief Executive's Review	6
---	---

Chapter 2

Standards and Policy	11
----------------------------	----

Chapter 3

Supervision of the Auditing and Accounting Profession	14
--	----

Chapter 4

Supervision of Financial Reporting Quality ...	17
--	----

Chapter 5

Supervision of Audit Quality for PIE Audits ...	20
---	----

Chapter 6

Enforcement	23
-------------------	----

Chapter 7

Finance and Administration	26
----------------------------------	----

Chapter 8

Organisational Development	28
----------------------------------	----

Chapter 9

Governance and Structure	31
--------------------------------	----

2020

Financial Statements & Related Statements. .38

Report of the Directors	39
Statement on Internal Control	46
Directors' Responsibilities Statement	48
Comptroller and Auditor General Opinion	49
Statement of Financial Position	52
Statement of Income and expenditure	53
Statement of Changes in Reserves and Capital Account	54
Statement of Cash Flows	55
Notes to Financial Statements	56

Appendices

Appendix 1

Board membership at year end and changes in composition since the last annual report	72
---	----

Appendix 2

Issuers examined by the Financial Reporting Supervision Unit during 2020	73
---	----

Appendix 3

PABs under IAASA remit and reports issued to PABs during 2020	75
--	----

Appendix 4

Audit firms inspected in 2020	76
-------------------------------------	----

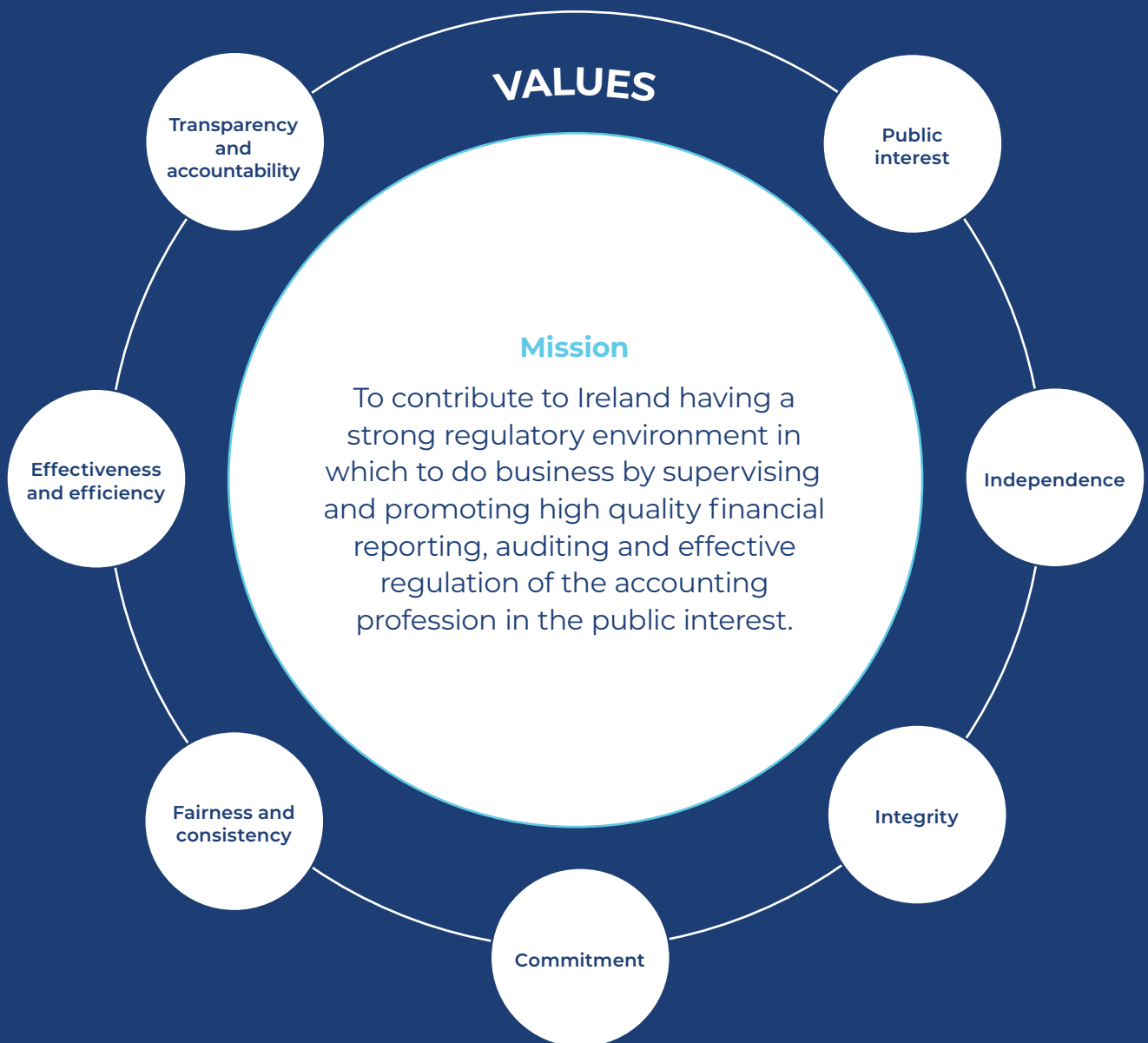
Appendix 5

Publications issued by IAASA during 2020	77
--	----

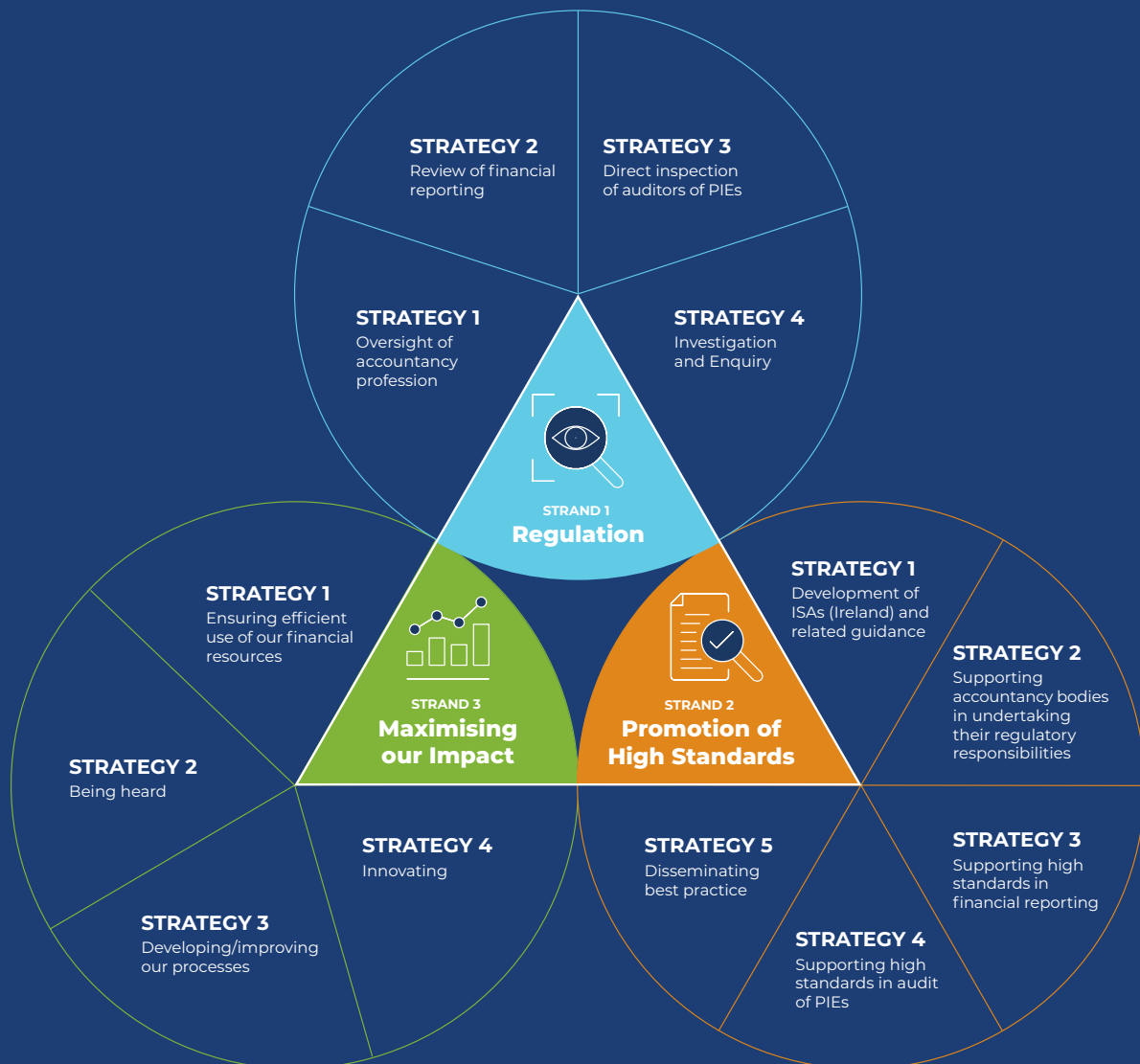
Appendix 6

Protected disclosures report 2020	79
---	----

Glossary	80
----------------	----



Strands and Strategies



Strand 1: Regulation

Supervision of the Auditing and Accounting Profession
 Supervision of Financial Reporting Quality
 Supervision of Audit Quality for PIE Audits
 Enforcement



Strand 2: Promotion of High Standards

Standards and Policy
 Supervision of the Auditing and Accounting Profession
 Supervision of Financial Reporting Quality
 Supervision of Audit Quality for PIE Audits
 Enforcement
 Finance and Administration



Strand 3: Maximising our Impact

Standards and Policy
 Supervision of the Auditing and Accounting Profession
 Supervision of Financial Reporting Quality
 Supervision of Audit Quality for PIE Audits
 Enforcement
 Finance and Administration
 Organisational Development

About Us



41,229

members of prescribed accountancy bodies (PABs)
in business and practice



1,155

statutory audit firms in Ireland



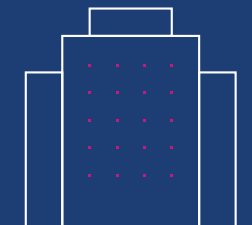
91

known issuers under financial reporting
examination constituency



8

PABs supervised, of which 5 are also recognised
accountancy bodies (RABs)



8

public interest entity
audit firms



IAASA adopts standards on auditing, professional
ethics and internal quality control for statutory
auditors

Highlights



Strand 1: Regulation



8

PIE audit
firms inspected



4

themed supervisory
reviews conducted of
RABs



47

financial reports
examined



1

enforcement
settlement
agreement



Strand 2: Promotion of High Standards



Revision of the Ethical
Standard for Auditors
(Ireland)



5

thematic publications on
financial reporting and
auditing



1st

time publication of PIE
inspection reports



Strand 3: Maximising our Impact



Audit committee
breakfast briefing held



4

financial reporting
publications



Organisational
development unit
established



Chapter 1

Chairperson's Statement &
Chief Executive's Review

Chairperson's Statement

Introduction

This is IAASA's ('the Authority') fifteenth Annual Report. It is with pleasure that I submit it to the Minister for Enterprise, Trade and Employment, 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 2020 to fulfil its mission. The remainder of this Report gives details of this work. In my Statement, I would like to focus on the strategic aspects that are the focus of the board of the Authority, and how the Authority has positioned itself to address the challenges both current and prospective.

Governance

The Authority implemented its new work programme covering the next three year period during 2020. This programme focuses on three core strands; regulation, promotion of high standards, and maximising our impact. The executive team has been tasked with translating these strands, supported in the work programme with strategies and enablers, into individual tasks and implementing them in its business plans. The board holds the executive to account against these plans, and this report also summarises how the Authority has performed in relation to the outcomes set out therein.

The board also reviews its own governance on an annual basis. This year's review reaffirmed the strong governance in place in IAASA, and set out recommendations to continue to develop board acumen. Board training is now a core element of that development.

Impact of COVID-19

As set out more fully in the report, the Authority's response to the unprecedented events in 2020 allowed it to complete the vast majority of its plans. While no planning or risk analysis could possibly have predicted the unique challenges that the last twelve months have provided, IAASA's prior work to develop its resilience and flexibility allowed it to move quickly to new ways of working in response. Much of this involved working in conjunction with the entities it regulates, while making clear that regulatory standards would be maintained. As the rest of this report makes clear, the Authority was successful in this regard.

