

2021

# 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

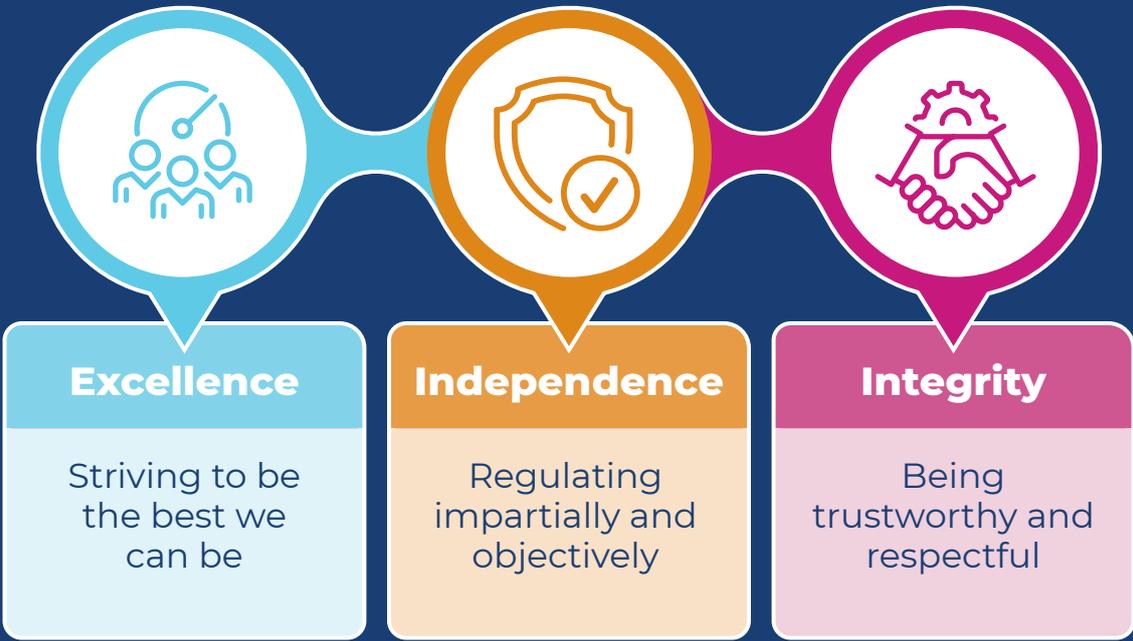
|   |           |   |           |
|---|-----------|---|-----------|
| About Us.....   | 4         | <b>Chapter 8: Organisational Development .....</b>                        | <b>28</b> |
| 2021 HIGHLIGHTS .....   | 5         | 1. Principal functions .....  | 29        |
| <b>Chapter 1 Chairperson’s Statement &amp; Chief Executive’s Review .....</b> | <b>6</b>  | 2. Significant developments.....  | 29        |
| Chairperson’s Statement.....  | 7         | 3. Strategies and outcomes arising from business plan .....               | 30        |
| Chief Executive’s Review.....   | 9         | <b>Chapter 9: Governance and Structure .....</b>                          | <b>31</b> |
| <b>Chapter 2 STANDARDS AND POLICY .....</b>                                   | <b>11</b> | Legal structure.....  | 32        |
| 1. Principal functions .....  | 12        | Organisational structure.....   | 32        |
| 2. Significant developments.....  | 12        | Financial overview.....   | 33        |
| 3. Strategies and outcomes arising from business plan .....                   | 13        | Governance .....  | 33        |
| <b>Chapter 3: Supervision of the Auditing and Accounting Profession .....</b> | <b>14</b> | Governance statement .....  | 34        |
| 1. Principal functions .....  | 15        | Other governance and public sector obligations.....                       | 35        |
| 2. Significant developments.....  | 15        | <b>Chapter 10: 2021 Financial Statements and Related Statements .....</b> | <b>36</b> |
| 3. Strategies and outcomes arising from business plan .....                   | 16        | <b>Financial Statements .....</b>   | <b>37</b> |
| <b>Chapter 4: Supervision of Financial Reporting Quality .....</b>            | <b>17</b> | Report of the Directors .....   | 38        |
| 1. Principal functions .....  | 18        | Statement on Internal Control.....  | 42        |
| 2. Significant developments.....  | 18        | Directors’ Responsibilities Statement .....                               | 43        |
| 3. Strategies and outcomes arising from business plan .....                   | 19        | Report for presentation to the Houses of the Oireachtas .....             | 44        |
| <b>