UK departure from the EU

At 11pm on 31 December last the UK's transition period ended and its full departure from the EU became legally effective. The impact of this in audit is already evident. There are now practical impacts for auditors who wish to remain registered in both jurisdictions, and this has led to a very significant reduction in the number of statutory auditors based in the UK who are registered as statutory auditors in Ireland. The Authority sees this continuing in 2021 and beyond, as UK and EU requirements in statutory audit and elsewhere begin to diverge. The UK will remain an important partner in an international context for the Authority. Its auditing standards form the basis for Irish auditing standards, and the Financial Reporting Council ('FRC') is also the accounting standard setter for domestic financial statements in Ireland. The Authority continues to plan for, monitor, and respond to the manifold impacts of the UK's decision.

International relationships

Audit and accounting are global professions, and increasingly regulation operates at the same level. IAASA has long recognised the importance of developing relationships with its peers internationally. In particular, this has taken place through the EU Committee of European Auditing Oversight Bodies ('CEAOB') and globally through membership of the International Forum of Independent Audit Regulators (IFIAR). In 2020 Ireland joined the CEOB Consultative Group, which manages the work of the CEOB on an administrative basis. It also worked on several European and global working groups and task forces, examining topical issues such as non-financial reporting, monitoring of the European market for audit, and reviewing internationally relevant developments in audit for IFIAR. This work gives the Authority an insight into how audit and audit regulation is continuing to develop, and how it responds to challenges across the world. That insight helps inform the plans the Authority makes for its own development, for example its recruitment of specialist expertise in data analytics and computer audit. The board continues to support the involvement of IAASA staff in this work.

Chapter 1: Chairperson's Statement & Chief Executive's Review

International developments

Accounting and audit regulation have continued to be the focus of international debate during 2020. In the UK, the Department of Business, Enterprise and Industrial Strategy is considering how best to implement the many recommendations arising from reports on the audit market published over the past few years. The collapse of Wirecard has highlighted very significant issues across the regulatory framework in Germany, issues to which the European Commission as well as the German government are responding. IAASA continues to monitor these debates and the proposals that result, to assess whether they are relevant in the context of Irish regulation. We note that many of the UK proposals for their new regulator mirror the Irish regulatory structure, with their new regulatory body ARGA to be established under law with a clear statutory remit and reporting obligations, as well as enhanced powers. At EU level, the Authority is contributing to the discussions as to how all EU regulators can improve. The Authority is confident that it will be well placed to respond to the outcome of these discussions.

Innovation

In my 2019 statement I outlined the Authority's response to the reform initiative throughout the public service. In 2020 the Authority expanded its initiatives in this area. IAASA now has a dedicated function for Organisational Development, responsibility for which resides at leadership level. Innovation has been designed into the Authority's work programme and business plans. At all levels staff have been challenged and have responded to that challenge through changing processes and procedures, by creating new ways of working, and by constantly examining and questioning how the Authority undertakes its work, and in so doing, how it fulfils its statutory remit. This disruption, while undoubtedly a discomfort at times, is in the Board's view a necessity in order that IAASA is well placed to respond to the volatile and uncertain environment in which it operates.

Board changes

The members of the board were saddened to hear of the untimely passing of our former colleague Caitriona Crowley during the year. Caitriona, the nominee of the Revenue Commissioners, left the Board at the end of 2019. Ar dheis Dé go raibh a h-anam dílis.

A number of long standing members left the board this year. David Devlin and Etain Doyle, both nominees of the prescribed accountancy bodies, left on the expiration of their terms of appointment. Clodagh Hegarty and Ronan Nolan have been appointed in their place. Nicole Lappin's term of

office (a Ministerial nominee) also expired in 2020. Aisling Kennedy has been appointed in her place. Kathleen Redmond was appointed on the nomination of the Revenue Commissioners to replace Ms Crowley. I would like to pay particular tribute to my immediate predecessor Conor O'Mahony, the ODCE nominee who acted for a period of time as Chairperson following the sudden death of Brendan Walsh in 2016. Conor has been replaced by David Hegarty. On behalf of the board I wish to extend my thanks and appreciation to all those who have served the Authority with distinction, and I extend my personal gratitude to those who have joined in the past year.

Concluding remarks

This time last year IAASA was just beginning to come to terms with a radically different world. Now there are signs for cautious optimism, and by the end of this year some sort of normality will have returned. COVID-19 has brought about fundamental change in how we all live our lives and in particular how we carry out our work. Some of these changes will permanently influence long after the pandemic is left behind. As I have set out in my statement, IAASA operates in a complex environment where the only constant is change, and it is the responsibility of the Board to ensure the Authority is positioned to respond.

I would like to thank all of my colleagues on the board of IAASA for their dedication and contribution to the work of the Authority in the year. Virtual meetings do not allow for the opportunity for board members, especially newer ones, to get a full sense of their colleagues or indeed of the Authority as a whole, and I look forward to meeting them face to face, some of them for the first time, in the near future. I want to thank the Minister and his colleagues in the Department who have continued to maintain a positive relationship with the Authority, and whose support in particular in navigating the impacts of Brexit is greatly appreciated. My particular thanks go to the staff in IAASA, led by the Chief Executive, who coped exceptionally well with the unique challenges of a unique year. Their resilience and flexibility underscore the strengths of the Authority, and we as a Board are fortunate to have them.

Martin Sisk

Chairperson

30 April 2021

Chief Executive's Review

Introduction

The purpose of this review is to provide an overview of the activities of the Authority in 2020. IAASA's statutory responsibilities, primarily set out in the Companies Act as well as in EU law, are undertaken in accordance with its annual business plan, and how this has been achieved is set out in detail in the body of this report. COVID-19 brought unique and unprecedented challenges in 2020 and these are addressed in turn in each operational section of the report. The Authority's other key achievements are highlighted in the report as well as examples of how the Authority has carried out its work during the year. My review sets out these and other of the Authority's significant achievements in 2020.

Key activities

IAASA has responsibility for the issuing of auditing and ethical standards for statutory auditors in Ireland. During the year the Authority issued a revised ethical standard for auditors, with application to all statutory audits. IAASA policy is to adopt standards as issued by the UK regulator, the FRC, and review them for consistency with Irish law as well as to assess whether there are distinctive characteristics in the Irish market that would require an amendment to the UK standard. The ethical standard ultimately issued included a number of amendments relating to the Irish market. This was amongst a range of revised standards issued in 2020. IAASA also issued a compendium of template audit reports which should greatly assist statutory auditors, especially those in small firms and sole practitioners. The Authority is awaiting the finalisation of the FRC's adoption of ISQM 1, a new standard on quality management which will have a significant impact on audit firms, and which forms part of a wider suite of quality management standards. ISQM 1 moves firms from a compliance based approach to quality control to a quality management framework requiring a risk-based, proactive and tailored approach to managing the quality of audit engagements.

As part of the Authority's oversight of prescribed accountancy bodies, IAASA is developing a range of guidelines that the regulated bodies will be expected to demonstrate compliance with. These are in addition to the requirements set out in law, and reflect the Authority's ultimate responsibility for the regulatory activities in relation to statutory audit, and its oversight of quality assurance and investigation and discipline across all regulated accountants. They will form the basis for the Regulatory and Monitoring Supervision Unit ('RMS') in undertaking this function. RMS is also the Unit that engages

with the recognised accountancy bodies on the impact of the UK's non EU status. For those bodies who have members operating as statutory auditors in both jurisdictions there will be an increasing requirement to operate effectively parallel regulatory structures, and IAASA continues to work with the recognised accountancy bodies ('RABs') as they identify their options in a post Brexit world. The unit also completed four supervisory reviews of accountancy bodies and approved 48 constitutional documents.

The Financial Reporting Supervision Unit (FRSU) was extensively involved in discussions at European level on the impact of COVID-19, and the related supports and reliefs put into place by national governments, on corporate reporting. The unit also discussed the proposed implementation of the new European Single Electronic Format (ESEF) and the preparedness of issuers and regulators for this new reporting format. At year end the proposed application date of 31 December 2020 was under review by the Commission. The Unit also examined 44 annual reports and three half yearly reports, and issued ten financial reporting decisions and two thematic reports.

The Authority published its first round of audit quality reports in March 2020, with eight reports on individual audit firms issued on its website. 71% of individual audits were assigned a grade of 2 or higher, meaning that audit quality is of a good standard. While this is ahead of our international comparators, there is still room for improvement, and in particular, the Authority was disappointed at the number of audits graded at 4, the bottom of the quality scale. In 2020 eight firms were subject to inspection by the Authority, and the results of that work were to issue in March 2021. IAASA also hosted a virtual conference for audit committee members, highlighting the importance of their role in the audit quality environment. It is anticipated that such conferences will become a regular part of the Authority's outreach.

Another important first for the Authority in 2020 was the conclusion of its first investigation under section 934 of the Companies Act, arising from failures identified in its audit inspection regime. The penalties and sanctions handed down to the individuals and the firm send an important message about the seriousness with which IAASA views non-compliance with regulatory standards. At the year end a further two cases were under investigation. In addition one enquiry into a recognised accountancy body's application of its investigation and disciplinary procedures was under way at the end of 2020.

Chapter 1: Chairperson's Statement & Chief Executive's Review

IAASA has signed up to the Declaration on Public Service Innovation and in 2020 gave effect to that in the creation of an Organisational Development Unit at leadership level. The Head of Organisational Development drives the innovation agenda throughout the Authority, working to ensure all staff are engaged in seeking continuous improvement to the operations of the Authority, both frontline and support. The Authority hosted a number of virtual training and innovation events to support this workstream, and to embed it into business as usual. This work, which was well underway from late 2019, proved invaluable when the Authority was forced to adjust to the impacts of COVID-19 from March onwards.

Those impacts were felt throughout IAASA, but in the first instance they fell on the Finance and Administration Unit, which had to move from an office and paper based system to a remote and virtual system almost overnight. It was also responsible for ensuring that the rest of the Authority could continue to function as all staff moved to working from home. This was achieved without significant impact on the operations of IAASA as a whole.

IAASA's commitment to its international work continued in 2020, albeit that this moved to a virtual environment. While not ideal in most respects, there are certain aspects which may continue virtually into the future. IAASA enhanced its role in the CEAOB through membership of the Consultative Group, and also took on the role of vice chair of the Emerging Regulators Group in the global body IFIAR. IAASA views these roles as providing the Authority with greater insight into international developments in audit, as well as personal development opportunities for its staff. It will continue to pursue such opportunities as they arise.

Concluding remarks

The above summary and indeed the full report give a snapshot of the work of the Authority in 2020. IAASA carries out many day to day activities in engaging with stakeholders, in supporting the Department on audit issues, in responding to consultations, and in assisting regulated entities to promote compliance with the high standards it sets. This work is essential in maintaining high audit and accounting quality. As I write these words, it is over a year since I have seen most of my colleagues in person. While technology has replaced face to face contact in many ways, it cannot replicate the value of personal contact. It also makes regulatory work more challenging in many respects. My colleagues working in IAASA have shown huge commitment in very difficult circumstances in the past year. While for some working from home has been a positive experience, equally there are many for whom this is far from ideal, yet nevertheless the Authority has delivered on its business plan for the year while addressing all of the new and unexpected challenges that came with COVID-19. I would like to take this opportunity to express my gratitude to them. I would also like to thank the Chairperson and the Board for their support during this challenging year. The achievements of the Authority in 2020 are a testimony to the hard work of all concerned.

Kevin Prendergast

Chief Executive

30 April 2021



Chapter 2

Standards and Policy

Chapter 2: Standards and Policy



1. Principal functions

The principal functions of the Standards and Policy Unit are to:

- adopt auditing, ethical and quality control standards for statutory audit in Ireland;
- issue such guidance and assurance standards as the Authority deems appropriate; and
- contribute to the development of Authority policy on regulatory and other matters.

2. Significant developments

IAASA adopted twelve revised International Standards on Auditing (Ireland) during the year. These included ISQC (Ireland) 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and ISA (Ireland) 315 - Identifying and Assessing the Risks of Material Misstatement. A full list of the revised standards issued during the year is set out in Appendix 5.

A highlight of 2020 was the revision of the Ethical Standard for Auditors (Ireland). The changes to the standard are designed to improve audit quality and enhance public confidence in audit in Ireland. Changes include:

- simplification to assist auditors to better understand the ethical requirements and to lead to a higher level of compliance
- prohibitions on providing recruitment or internal audit services to, or acting as the general counsel of, an audited entity
- a requirement for auditors to report breaches of the Ethical Standard for Auditors (Ireland) on at least an annual basis to IAASA for PIE audits and the relevant RAB for all other audits
- a requirement to report any breaches relating to a specific audit to those charged with governance of the relevant entity

The revised standard is effective for audits of financial statements for periods beginning on or after 15 July 2021, with early adoption permitted.

During 2020, IAASA continued to actively engage with peers, stakeholders and standard setters, including by observing meetings of the FRC's Audit and Assurance Council, contributing to the CEAOB's response to a number of

international consultations on proposed standards, and issuing its own comments on proposed standards where appropriate. The Authority also contributed to the work of the Company Law Review Group (CLRG) (the independent advisory body to the Department on company law matters) through membership by the Chief Executive.

Compendium of Illustrative Auditor's Reports

An auditor's report is the key output of a statutory audit and a key objective of an auditor is to clearly express an opinion on the financial statements through that written report. In 2020, IAASA issued the 'Compendium of Illustrative Auditor's Reports' with examples of eight commonly issued auditor's reports. These are auditor's reports on financial statements of a private company, private group, micro company, qualifying partnership, industrial or provident society, a friendly society, and on revised and abridged financial statements.

The compendium was developed with a working group and advice from IAASA's Technical Advisory Panel, along with technical input from several audit firms. It is intended to provide a useful reference tool for auditors. It illustrates, for the benefit of auditors, how the requirements of the relevant auditing standards can be applied in drafting auditor's reports for Irish entities.

Of course, auditors should tailor the audit report to the specific reporting circumstances, and other approaches may be adopted provided that the form and content of the report meets the requirements of the relevant auditing standards and legislation.

IAASA anticipates that this guidance will be useful to auditors as well as enhancing consistency and clarity for the benefit of users of financial statements.

3. COVID-19 impact

Given the nature of its activities, the Standards and Policy Unit's work stream substantially maintained its activities despite the onset of the pandemic. However, recognising the challenges for many stakeholders in dealing with the pandemic, IAASA kept deadlines under review and extended the deadlines on consultation responses where appropriate. In addition, the proposed effective date of the revisions to the Ethical Standard for Auditors (Ireland) and ISAs (Ireland) was deferred from October 2020 to July 2021 in response to feedback received to the public consultation about the challenging working environment for audit firms due to COVID-19.

4. Strategies and outcomes arising from business plan

Business plan strategies	Outcomes
Development of ISAs (Ireland) and related guidance	<ul style="list-style-type: none">• Adopted twelve revised International Standards on Auditing (Ireland), a revised Ethical Standard for Auditors (Ireland) and revised Glossary of Terms
Supporting high standards in audit of PIEs	<ul style="list-style-type: none">• Issued the 'Compendium of Illustrative Auditor's Reports' for non-listed entities
Disseminating best practice	<ul style="list-style-type: none">• Hosted three Technical Advisory Panel meetings during the year. Also, two working groups provided support on the development of guidance and standards• Monitored developments in international and UK auditing standards, including through attendance as an observer at meetings of the FRC's Audit and Assurance Council and participation in the CEAOB International Auditing Standards Subgroup
Being heard	<ul style="list-style-type: none">• Issued two consultations relating to revisions to the auditing framework during the year. Prior to issuing the consultations, IAASA engaged with the Technical Advisory Panel and, where relevant, other regulatory bodies• Participated in the CEAOB International Auditing Standards Subgroup, including periodic conference calls and the annual meetings with the international standard setting boards (IAASB and IESBA)• Contributed to the development of the CEAOB's responses to audit related consultations issued by the IAASB, IESBA and EU Commission• Submitted one IAASA response to an IAASB consultation and two responses to IESBA consultations



Chapter 3

Supervision of the Auditing
and Accounting Profession

Chapter 3: Supervision of the Auditing and Accounting Profession



1. Principal functions

The principal functions of the Regulatory and Monitoring Supervision Unit are to:

- supervise the manner in which the PABs regulate their members, including the operation of their investigation and disciplinary processes;
- oversee the manner in which the RABs perform the following functions in respect of their individuals and firms they have approved to act as statutory auditors under the Act:
- approval and registration;
- continuing education;
- quality assurance systems; and
- investigative and administrative disciplinary systems;
- cooperate with EU and international counterparts as well as with other national and EU authorities; and
- advise the Minister on matters relating to the accounting profession

2. Significant developments

In 2020, the Authority continuously engaged with the relevant stakeholders to understand the impact of Brexit on the current and future processes of the eight PABs (see Appendix 3 for a list of the PABs). Given that a number of the PABs operate extensively in both Ireland and the UK, the requirement to distinguish between the two jurisdictions is becoming increasingly important.

The Authority undertook four supervisory visits in 2020, two related to quality assurance, one related to investigation and disciplinary procedures and one related to licensing (see Appendix 3 for a list of reports issued). Additionally, the Authority redesigned the approach to the regulation of the PABs, focusing on aligning resources to the legislative functions to aim for the most efficient regulatory approach.

The Authority also continued work on developing guidelines on a number of topics, including continuing education and investigation and disciplinary functions.

IAASA guidelines

The Authority continued work on the development of IAASA guidelines during 2020. Under the Act, the Authority has the power to issue guidelines to PABs, which effectively set standards for how the bodies carry out the regulatory activities that fall within the remit of the Authority's functions.

The guidelines are based on international best practice within the relevant areas. Prior to finalisation, the Authority seeks and considers the views of the PABs.

Following the effective date of the guidelines, IAASA ensures that the constitutional documents of the bodies comply with the guidelines and tests compliance with the guidelines through themed supervisory reviews.

3. COVID-19 impact

The Regulatory and Monitoring Supervision team carried out regular physical meetings and supervisory reviews to PABs prior to COVID-19. This activity has continued uninterrupted by moving the meetings and supervisory reviews onto virtual platforms. The PABs have all engaged well with this change and indeed, there have been benefits to both sides.

COVID-19 had, and continues to have, a significant impact on the PABs in a number of areas. In relation to examinations, some bodies had to cancel or postpone examinations in 2020 while work was carried out to move the examinations onto an online system. In relation to the RABs' quality assurance inspections, this activity has mainly converted to remote inspections. However, there have been a number of instances where planned inspections have not taken place due to individuals being unwell or unable to provide remote access. Also, in the area of investigation and disciplinary procedures, most PABs' rules envisaged physical meetings/hearings as part of the process. Some PABs have been able to convert to online systems, while for others work is ongoing to make the required amendments to allow this to happen.

Chapter 3: Supervision of the Auditing and Accounting Profession

4. Strategies and outcomes arising from business plan

Business plan strategies	Outcomes
Oversight of accountancy profession	<ul style="list-style-type: none">• Carried out four supervisory reviews• Carried out continuous monitoring reviews in all PABs• Approved 48 constitutional documents
Supporting accountancy bodies in undertaking their regulatory responsibilities	<ul style="list-style-type: none">• Engaged regularly with all PABs
Disseminating best practice	<ul style="list-style-type: none">• Developed and consulted on guidelines for continuous professional development and the investigation and disciplinary function• Issued 'Profile of the Profession' to provide statistical data on the profession
Being heard	<ul style="list-style-type: none">• Engaged with relevant stakeholders in relation to Brexit
Developing/improving our processes	<ul style="list-style-type: none">• Reviewed the approach to supervising the PABs effectively



Chapter 4

Supervision of Financial
Reporting Quality

Chapter 4: Supervision of Financial Reporting Quality



1. Principal functions

The principal functions of the Financial Reporting Supervision Unit are to:

- examine certain listed entities' annual and half-yearly financial reports and take enforcement actions when instances of non-compliance are detected;
- co-operate with EU accounting enforcers;
- co-operate in the development of financial reporting standards; and
- advise the Minister on accounting matters.

2. Significant developments

In 2020, the Authority examined 47 financial reports, comprising 44 annual financial reports and three half-yearly financial reports (see Appendix 2). 21 issuers provided 82 undertakings to the Authority to improve reporting in future periods. The most frequent area in which undertakings were provided related to alternative performance measures – this is an area that consistently results in high levels of issues being raised across Europe. Other areas resulting in undertakings include accounting for leases, financial instruments, fair value measurement, revenue and impairments.

Additionally, the Authority published the results of thematic reviews in relation to accounting for leases and disclosure of operating segments. An information note on reporting the impact of COVID-19 was also published.

The Authority engaged heavily with its European counterparts, participating in the various task forces and subgroups associated with accounting enforcement. During 2020, the attention of these groups was focused on COVID-19 and future developments in corporate reporting, including the European Single Electronic Format and non-financial reporting.

Reporting on the impact of COVID-19

The Authority carried out a desktop examination of a number of issuers' disclosures in relation to COVID-19 in their 2020 half-yearly financial reports. The findings from that desktop examination were published in an Information Note 'Reporting the Impact of COVID-19'.

The messages contained in that Information Note continue to be of significant importance for those preparing and approving financial statements as the pandemic continues.

The Authority noted instances of boilerplate references to the pandemic and instances where entities remained silent or vague in explaining key judgments. The Authority strongly recommends that entities avoid boilerplate references and provide sufficient entity specific information to allow users to understand the judgments made in the financial statements.

Areas meriting particular scrutiny include expected credit losses (in corporate entities as well as financial institutions), disclosure of government assistance, hedge ineffectiveness, liquidity and management reports.

3. COVID-19 impact

The Financial Reporting Supervision team had been office-based with largely electronic communications and, therefore, activities were minimally impacted by the requirement for employees to work from home.

International engagement normally involves several physical meetings per year. All of these meetings took place virtually, albeit with shorter agendas than usual recognising the constraints of virtual platforms. It was notable that for some technical discussions, the virtual environment has proven beneficial.

COVID-19 continues to have a significant impact on many issuers, both positive and negative. As noted in the case study above, the key requirement is for issuers to ensure that estimates and judgments are well explained in light of the increased uncertainties facing all entities currently.

Chapter 4: Supervision of Financial Reporting Quality

4. Strategies and outcomes arising from business plan

Business plan strategies	Outcomes
Review of financial reporting	<ul style="list-style-type: none">• Examined 44 annual reports• Examined three half-yearly reports
Supporting high standards in financial reporting	<ul style="list-style-type: none">• Actively participated in European forums, including the Corporate Reporting Steering Committee ('CRSC') and various sub-groups and task forces• Contributed to the standard setting process through observing at FRC's Corporate Reporting Council
Disseminating best practice	<ul style="list-style-type: none">• Published 10 financial reporting decisions
Being heard	<ul style="list-style-type: none">• Published two thematic reports and an Information Note• Made presentations to a number of profession and business stakeholder groups
Developing and improving our processes	<ul style="list-style-type: none">• Monitored developments in accounting enforcement globally and considered potential impact on IAASA's system of examination of financial reporting



Chapter 5

Supervision of Audit Quality
for PIE Audits

Chapter 5: Supervision of Audit Quality for PIE Audits



1. Principal functions

The principal functions of the Audit Quality Unit are to:

- undertake quality assurance of statutory audit of public interest entities;
- cooperate with EU audit oversight bodies;
- advise the Minister on auditing matters; and
- register and undertake quality assurance of third country auditors and audit entities.

2. Significant developments

There were eight PIE audit firms in Ireland in 2020 (2019: nine). Four of these firms audited 76% (2019: 80%) of the PIEs in Ireland, earning approximately 90% (2019: 94%) of the PIE audit fees. One audit firm, auditing one PIE, is based in the UK and was therefore, reviewed by the Financial Reporting Council ('FRC') in 2020.

In early 2020, the Authority published the reports on the inspection of each firm in 2019. This was the first time that such reports were published in Ireland. Publication of inspection reports is generally recognised as best practice in regulation and is the aim for many regulators. However, Ireland is among the first regulators to do so. This is consistent with the Authority's stated intention to be heard and to innovate. The 2020 reports disclosed that 71% of audits of PIEs inspected were assigned a grade of 2 or higher, indicating that audit quality is of a good standard. For the 17% of audits inspected that were assigned a grade of 3, there are more substantial issues. The remaining 13% of audits that were assigned a grade of 4 require significant improvement. All of the audits graded 4 were within one audit firm.

During 2020, the Authority inspected eight firms and 25 audits (see Appendix 4). The inspections covered aspects of firm-wide controls for seven of the firms. In the case of one firm, only audits were inspected as the firm ceased to be a PIE auditor in the period. The results of these inspections are expected to be published in March 2021.

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. During 2020 the Chief Executive joined the consultative group of the CEAOB, which oversees its administration. IAASA's position as Chair of the Market Monitoring Subgroup expired during 2020 and the Irish Chair was successfully reappointed for a second term.

In line with the Authority's intention to be heard, an audit committee event was held in September 2020. The event ran virtually and was well attended on the day and in the recordings subsequently made available publicly. The intention of the event was to gain insight from auditors and audit committees about the increasing role of an audit committee in producing reliable, meaningful information for investors.

Public inspection reports

The inspection reports published last year set out the results of IAASA's inspections of each of the PIE audit firms. The reports detail the recommendations issued to improve the firms' systems of quality control as well as a summary of the results of the individual audit inspections.

The purpose of publishing these reports is to provide information to the market about the quality of audits in these firms. The intended users of the public reports include audit committees of public interest entities as well as all users of audited financial statements.

The information contained in the reports may provide useful information to audit committees to aid them in assessing the current statutory auditors of their entities. The reports also contain information which may be useful in appointing a new audit firm through a tender process.

The reports will continue to be published annually.

3. COVID-19 impact

AQU typically inspects firms by physically attending their offices. Since mid-March 2020, this has not been possible. All inspection activity was completed as planned however with inspectors working remotely. All firms engaged well with IAASA to find solutions to make the relevant information accessible remotely and meetings were held as usual using various video calling software tools.

In terms of international engagement, which normally involves several physical meetings per year, many of these meetings took place virtually, albeit with shorter agendas than usual given the difficulties with coordinating time-zones and recognising the constraints of virtual platforms.

Chapter 5: Supervision of Audit Quality for PIE Audits

COVID-19 had, and continues to have, a very significant impact on auditors, both in terms of their ability to carry out typical audit tasks as well as presenting new challenges. In many cases, audit firms are reporting relative ease of obtaining information and engaging with audit clients, albeit audits are taking longer. However, significant challenges are arising with matters such as physical inventory counts, accounting estimates and going concern. In particular, accounting estimates and going concern rely heavily on forecasts which are particularly difficult in the current, unprecedented, environment.

4. Strategies and outcomes arising from business plan

Business plan strategies	Outcomes
Direct inspection of auditors of PIEs	<ul style="list-style-type: none">• Inspected 8 firms• Inspected 25 individual audits
Supporting high standards in audit of PIEs	<ul style="list-style-type: none">• Engaged regularly with all PIE audit firms• Chaired the CEAOB Market Monitoring Subgroup• Actively participated in all CEAOB subgroups and a number of task forces. IAASA also participates in the leadership of the inspection subgroup, through its organising committee, and the CEAOB plenary, through its consultative group
Disseminating best practice	<ul style="list-style-type: none">• Published eight inspection reports
Being heard	<ul style="list-style-type: none">• Published two thematic reports• Hosted an audit committee breakfast briefing• Published two articles in professional magazines
Developing/improving our processes	<ul style="list-style-type: none">• Implemented the Common Audit Inspection Methodology (CAIM) for assessing the internal quality control systems of PIE audit firms• Developed and continued to refine a suite of working papers for the inspection of individual audits, taking into account the specificities of particular auditing standards as well as relevant matters relating to the entity type or industry



Chapter 6

Enforcement

Chapter 6: Enforcement



1. Principal functions

The principal functions of the Enforcement Unit are to:

- conduct investigations into suspected irregularities in the conduct of PIE audits;
- conduct enquiries into breaches of investigation and disciplinary procedures by PABs, and the RABs' performance of their functions in respect of statutory auditors; and
- administer sanctions following on from regulatory investigations.

2. Significant developments

2020 was the first year for IAASA to implement the new regulations for conducting section 933 enquiries and section 934 investigations. These new regulations allow the Authority to take an Executive led approach to the initial enquiry and investigation phase, and should improve the efficiency of the overall enforcement process. During the year, one settlement agreement was finalised, the last open investigation under the Authority's pre-existing investigation procedures. As part of the Authority's ordinary procedures, a number of cases were referred to the Enforcement Unit for consideration. Most of these are closed without the need for the launch of a formal investigation. During the year, the Authority launched one enquiry under section 933 and two investigations under section 934. All three are open at the year end.

Supporting its new approach to enforcement, the Authority also issued a consultation paper on sanctions guidance, and has continued to develop its internal processes and procedures to support the new enforcement policy.

The Authority's Senior Enforcement Counsel contributed to the work of the CEAOB through membership of the Enforcement Working Group.

Section 934 investigation

Two connected cases were referred to an investigation committee in 2020. These matters had been considered under the old regulations where a preliminary investigation committee (PIC) considered that there was a prima facie case (a case to answer) and that the cases were to be sent to a full investigation committee. The parties indicated a willingness to enter into a settlement agreement with IAASA.

This settlement process offered both the Authority and the specified persons a means of achieving early resolution of the matter. Early settlement is an efficient use of the Authority's resources and provides timely resolution and transparency through the publication of the details of the case. The settlement agreement took account of the public interest including protecting the public, maintaining public confidence in the audit profession and upholding proper standards.

The parties made admissions to a number of contraventions to auditing standards and were sanctioned accordingly. The settlement agreement resulted in the avoidance of further additional costs and administrative burden of an extended investigation for both the Authority and the specified person.

The firm was fined €40,500 in respect of contraventions of an auditing standard. The audit partner was suspended from audit practice for a period of one year and he was further fined €22,500 and another member of the audit team was severely reprimanded and fined €9,000. A contribution of €50,000 towards costs was agreed.

3. COVID-19 impact

The Authority's Enforcement Unit was able to substantially maintain its activities despite the onset of the pandemic. However, given the challenges in dealing with or having access to documents, deadlines were longer than would normally be expected and deadlines were extended where appropriate. The commencement of the new Enforcement procedures, and the reduction in the requirement for committees, contributed significantly to the Authority's capacity to continue its work without undue delay.

Chapter 6: Enforcement

4. Strategies and outcomes arising from business plan

Business plan strategies	Outcomes
Investigation and Enquiry	<ul style="list-style-type: none">• Developed and implemented policies. In particular, sanctions guidance was issued for consultation• Drafted and implemented settlement procedures• Progressed investigations and enquiries• Achieved appropriate outcomes evidenced by the settlement agreements• Published outcomes in line with policies
Being heard	<ul style="list-style-type: none">• Issued consultation on sanctions guidance• Participated in the CEAOB Enforcement Subgroup, including periodic conference calls• Published user friendly and easily understood enforcement documents• Participated in stakeholder roundtable meetings



Chapter 7

Finance and Administration

Chapter 7: Finance and Administration



1. Principal functions

The principal functions of the Finance and Administration Unit are to:

- provide corporate services support to IAASA, including finance, ICT and facilities management;
- provide a secretariat to the board and to certain of its committees;
- oversee the risk management process for IAASA; and
- provide in-house legal services, including day-to-day operational advice and all GDPR-related functions.

2. Significant developments

The unit met its statutory deadlines throughout 2020 despite the impact of the pandemic. These included IAASA's statutory financial statements and company returns, and the requirements of the Code of Practice for the Governance of State Bodies. Further details of these are included elsewhere in this report, primarily in the Governance and Structure section.

The move to remote working brought considerable challenges to the unit, particularly in the areas of ICT and financial controls. Prudent investment in recent years together with a pragmatic and flexible approach allowed the unit facilitate a seamless transition to remote working for all staff from an ICT perspective. The unit adapted its financial control procedures to provide an entirely on-line payments process for all payments, while maintaining a robust control environment.

Provision of legal services was added to the unit's responsibilities in 2020. In addition to day-to-day advice, the unit supported the development of policies arising from remote inspection activities, and those arising from Brexit. The unit carried out considerable work on data protection policies and procedures. It also undertook a review of a number of board policies, such as conflict of interest, gifts and hospitality, committee constitution and induction programmes for directors and for ARC members.

3. COVID-19 impact

Considerable work was undertaken to ensure all staff could work remotely during the pandemic. In addition, the unit ensured that its offices were safe and appropriately prepared to allow for access for essential purposes during periods of lockdown at level 3 or less. IAASA's ICT and Facilities Executive, part of the unit, acts as COVID-19 Lead Worker Representative.

4. Strategies and outcomes arising from business plan

Business plan strategies	Outcomes
Disseminating best practice	<ul style="list-style-type: none">• Statutory Annual Report and AAPA Reports approved by board• Delivered mandated reports to Minister by statutory deadlines
Ensuring efficient use of our financial resources	<ul style="list-style-type: none">• Programme of Expenditure (budget) adopted by board and approved by Minister• Successful outcome of review of systems of internal control by internal and external auditors• Significant adaptation of financial procedures to maintain robust financial control in the paperless, remotely-managed system• Developed a three year internal audit plan, approved by the ARC
Being heard	<ul style="list-style-type: none">• Acted as principal point of contact with journalists and public representatives• Continued strong and effective relationship with the Department's liaison unit
Developing/improving processes	<ul style="list-style-type: none">• Ongoing maintenance of and investment in ICT infrastructure, providing for a seamless transition to a remote working model• Reviewed and updated where appropriate all GDPR processes and documentation• Provided in-house legal advisory support around remote inspection and Brexit-related issues
Innovating	<ul style="list-style-type: none">• Implemented a paperless system for staff expense claims• Significant adaptation of payment processes due to COVID-19



Chapter 8

Organisational Development

Chapter 8: Organisational Development



1. Principal functions

The principal functions of the organisational development unit are to:

- develop a supportive culture for innovation in IAASA;
- enhance internal and external communications, through use of relevant media; and
- support IAASA's staff committees to see ideas through to implementation.

2. Significant developments

In December 2019, IAASA signed the Declaration on Public Service Innovation. In essence, this means that IAASA committed to build a culture of innovation in the organisation. In parallel, staff took part in an innovation hackathon to generate ideas for innovating. To deliver on that commitment and on the ideas proposed, in 2020 IAASA established the organisational development unit. Its key objective is to develop a supportive culture for, and provide momentum to, the innovation agenda.

A range of hackathon initiatives were progressed during the year, along with the issue of a quarterly innovation newsletter for staff and the provision of relevant staff training. Other activities include the development of a staff intranet with useful content on innovation tools and techniques, the establishment of an IAASA social media presence on LinkedIn and the establishment of an external HR support function, development of a HR work plan and the initiation of several HR initiatives.

Public service innovation week

In October 2020, the public service hosted its second 'public service innovation week'. This is a week where public service organisations are asked to put a spotlight on innovation in their own workplace. The public service innovation team also developed a programme of online events throughout that week.

During innovation week, IAASA employees took part in training workshops on the topic of 'regulating root cause'. The aim of these workshops was to increase awareness of innovation skills and approaches in day to day work as well as to develop solutions to key issues.

The Authority also published innovation-focused intranet pages to provide further information about problem-solving tools and techniques, created an innovation-themed quiz and promoted the programme of events organised by the Department of Public Expenditure and Reform's public service innovation team. IAASA staff attended several of those webinars.

3. COVID-19 impact

Since March 2020, all IAASA staff have been working from home. This means that all projects have been delivered through virtual collaboration. Video conferencing was used to work together day to day as well as introducing an online social networking tool to encourage and maintain our informal interactions. IAASA's wellbeing team put a focus on staying connected and prioritising employee wellbeing. It surveyed staff to assess their needs and provided access to wellbeing resources and support, both internal and external. A number of innovation projects, including in particular, the development of a staff intranet were also key to mitigating the communication and connection impacts of the pandemic.

Chapter 8: Organisational Development

4. Activities and outcomes arising from business plan

Business plan strategies	Outcomes
Being heard	<ul style="list-style-type: none">• Developed a policy of plain professional English for written communications• Revised branding templates and style guide• Provided training for staff on effective report writing• Established an IAASA LinkedIn presence
Developing/improving our processes	<ul style="list-style-type: none">• Developed a HR work plan and initiated a range of HR-related projects• Provided training for staff on a range of organisation-wide areas including problem definition and problem-solving, report writing, and people management• Introduced a staff intranet and an online social network
Innovating	<ul style="list-style-type: none">• Published a quarterly innovation newsletter• Developed innovation webpages for the intranet with tools and techniques to support innovation in the organisation• Supported a range of staff committee initiatives on wellbeing, learning and development and the green agenda• Held an innovation sprint workshop on the theme of 'regulating root cause'• Participated at the public service innovation network online events



Chapter 9

Governance and Structure

Chapter 9 : Governance and Structure

Legal structure

IAASA is a company limited by guarantee with the following 12 members at 31 December 2020:

- 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

Organisational structure

Overview

By year end, IAASA had 30 (2018: 29) staff, structured into four units as follows:

- Operations, which oversees IAASA's supervisory functions of:
 - quality assurance of audits of PIEs;
 - examination of certain entities' financial reports for compliance with the relevant financial reporting framework; and
 - supervision of the PABs' regulation of their members
- Standards, Policy and Organisational Development, which was concerned principally with:
 - the adoption of auditing standards and guidance in Ireland;
 - implementation of staff-lead innovation projects and supporting the Authority's various staff lead committees; and
 - internal communications and social media presence.
- Enforcement, which coordinates the Authority's statutory investigations and enquiries; and
- Finance and Administration, which provides corporate services support to IAASA, together with providing a Secretariat to the board and to certain of its committees.

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 Enterprise, Trade and Employment (the Minister), given with the consent of the Minister for Public Expenditure and Reform. This means that 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 below:

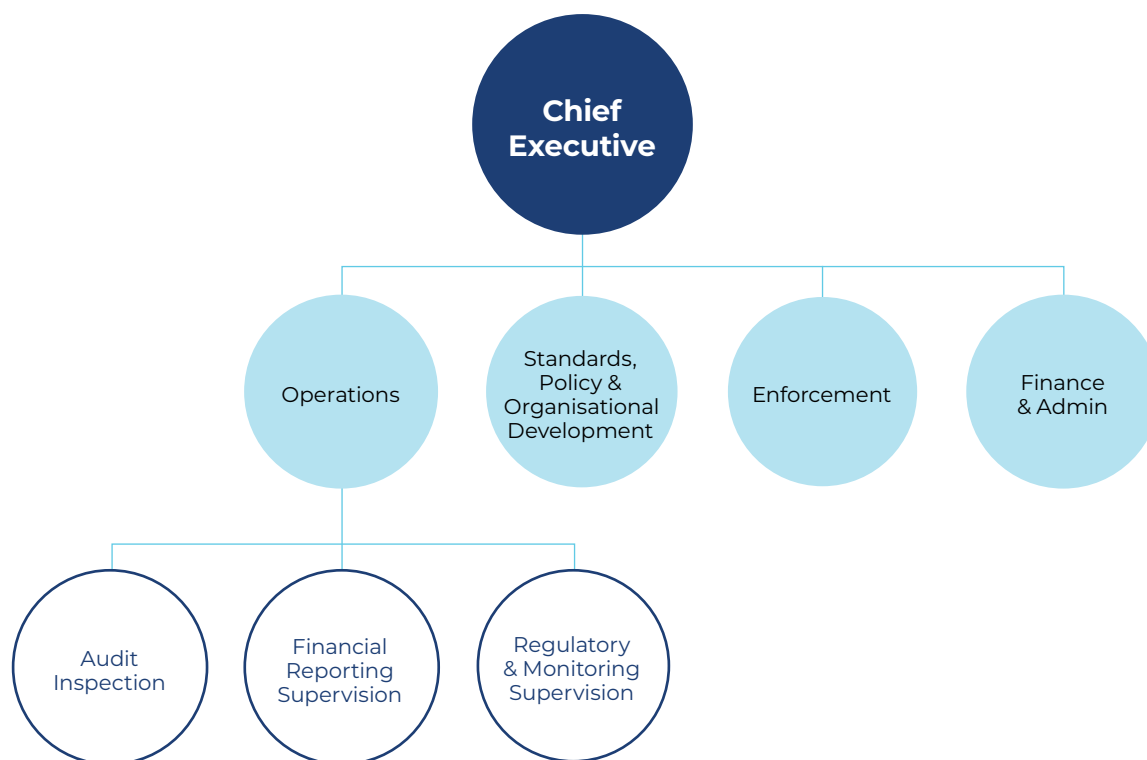
Approved and actual staff complements at year end

Grade	Approved	Actual
Chief Executive	1	1
Heads of Function	5	3
Senior Managers	8	6
Inspectors and Project Managers	13	11
Executive and Administrative	16	9
Total	43	30

Chapter 9 : Governance and Structure

Organisational chart

IAASA's organisational structure at 31 December 2020 was as set out in the organisation chart below.



Financial overview

IAASA is mainly funded through a combination of Exchequer grant, a statutory levy on the PABs, a statutory levy on the PIE audit firms, and, 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 2020 amounted to €4.3m (2019: €4.1m) from a budget of €6.1m (2019: €6.1m). The principal variations from budget were:

- a significant underspend in payroll costs as the Authority builds towards its approved sanction;
- a consequential underspend in related costs such as office expenditure and travel and subsistence, and consultancy support costs; and
- further reduced expenditure on travel and subsistence arising from COVID-19.

Governance

Board of directors

IAASA is governed by a board of nine directors, eight of whom are non-executive. These are appointed by the Minister having been nominated by those entities set out below. The remaining director is the Chief Executive, who is appointed by the board.

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

A maximum of three of these eight directors may be members of a PAB.

Chapter 9 : Governance and Structure

Directors' biographies

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.

Clodagh Hegarty is a Lecturer in Accounting and Course Director at Ulster University Business School, Magee Campus, where she lectures extensively in audit and financial reporting. She is also Director of Combined Studies at Ulster University, Magee. She is a Fellow of the Association of Chartered Certified Accountants and a Chartered Tax Adviser. She is a past Chair of the ACCA Ireland Committee. Prior to academia, Clodagh spent 15 years' working in practice with EY, Dublin and in general practice in the North West. .

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

Aisling Kennedy is an independent non-executive director and chair of the Audit Committee at Athora Ireland plc and an independent non-executive director and chair of the Risk Committee at ECCU Assurance DAC. Her most recent role, prior to embarking on her non-executive career in February 2020, was at Swiss Re as Head of Pricing – Life & Health – UK, Ireland and Israel. Other prior roles over the course of her 35+ year career in financial services include: Client Director at Mercer Ireland, Director of Professional Affairs at the Society of Actuaries in Ireland and Director – Business Development at Vhi. She also chaired the Audit Committee at Comreg between 2014 and 2016. Aisling is a Fellow and former Council Member of the Society of Actuaries in Ireland and an Affiliate of the UK Actuarial Profession.

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.

Ronan Nolan is a Chartered Accountant, and was President of Chartered Accountants Ireland in 2014/2015. He retired as a partner in Deloitte in May 2015 having been a senior advisory partner and chairman of the firm.

Brendan Sheridan [appointed 3 January 2021] has worked in financial services for forty years in both the private and public sectors in roles spanning finance, planning, reporting, business transformation and strategy. His focus on distressed debt in a domestic bank led to a move to the Central Bank in 2011 to contribute to the resolution of non-performing loans. He initially led a credit team for three years, engaging with the Troika on a quarterly basis and presiding over onsite inspections, stress tests and remediation plans across Ireland's credit institutions. From 2015 to 2018, Brendan headed the Central Bank's Financial Reporting function and, during that time, developed a strategy for the Finance Division. He undertook a review of the Central Bank's approach to funding of its regulatory activities and, as a result, at the request of the Deputy Governor – Prudential Regulation, in 2019 he assumed responsibility of a multi-year strategy to largely eliminate the burden of regulatory costs on the taxpayer. Brendan also leads the co-ordination of the annual regulatory planning and reporting processes for the Central Bank's Prudential Regulation pillar in a role which now logically integrates planning, budgeting, reporting and cost recovery activities. Brendan is a member of the ACCA, and holds a Master's in Business Practice.

Chapter 9 : Governance and Structure

Daniel Sinnott [appointed 3 January 2021] is a Principal Officer in the Office of the Revenue Commissioners with responsibility for data analytics. Prior to working for Revenue, he held a variety of roles in Ding, the Education Endowment Foundation, and the Boston Consulting Group. Daniel is a graduate of University College Dublin and the University of Oxford

The board composition at year end and changes in directors since the last Annual Report are set out in Appendix 1.

Board procedures

The board holds regular meetings and can hold unscheduled meetings should the need arise. Board members receive information sufficiently prior to these meetings to allow this consider and digest it.

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. The board has also put in place a system of formal delegations of authority to the Chief Executive.

Members of the board are nominated 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. 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.

Governance statement

IAASA 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 responsible for ensuring good governance. It 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 Authority, 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.

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.

The Authority is required to keep financial records and prepare financial statements in accordance with the Companies Act, as detailed in the financial statements.

The board is responsible for approving the annual plan and budget. Financial information including management accounts detailing actual and budgeted expenditure are considered by the board at each scheduled meeting. During the year, the board also approved the Authority's three year work programme 2020–2022. The board is 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 2020.

Board composition

IAASA is governed by a board of nine directors. The Authority operates independently of Government and the Minister is statutorily precluded from giving directions to the Authority in the discharge of its functions. 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 2020, and movements since that date, are set out in Appendix 1.

The board carried out an external evaluation of its own performance as described in the financial statements.

Chapter 9 : Governance and Structure

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 below

Board Committees – mandates and membership

Committee	Mandate	Membership at 31 December 2020
Section 933 committees	In accordance with the section 933 Regulations, from time to time IAASA may establish 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.	There were no Enquiry Committees in existence at year end.
Section 934 committees	In accordance with the section 934 Regulations, from time to time IAASA may establish Investigation Committees 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.	There were no Investigation Committees in existence at year end.
Audit and 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.	Ms Aisling McArdle (Chairperson) Mr David Hegarty Mr Ronan Nolan

Audit and risk committee

The audit and risk committee (ARC) comprises three non-executive directors and its terms of reference are set out in its charter, available on the Authority's website. The charter sets out specific roles and responsibilities for the ARC, including the review of the Authority's financial statements before they are considered by the board. Actions taken by the ARC during 2020 include:

- making recommendations on risk mitigation in areas such as COVID-19, Brexit, GDPR and ICT vulnerabilities;
- monitoring the impact of GDPR and the ongoing efforts to conclude an appropriate Statutory Instrument relating to Authority enforcement matters;
- Agreement of a three year internal audit work programme, including ICT, business continuity, GDPR and enforcement procedures;
- considering and obtaining satisfaction that appropriate controls were in place in relation to possible tax exposures;
- adopting a new induction programme for ARC members; and
- completing an evaluation of its own performance.

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.

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. Details of changes in board membership are set out in Appendix 1.

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 and 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;

Chapter 9 : Governance and Structure

- 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 2020. 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.

Statement of compliance

IAASA is satisfied that it has complied with all of the requirements of the Code, including adherence to the Public Spending Code.

Other governance and public sector obligations

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 Corporate Services, 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.

Principal legal requirements

The Authority has identified and taken the necessary steps to ensure it complies with its legal obligations. It has identified its principal legal requirements as follows:

- company law;
- health and safety legislation;
- employment and related legislation;
- tax law, including those provisions relating to certain service providers holding valid Tax Clearance Certificates;
- Data Protection Acts;
- Ethics in Public Office law; and
- the European Communities (Late Payments in Commercial Transactions) Regulations, 2012.

IAASA was designated for the purposes of the Official Languages Act in June 2020. Certain other requirements typically applicable to statutory bodies such as the Freedom of Information Acts, Disability Acts, the Irish Human Rights and Equality Commission Act and the Irish Sign Language Act do not apply to IAASA by virtue of it not having been designated for such purposes at this time.

GDPR

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

Protected disclosures

The Authority complies with 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 at Appendix 6.

Gender balance in the board membership

As at 31 December 2020, the board had five (56%) female and four (44%) male members, with no positions vacant. The board therefore, met the Government target of a minimum of 40% representation of each gender in the membership of state boards.

Given the statutory nature of the appointment process, IAASA has limited influence on the gender balance of its membership. As directors' terms come to an end, IAASA considers any particular skills or experiences that might be beneficial, and where arising brings these to the Minister's attention. To maintain and support gender balance on the board, IAASA will in future include gender among these observations. Following a high level of turnover in 2020, no further appointments/reappointments are envisaged in 2021 or 2022.

The board considered the broader issues of diversity, including gender balance and the recognition of the value of difference, as part of its annual evaluation process. The board comprises a broad mix, from public and private sector, industry and academia. At an organisational level, all levels operate within a 45%/55% gender split, with the exception of administrative grades which currently have a greater female majority. Given the highly specialised nature of its work, IAASA is often seeking to recruit and retain from a small cohort of professionals. Notwithstanding this, IAASA employees come from a broad range of backgrounds and from a number of nationalities.



2020

Financial Statements &
Related Statements

Report of the Directors

Introduction

The directors are pleased to submit to the fifteenth annual general meeting of the Irish Auditing and Accounting Supervisory Authority ('IAASA') the financial statements for the year ended 31 December 2020, 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 operates as a company limited by guarantee 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 ('PABs');
- (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 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 52 to 70.

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.

2020: Financial Statements & Related Statements

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 a 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 Enterprise, Trade & Employment ('the Minister'), given 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 2020 at its meeting on 5 November 2019. Financial information including management accounts detailing actual and budgeted expenditure were considered by the board at each meeting in 2020. Ongoing evaluation of operational issues also occurred at each meeting. The Authority's three year work programme 2020 - 2022 was approved by the board on 5 November 2019.

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 2020.

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 2020, and movements since that date, are set out below:

Composition of board at 31 December 2020

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
Clodagh Hegarty*	Lecturer	PABs	30 May 2020
David Hegarty	Principal Officer	Director of Corporate Enforcement	3 January 2020
Aisling Kennedy	Director	Minister	10 December 2020
Aisling McArdle	Head of Regulation, Euronext Dublin	ISE	29 August 2019
Ronan Nolan*	Chartered Accountant	PABs	30 May 2020
Kevin Prendergast*	Chief Executive	<i>Ex-officio</i>	14 November 2016
Kathleen Redmond	Principal Officer	Revenue Commissioners	24 January 2020

* Denotes membership of a PAB

Details of appointments and reappointments to the board during the year

Director	Date appointed	Nominating body	Reason for vacancy	Term expires/ expired
Clodagh Hegarty*	30 May 2020	PABs	Expiration of Warrant of Appointment of Etain Doyle	29 May 2023
David Hegarty	3 Jan 2020	Director of Corporate Enforcement	Expiration of Warrant of Appointment of Conor O'Mahony	2 Jan 2023
Aisling Kennedy	10 Dec 2020	Minister	Expiration of Warrant of Appointment of Nicole Lappin	9 Dec 2023
Ronan Nolan*	30 May 2020	PABs	Expiration of Warrant of Appointment of David Devlin	29 May 2023
Kathleen Redmond	24 Jan 2020	Revenue Commissioners	Resignation of Caitríona Crowley	2 Jan 2021

The following were not directors at the reporting date:

Member	Nominating body	Commencement of term of office	Cessation of term of office
Ms. Mary Burke*	Central Bank	10 Oct 2015	2 Jan 2021
Ms. Kathleen Redmond	Revenue Commissioners	24 Jan 2020	2 Jan 2021

The board commenced a process of external evaluation of its own 2020 performance in early January 2021. The board reviewed an evaluation questionnaire and held a facilitated discussion in this regard at its 26 January 2021 meeting.

2020: Financial Statements & Related Statements

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' respective mandates and memberships are set out below.

Board committees – mandates and membership

Committee	Mandate	Membership at 31 December 2020
Section 933 committees	In accordance with section 933 of the 2014 Act from time to time IAASA establishes Enquiry Committees for the purpose of determining whether a PAB has complied with its approved investigation and disciplinary procedures.	Board members are nominated to 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 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 Investigation Committees as and when the need arises.
Audit & Risk Committee ('ARC')	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.	Aisling McArdle (Chairperson) David Hegarty Ronan Nolan

Where section 933 or 934 committees are established, they report to the board on a regular basis on the progress of enquiries/investigations and other important issues relevant to the overall governance of IAASA (e.g. matters pertaining to litigation risk etc.). During the preliminary stages of enquiries/investigations, similar reporting is provided by the executive. The board does not receive reports regarding the subject matter of enquiries or investigations.

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

2020: Financial Statements & 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.

	Board	ARC	Fees (€)	Expenses (€)
	Meetings attended/meetings eligible to attend		Note 1	Note 2
Martin Sisk (Chairperson)	9/9		€11,970	€1,310
Kevin Prendergast (Chief Executive)	9/9		-	Note 3
Mary Burke	7/8		-	-
David Devlin	3/3	2/2	€3,163	-
Etain Doyle	4/4		€3,163	-
Clodagh Hegarty	5/5		€4,551	-
David Hegarty	9/9	0/1	-	-
Aisling Kennedy	1/1		€443	-
Nicole Lappin	6/6	3/3	€5,406	-
Aisling McArdle	9/9	4/4	€7,695	-
Ronan Nolan	5/5	2/2	€4,551	-
Kathleen Redmond	6/8		-	-

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 €1,325 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.

2020: Financial Statements & 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. Changes in board membership in the period are set out above.

Disclosures required by the Code

The board is responsible for ensuring that IAASA has complied with the requirements of the Code as published by the Department of Public Expenditure & Reform. 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 [2019: 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

An analysis of hospitality expenditure is set out in note 18 of the financial statements.

Statement of compliance

IAASA has complied with the requirements of the Code as published by the Department of Public Expenditure & Reform.

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

Martin Sisk
Chairperson
1 June 2021

Kevin Prendergast
Chief Executive
1 June 2021

Statement on Internal Control

Scope of responsibility

On behalf of the Irish Auditing & Accounting Supervisory Authority, 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 2020 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 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 2020.

IAASA has also appointed CrowleysDFK as internal auditors for the period 2020-2022, 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 Corporate Services, 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.

2020: Financial Statements & Related Statements

Impact of Covid-19

ICT:

IAASA's policy to facilitate remote working for all employees was in place, and by March 2020, all staff had been provided with laptops and secure, remote access system to work from home. Consistent with government guidelines, IAASA encouraged all staff to work from home from 12 March 2020, and IAASA's offices are closed to all staff during level 4 or 5 restrictions.

Finance:

In view of IAASA's scale, financial control is largely centralised within the corporate services team. The team has reviewed all aspects of the financial control environment, and modified procedures where necessary or appropriate to function in a remote environment. These, in the main, comprise the replacement of physical signature as evidence of review with electronic confirmation. This has allowed for more efficient processes without any diminution of financial control.

Employee wellbeing:

IAASA recognises that while technology addresses the physical access restriction, it does not necessarily address the emotional impact of the pandemic, or the isolation from colleagues. IAASA has taken a number of steps to address these impacts, including increased use of video as a means of communication, and regular training and "coffee break" engagements to encourage communication and interaction across the organisation. IAASA also has a wellbeing committee in place to assist with initiatives, along with an external employee assistance programme.

Operations:

IAASA has put systems in place to enable it continue its supervisory and oversight activities on a remote basis. Controls have been put in place to protect data used in these processes,

Brexit

IAASA has also taken steps to ensure that its regulatory models will not be restricted by Brexit, and the UK becoming a third country for audit oversight and GDPR purposes.

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 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 control framework.

I confirm that the board conducted an annual review of the effectiveness of the internal controls for 2020.

Signed on behalf of the board:

Martin Sisk

Chairperson

1 June 2021

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 and signed on its behalf:

Martin Sisk
Chairperson
1 June 2021

Kevin Prendergast
Chief Executive
1 June 2021

Comptroller and Auditor General Opinion



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Irish Auditing and Accounting Supervisory Authority

Opinion on the financial statements

I have audited the financial statements of the Irish Auditing and Accounting Supervisory Authority for the year ended 31 December 2020 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 2020 and of its income and expenditure for 2020
- 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.

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.

Report of the C&AG (continued)

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
4 June 2021

Statement of Financial Position

as at 31 December 2020

	Note	2020 €	2019 €
Non-current assets			
Property, plant & equipment	4	48,770	74,537
Deferred finance lease costs		-	112
		<u>48,770</u>	<u>74,649</u>
Current assets			
Inventory		2,265	2,490
Receivables	5	339,097	116,449
Deferred finance lease costs		113	325
Cash & cash equivalents	6	2,022,172	1,755,755
		<u>2,363,647</u>	<u>1,875,019</u>
Creditors: Amounts falling due within 1 year			
Payables	7	239,014	189,376
Deferred rent incentive	8	6,710	6,710
Finance lease obligations	9	2,063	2,063
Excess PAB levy income	10	799,118	617,025
Excess PIE audit firm levy income	10	717,177	628,966
Excess Departmental Grant Income	10	216,179	110,851
		<u>1,980,261</u>	<u>1,554,991</u>
Net current assets		383,386	320,028
Amounts falling due after 1 year			
Deferred rent incentive	8	25,469	32,180
Finance lease obligations		1,033	3,096
		<u>26,502</u>	<u>35,276</u>
Net assets before retirement benefits		405,654	359,401
Retirement benefits			
Retirement benefit Liability	11	(8,137,000)	(5,266,000)
Deferred exchequer retirement benefit funding	11	8,137,000	5,266,000
Net assets after retirement benefits		405,654	359,401
Reserves			
Income reserve		-	-
Capital account	12	48,770	74,537
Reserve fund		356,884	284,864
Members' funds		405,654	359,401

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

Martin Sisk

Chairperson

1 June 2021

Kevin Prendergast

Chief Executive

1 June 2021

Statement of Income and expenditure

for the year ended 31 December 2020

	Note	2020 €	2019 €
Revenue	13	4,252,501	4,144,177
Administrative expenses			
Staff costs	14	3,245,574	2,863,883
Directors' fees	15	40,943	37,669
Accommodation		260,717	260,493
Travel & subsistence	16	29,450	137,765
Legal and professional services	17	304,868	507,328
Office expenditure	18	62,166	85,344
Information technology		84,699	89,911
Professional development		97,269	106,850
Insurance		31,081	27,731
Auditor's remuneration	19	15,700	14,300
Depreciation		33,559	46,948
Total administrative expenses		4,206,026	4,178,222
Surplus/(Deficit) of income over admin expenses before finance costs		46,475	(34,045)
Finance costs		324	512
Surplus/(Deficit) of income over admin expenses after finance costs		46,151	(34,557)
Finance income	20	102	102
Surplus/(Deficit) for the year		46,253	(34,455)
Other comprehensive income			
Experience (losses) on pension scheme liabilities		(257,000)	(313,000)
Changes in assumptions		(1,915,000)	(507,000)
Adjustment to deferred exchequer pension funding		2,172,000	820,000
Total recognised surplus/(deficit) for the year		46,253	(34,455)

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

Martin Sisk
Chairperson
1 June 2021

Kevin Prendergast
Chief Executive
1 June 2021

Statement of Changes in Reserves and Capital Account

for the year ended 31 December 2020

	Income Reserve €	Capital Account €	Reserve Fund €	NET ASSETS €
Balance – 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 / 1 January 2020	-	74,537	284,864	359,401
Deficit for the year	46,253	-	-	46,253
Transfer from Income & Expenditure Account:	-	-	-	-
Income applied to capitalised asset acquisitions	(7,792)	7,792	-	-
Less: Amortisation applied in line with asset depreciation	33,559	(33,559)	-	-
Income receivable on reserve fund monies	(20)	-	20	-
Fine income - s.934	(72,000)	-	72,000	-
Actuarial (loss) on pension liabilities	(2,871,000)	-	-	(2,871,000)
Adjustments to deferred exchequer pension funding	2,871,000	-	-	2,871,000
Balance – 31 December 2020	-	48,770	356,884	405,654

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

Martin Sisk
Chairperson
1 June 2021

Kevin Prendergast
Chief Executive
1 June 2021

Statement of Cash Flows

for the year ended 31 December 2020

	Note	2020 €	2019 €
Net Cash inflow/(outflow) from operating activities	21	274,107	(365,243)
Cash flows from financing activities			
Interest received		102	103
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(7,792)	(31,410)
Increase/(Decrease) in cash & cash equivalents in year		266,417	(396,550)
Reconciliation of net cash flow to movements in net funds			
Increase/(Decrease) in net funds in year	22	266,417	(396,550)
Net funds at 1 January		1,755,755	2,152,305
Net funds at 31 December		2,022,172	1,755,755

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

Martin Sisk
Chairperson
1 June 2021

Kevin Prendergast
Chief Executive
1 June 2021

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 2014 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, IAASA has the use of certain assets which were purchased by the Department of Enterprise, Trade & Employment ('the Department') prior to the Authority's establishment in 2005. Ownership of these assets was transferred to the Authority in 2020. Section 17 of FRS 102 sets out the rules for initial measurement of assets at the date of recognition. As the assets transferred were at least 15 years old, and transferred at no cost, they have been recognised in these financial statements at zero value.

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.

2020: Financial Statements & Related Statements

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 2014 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.	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.
Prescribed Accountancy Bodies	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	
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 2014 Act	Recognised on date of approval by 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 2014 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 settlement (if settled) or of High Court approval
Recoupment of investigation costs	Depending on the type of breach, investigations under section 934 of the 2014 Act are funded by either the subject of the investigation (the 'specified person'), or the RAB of which the specified person is a member.	Recognised on date of settlement (if settled) or 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.

2020: Financial Statements & Related Statements

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.

2020: Financial Statements & Related Statements

4. Non-current assets

	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	33.33%	20%	12.5%	
Cost	€	€	€	€
At 1 January 2020	145,302	50,738	88,341	284,381
Additions	7,792	-	-	7,792
Disposals	-	-	-	-
At 31 December 2020	153,094	50,738	88,341	292,173
Accumulated Depreciation				
At 1 January 2020	121,658	37,472	50,714	209,844
Charge for year	17,330	6,696	9,533	33,559
Disposals	-	-	-	-
At 31 December 2020	138,988	44,168	60,247	243,403
NET BOOK VALUE				
At 1 January 2020	23,644	13,266	37,627	74,537
At 31 December 2020	14,106	6,570	28,094	48,770

4.1 Non-current assets 2019	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

2020: Financial Statements & Related Statements

5. Receivables

	2020 €	2019 €
PIE Audit Firm Debtors	-	-
PAB Debtors	236,000	-
Other	103,097	116,449
	339,097	116,449

The PAB Debtor amount shown above refers to investigation costs incurred relating to a section 934 investigation, which are chargeable to the relevant PAB. Such costs are billed to the PAB at the conclusion of the investigation.

6. Cash and cash equivalents

	2020 €	2019 €
Bank - notice deposit (Reserve)	303,823	303,803
Bank - notice deposit (Non-Reserve)	1,222,180	1,222,098
Bank - current	496,125	229,810
Cash on Hand	44	44
Total cash & cash equivalents	2,022,172	1,755,755

7. Payables

	2020 €	2019 €
Pay and pay-related	146,281	73,361
Office of the Revenue Commissioners	6,187	3,458
Legal and professional services	38,819	75,522
Other	47,727	37,035
	239,014	189,376

2020: Financial Statements & Related Statements

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:

	2020		2019	
	First Floor €	Second Floor €	First Floor €	Second Floor €
- within one year	5,258	1,452	5,258	1,452
- in two to five years	19,598	5,872	21,032	5,808
- in more than five years	-	-	3,824	1,516
	24,856	7,324	30,114	8,776

9. Finance Costs

IAASA acquired 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:

	2020 €	2019 €
- within one year	2,063	2,063
- in two to five years	1,033	3,096
- in more than five years	-	-
	3,096	5,159

2020: Financial Statements & Related Statements

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.

	2020 €	2019 €
10.1 Calculation of Net Expenditure		
Gross Expenditure per Statement of Income & Expenditure	4,206,026	4,178,222
Adjust for:		
Unamortised amount of income used for capital acquisitions	(25,767)	(15,538)
Finance costs	324	512
Expenditure related to the Reserve Fund (Note 2.4)	-	(18,940)
	<u>4,180,583</u>	<u>4,144,256</u>
Less:		
Section 934 settlement: contribution to legal costs	50,000	-
Section 934 investigation costs payable by RAB	236,000	-
Non-reserve fund interest receivable	82	79
Liquidator registration	-	2,500
Income from third country audit entity registration	31,490	39,926
Net Expenditure for the year	<u>3,863,011</u>	<u>4,101,751</u>
Net expenditure attributable to the Exchequer		
i. Transparency Directive (100%) (Note 2.4)	790,341	
ii. Obligations under the 2014 Act (40% of balance)	<u>429,984</u>	<u>1,220,325</u>
Net expenditure attributable to the PABs		
i. Audit Standards Adoption (100%) (Note 2.4)	400,905	
ii. Obligations under the 2014 Act (60% of balance)	<u>644,977</u>	<u>1,343,975</u>
Net expenditure attributable to the PIE Audit Firms	<u>1,596,804</u>	<u>1,454,033</u>
	<u>3,863,011</u>	<u>4,101,751</u>

10.2 Calculation of Grant Debtor / Levy Carry Forward	Exchequer	PAB's	PIE - Audit Firms	Total
Opening balance 1 January 2020	(110,851)	(617,025)	(628,966)	(1,356,842)
Income for specified purposes				
Adoption of audit standards		400,905		400,905
Inspection of PIEs			1,596,804	1,596,804
Transparency Directive	790,341			790,341
Net expenditure	<u>429,984</u>	<u>644,977</u>		<u>1,074,961</u>
Income recognised in I&E (Note 13)	1,220,325	1,045,882	1,596,804	3,863,011
Amounts receivable	<u>(1,325,653)</u>	<u>(1,227,975)</u>	<u>(1,685,015)</u>	<u>(4,238,643)</u>
Movement 2020	(105,328)	(182,093)	(88,211)	(375,632)
Balance carried forward 31 December 2020	<u>(216,179)</u>	<u>(799,118)</u>	<u>(717,177)</u>	<u>(1,732,474)</u>

11. Retirement Benefits

11.1 Overview

Section 926(1) of the 2014 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:

- i. IAASA employees' scheme contributions are paid to the Department;
- ii. 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 2020 was 25% [2019: 25%], capped at a maximum of three times the employee contribution for members of the Single Scheme;
- iii. 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 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 31-12-2020	At 31-12-2019
Rate of increase in salaries	2.50%	2.50%
Rate of increase in pensions in payment	2.00%	2.00%
Discount rate	0.80%	1.30%
Inflation assumption	1.50%	1.50%
Life expectancy at age 70:		
Current pensioners - male	17.4 years	17.9 years
Current pensioners - female	19.7 years	20.2 years
Future pensioners - male	18.8 years	18.4 years
Future pensioners - female	21.3 years	20.8 years

2020: Financial Statements & Related Statements

Based on the above, the present value of liabilities at the balance sheet date is €8,137,000 [2019: €5,266,000], and the service cost (calculated on the foregoing assumptions) for the year is €416,000 [2019: €317,000]. 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	2020 €	2019 €
Total employer contribution	468,369	410,275
*Current service cost	648,000	546,000
Interest cost	68,000	77,000
Adjustment to deferred Exchequer pension funding	(716,000)	(623,000)
Total charged to Statement of Income & Expenditure	468,369	410,275

*Employee contributions totalling €231,874 [2019: €228,689] have been included in the calculation of the current service cost.

11.4 Movement in net pension liability	2020 €	2019 €
Net Pension Liability at 1 January	5,266,000	3,829,000
Current Service Cost	648,000	546,000
Interest Cost	68,000	77,000
Experience (gains) on scheme liabilities	257,000	313,000
Changes in assumptions	1,915,000	507,000
Benefits paid in the year (rounded)	(17,000)	(6,000)
Net Pension Liability at 31 December	8,137,000	5,266,000

11.5 History of scheme liabilities and experience (gains)/losses	2020 €	2019 €	2018 €	2017 €	2016 €
Scheme liability	8,137,000	5,266,000	3,829,000	3,328,000	2,665,000
Experience (gains) on scheme liabilities	257,000	313,000	279,000	83,000	23,000
Changes in assumptions	1,915,000	507,000	(261,000)	204,000	568,000

12. Capital account

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

2020: Financial Statements & Related Statements

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 2014 Act, was €6,101,000 [2019: €6,151,000] as laid out below. This includes exchequer funding (via the Department's vote 32, subhead C12) to a maximum of €955,000 [2019: €1,068,000] 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 RABs respectively.

	Exchequer €	PABs €	PIE Audit Firms €	Total €
Recurrent expenditure	987,000	1,454,000		2,441,000
Approved allocation in respect of audit standards adoption		391,000		391,000
Approved allocation in respect of audit investigation activities			2,314,000	2,314,000
Approved allocation in respect of Transparency Directive activities	955,000			955,000
Total	1,942,000	1,845,000	2,314,000	6,101,000

The foregoing amounts totalling €6,101,000 were used as a basis for billing the respective funders in 2020, less amounts due to these funders at the start of the year totalling €1,356,842. Net expenditure for the year amounted to €3,863,011. Further analyses of these amounts are disclosed in Note 10, including the balance due to funders at year end of €1,732,474.

	2020 €	2019 €
13.2 Analysis of income		
<i>Recurrent income under the 2014 Act</i>		
Exchequer grant income: vote 32, subhead C12	429,984	688,763
PABs' levies	644,977	1,033,144
<i>Income in respect of Transparency Directive Activity</i>		
Exchequer grant income: vote 32, subhead C12	790,341	614,980
<i>Income in respect of audit standards adoption</i>		
RABs' levies	400,905	310,831
<i>Income in respect of audit inspection activities</i>		
PIE Audit Firms	1,596,804	1,454,033
Total income from funders	3,863,011	4,101,751
<i>Reserve fund income</i>		
Amounts receivable in respect of fines (section 934)	72,000	-
<i>Income in respect of liquidator registration</i>		
Application fees received from liquidators	-	2,500
<i>Income in respect of third country audit entity registration</i>		
Registration fees received from third country audit entities	31,490	39,926
<i>Recoupment of investigation costs</i>		
Section 934 settlement: contribution to legal costs	50,000	-
Section 934 investigation costs payable by RAB	236,000	-
	4,252,501	4,144,177

14. Staff Costs

	2020 €	2019 €
Salaries	2,512,422	2,222,716
Employer PRSI Contributions	264,783	230,892
Employer Retirement Benefit Contributions	468,369	410,275
	3,245,574	2,863,883

The average number of employees during the year was 29 [2019: 29]. IAASA's complement of full time staff at 31 December 2020 was 30 [2019: 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.

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:

	2020	2019
€60,000 to €69,999	2	2
€70,000 to €79,999	1	2
€80,000 to €89,999	5	4
€90,000 to €99,999	3	8
€100,000 to €109,999	9	5
€110,000 to €119,999	2	-
€120,000 to €129,999	-	-
€130,000 to €139,999	-	-
€140,000 to €149,999	-	-
€150,000 to €159,999	-	1
€160,000 to €169,999	1	-
	23	22

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, fees are not payable to certain board members who are also public servants.

	2020 €	2019 €
Martin Sisk	11,970	11,970
David Devlin	3,163	7,695
Etain Doyle	3,163	7,695
Clodagh Hegarty	4,551	-
Aisling Kennedy	443	-
Nicole Lappin	5,406	7,695
Aisling McArdle	7,695	2,614
Ronan Nolan	4,551	-
	40,942	37,669

In addition, a total of €2,635 [2019: €10,976] 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 €5,722 [2019: €11,002], as detailed in Note 25.

16. Travel & subsistence

	2020 €	2019 €
National	12,279	65,485
International	17,171	72,280
	29,450	137,765

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 2020 is €1,310 [2019: €4,939] and for international travel and subsistence in 2020 is Nil [2019: Nil]

2020: Financial Statements & Related Statements

17. Consultancy, legal and professional services	2020 €	2019 €
<i>Consultancy</i>		
Legal Advice		
- General	28,236	68,535
- Registration of liquidators	-	18,074
- Committees of enquiry - section 933	-	18,940
- Committees of investigation - section 934	106,781	171,898
- Brexit	59	48,569
PR Services	610	-
Recruitment Services	10,742	10,740
GDPR/Data Access Requests	1,215	43,033
	147,643	379,789
<i>Professional Services</i>		
Financial statement review (Transparency Directive)	59,365	45,510
Committees of investigation - section 934	34,599	31,101
Internal audit & actuarial services	27,428	16,063
Board training & evaluation	1,353	2,614
Employee wellbeing programs	2,040	8,696
Branding & design services	7,421	18,757
Architectural and associated works	12,826	4,798
HR Support	12,193	-
	157,225	127,539
Total	304,868	507,328

All consultancy costs are business-as-usual costs.

18. Office expenditure – entertainment/hospitality	2020 €	2019 €
The following amounts are included in office expenditure totalling €62,166 [2019: €85,344]:		
<i>Internal</i>		
Meals/beverages	35	192
Flowers/gifts	215	283
<i>External</i>		
Meals/beverages	118	480
Flowers/gifts	353	-
	721	955

19. Auditor's remuneration	2020 €	2019 €
Audit of company financial statements	15,700	14,300

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 €	2019 €
Gross interest receivable	34	139	173	173
DIRT	(14)	(57)	(71)	(71)
Net interest receivable	20	82	102	102

21. Reconciliation of surplus for the year to net cash from operating activities

	2020 €	2019 €
Surplus/(Deficit) for the year	46,253	(34,455)
Non Operating Items:		
Less: Finance income	(102)	(103)
Add:	46,151	(34,558)
Increase in payables	49,638	10,174
Increase/(Decrease) in excess PABs levy income	182,093	(352,179)
Increase/(Decrease) in excess departmental grant income	105,328	(37,799)
Increase in excess PIE levy income	88,211	30,894
(Increase) in receivables	(222,648)	(19,189)
Decrease in inventory	225	408
Decrease in deferred finance lease costs	324	512
(Decrease) in finance lease obligations	(2,063)	(3,744)
(Decrease) in deferred rent incentive	(6,711)	(6,710)
Depreciation	33,559	46,948
	227,956	(330,685)
Net cash inflow/(outflow) from operating activities	274,107	(365,243)

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 2020	229,854	1,222,098	303,803	1,755,755
Cash flow for year	266,315	82	20	266,417
Balance at 31 December 2020	496,169	1,222,180	303,823	2,022,172

2020: Financial Statements & Related Statements

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.

24. Financial commitments

24.1 Capital commitments

There are no capital commitments as at 31 December 2020.

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 [2019: €195,646]

25. Chief Executive's salary & expenses

Mr Kevin Prendergast was appointed as Chief Executive on 14 November 2016. His remunerations 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 2020. Mr Prendergast remains a member of the Civil Service Pension Scheme. The foregoing represents the Chief Executive's total remuneration package for the period.

	2020 €	2019 €
Gross salary	162,934	149,405
	162,934	149,405

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

	2020 €	2019 €
Professional memberships	1,482	1,465
Travel & subsistence, incl. air fares	2,940	7,742
Mobile phone costs	475	986
Internet Services	110	242
Incidentals	765	567
	5,772	11,002

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 [2019: nil], and no balances outstanding at the reporting date [balance at 31 December 2019: 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 2020 or 2019 and there were no amounts outstanding at either year end.

27. Board members – disclosure of transactions

In accordance with the Code, 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 2020.

28. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 1 June 2021.



Appendices

Appendix 1

Board membership at year end and changes in composition since the last annual report

Composition of board at 31 December 2020

Board member	Occupation	Nominating body	Date appointed
Martin Sisk (Chairperson)	Solicitor and former regulator	Minister	21 December 2016
Mary Burke*	Head of Governance and Operational Resilience, Central Bank	Central Bank	14 October 2015
Clodagh Hegarty*	Lecturer	PABs	30 May 2020
David Hegarty	Principal Officer, ODCE	Director of Corporate Enforcement	3 January 2020
Aisling Kennedy	Director	Minister	10 December 2020
Aisling McArdle	Head of Regulation, Euronext Dublin	Irish Stock Exchange	29 August 2019
Ronan Nolan*	Chartered Accountant	PABs	30 May 2020
Kevin Prendergast*	Chief Executive	<i>Ex-officio</i>	14 November 2016
Kathleen Redmond	Principal Officer	Revenue Commissioners	24 January 2020

Details of appointments and reappointments to the board during the year

Director	Date appointed	Nominating body	Reason for vacancy	Term expires
Clodagh Hegarty*	30 May 2020	PABs	Expiration of Warrant of Appointment of Etain Doyle	29 May 2023
David Hegarty	3 January 2020	Director of Corporate Enforcement	Expiration of Warrant of Appointment of Conor O'Mahony	2 January 2023
Aisling Kennedy	10 December 2020	Minister	Expiration of Warrant of Appointment of Nicole Lappin	9 December 2023
Ronan Nolan*	30 May 2020	PABs	Expiration of Warrant of Appointment of David Devlin	29 May 2023
Kathleen Redmond	24 January 2020	Revenue Commissioners	Resignation of Caitríona Crowley	2 January 2021

Details of resignations from the board during the year (other than by expiration of Warrant of Appointment)

Director	Occupation	Nominating body	Date of resignation
None			

* Denotes membership of a prescribed accountancy body

Appendix 2

Issuers examined by the Financial Reporting Supervision Unit during 2020

Equity issuers examined in 2020

Issuer	Report type	Examination type	Reporting date
Aminex plc	Annual	Follow-up	31 December 2019
Aminex plc	Annual	Focused	31 December 2019
Kingspan group plc	Annual	Follow-up	31 December 2019
Permanent TSB Group Holdings plc	Annual	Follow-up	31 December 2019
UDG Healthcare plc	Annual	Follow-up	30 September 2019
Bank of Cyprus Holdings plc (BOCH)	Annual	Follow-up	31 December 2019
Bank of Cyprus Holdings plc (BOCH)	Annual	Focused	31 December 2019
Bank of Ireland Group plc	Annual	Follow-up	31 December 2019
Cairn Homes plc	Annual	Unlimited scope	31 December 2019
CRH plc	Annual	Unlimited scope	31 December 2019
FBD Holdings plc	Annual	Unlimited scope	31 December 2019
Dalata Hotel Group	Annual	Focused	31 December 2019
Smurfit Kappa Group plc	Annual	Follow-up	31 December 2019
Kerry Group plc	Annual	Follow-up	31 December 2019
Kingspan group plc	Annual	Unlimited scope	31 December 2019
Linde plc	Annual	Unlimited scope	31 December 2019
Kenmare Resources	Annual	Follow-up	29 December 2019
Datalex plc	Annual	Focused	31 December 2019
DCC plc	Annual	Follow-up	31 March 2020
Glanbia plc	Annual	Follow-up	4 January 2020
Grafton Group plc	Annual	Follow-up	31 December 2019
Greencore Group plc	Half-yearly	Focused	27 March 2020
Irish Continental Group plc (ICG)	Annual	Focused	31 December 2019
Permanent TSB Group Holdings plc	Annual	Unlimited	31 December 2019
Smurfit Kappa plc	Annual	Unlimited	31 December 2019

Appendices

Issuer	Report type	Examination type	Reporting date
AIB Group plc	Annual	Follow-up	31 December 2019
Dalata Hotel Group	Annual	Follow-up	31 December 2019
Glenveagh Properties plc	Annual	Follow-up	31 December 2019
Cairn Homes plc	Annual	Follow-up	31 December 2019
DCC plc	Annual	Focused	31 March 2020
C&C Group plc	Annual	Focused	29 February 2020
Irish Residential Properties REIT plc	Annual	Follow-up	31 December 2019
Irish Residential Properties REIT plc	Annual	Focused	31 December 2019
Ryanair Holdings plc	Annual	Follow-up	31 March 2020
Ryanair Holdings plc	Annual	Focused	31 March 2020
Ryanair Holdings plc	Annual	Focused	31 March 2020
Aryzta AG	Annual	Focused	31 July 2020

Closed-ended fund issuers examined in 2020

Issuer	Report type	Examination type	Reporting date
Crown Global Secondaries III plc	Annual	Unlimited	31 December 2019
Crown Global Secondaries IV plc	Half-yearly	Focused	30 June 2020

Debt issuers examined in 2020

Issuer	Report type	Examination type	Reporting date
Astute Capital plc	Annual	Follow-up	31 March 2020
Astute Capital plc	Annual	Focused	31 March 2020
BBVA Global Market B.V.	Annual	Follow-up	31 December 2019
BrokerCreditServices Structured Products plc	Annual	Unlimited	31 December 2019
I Shares Physical metals plc	Half-yearly	Unlimited	31 October 2019
Star Compass plc	Annual	Unlimited	31 March 2020

Appendix 3

PABs under IAASA remit and reports issued to PABs during 2020

PABs under IAASA remit

PAB	Name	RAB
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	✓
ICAS	Institute of Chartered Accountants of Scotland	✓

Reports issued to PABs by the Regulatory and Monitoring Supervision Unit during 2020

PAB	Regulatory function reviewed
ICAI	Licensing
ICAI	Training
CPA	Licensing
ACCA	Investigation and Disciplinary

Appendix 4

Audit firms inspected in 2020

PIE auditors 2020	Firm-wide review conducted	Number of file inspections
BDO	✓	1
Deloitte	✓	5
EisnerAmper	*	2
Ernst & Young	✓	4
Grant Thornton	✓	1
KPMG	✓	5
Mazars	✓	1
PricewaterhouseCoopers	✓	5

*EisnerAmper ceased to be a PIE audit firm in the period and therefore, a firm-wide review was not carried out.

Appendix 5

Publications issued by IAASA during 2020

Corporate and general publications

- 2019 Annual Audit Programme and Activity Report.
- IAASA Covid Hub and IAASA Statement on COVID-19 challenges for audit
- Annual Report 2019

Audit inspection

- Report on 2019 quality assurance review of BDO
- Report on 2019 quality assurance review of EisnerAmper Audit Limited
- Report on 2019 quality assurance review of Grant Thornton
- Report on 2019 quality assurance review of Mazars
- Report on 2019 quality assurance review of Deloitte
- Report on 2019 quality assurance review of EY
- Report on 2019 quality assurance review of KPMG
- Report on 2019 quality assurance review of PriceWaterhouseCoopers
- IAASA's guide to reports on the quality assurance review of public-interest entity audit firms
- ISA 701 Thematic Review
- The audit of accounting estimates

Auditing Framework

- Ethical Standard for Auditors (Ireland) 2020
- ISQC (Ireland) 1 (Revised November 2020) - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements
- ISA (Ireland) 210 (Revised November 2020) - Agreeing the Terms of Audit Engagements
- ISA (Ireland) 220 (Revised November 2020) - Quality Control for an Audit of Financial Statements
- ISA (Ireland) 250 (Revised November 2020) - Section A - Consideration of Laws and Regulations in an Audit of Financial Statements
- ISA (Ireland) 250 (Revised November 2020) - Section B - The Auditor's Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector
- ISA (Ireland) 260 (Revised November 2020) - Communication with Those Charged with Governance
- ISA (Ireland) 600 (Revised November 2020) - Special Considerations—Audits of Group Financial Statements

(Including the Work of Component Auditors)

- ISA (Ireland) 620 (Revised November 2020) - Using the Work of an Auditor's Expert
- ISA (Ireland) 700 (Revised November 2020) - Forming an Opinion and Reporting on Financial Statements
- ISA (Ireland) 701 (Revised November 2020) - Communicating Key Audit Matters in the Independent Auditor's Report
- ISA (Ireland) 720 (Revised November 2020) - The Auditor's Responsibilities Relating to Other Information
- Glossary of Terms 2020
- Feedback Paper - Ethical Standard for Auditors (Ireland), International Standards on Auditing (Ireland) and Glossary of Terms (Revised November 2020)
- Exposure draft - Ethical Standard for Auditors (Ireland)
- Proposed changes to the International Standards on Auditing (Ireland) and International Standard on Quality Control (Ireland) 1
- Exposure draft - Glossary of Terms
- Consultation Paper - Proposals to revise the Ethical Standard for Auditors (Ireland), International Standards on Auditing (Ireland) and Glossary of Terms
- ISA (Ireland) 315 (Revised October 2020) - Identifying and Assessing the Risks of Material Misstatement
- Feedback Paper - ISA (Ireland) 315 (Revised October 2020) - Identifying and Assessing the Risks of Material Misstatement
- Exposure Draft - ISA (Ireland) 315 - Identifying and Assessing the Risks of Material Misstatement
- Consultation Paper - Proposal to revise ISA (Ireland) 315 - Identifying and Assessing the Risks of Material Misstatement
- Compendium of Illustrative Auditor's Reports
- Comment letter relating to the IAASB's Exposure Draft - ISA 600 – Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)
- Comment Letter relating to the Exposure Draft on Proposed Revisions to the Fee-related Provisions of the IESBA Code
- Comment Letter relating to the Exposure Draft on Proposed Revisions to the Non-Assurance Services Provisions of the IESBA Code

Appendices

Financial Reporting Supervision

- Snapshot of IAASA's financial reporting enforcement activities in 2019
- Information Note: IFRS 8 Operating Segments – Identification of Chief Operating Decision Maker
- Information Note: IFRS 16 Leases – Review of disclosures on initial application
- Information Note: Reporting the Impact of COVID-19
- Observations on selected financial reporting issues – years ending on or after 31 December 2020
- Compendium of financial reporting decisions (February 2020)
- Compendium of financial reporting decisions (June 2020)

Enforcement

- S.I. 16 of 2020 - Companies Act 2014 (Procedures Governing the Conduct of Section 934 Investigations) Regulations 2020
- IAASA announces first sanctions imposed on audit firm
- Consultation Paper on Sanctions Guidance

Regulatory and Monitoring Supervision

- Profile of the Profession 2019

Appendix 6

Protected disclosures report 2020

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. It also requires the publication of information about 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 2020.



Glossary

Glossary

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
CRO	Companies Registration Office
CRSC	Corporate Reporting Standing Committee
Department, the	The Department of Enterprise, Trade and Employment
EU	European Union
EU Audit Regulation	Regulation EU No. 537/2014
FRC	Financial Reporting Council in the UK
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)
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
ISAs	International Standards on Auditing

Glossary

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 Enterprise, Trade and Employment
ODCE	Office of the Director of Corporate Enforcement
PAB	Prescribed accountancy body
PIE	Public Interest Entity - entities with securities listed on a regulated market, credit institutions, and insurance undertakings
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



**Irish Auditing & Accounting
Supervisory Authority**

Willow House
Millennium Park, Naas
Co. Kildare, Ireland

Phone: +353 (0) 45 983 600
Fax: +353 (0) 45 983 601
Email: info@iaasa.ie

www.iaasa.ie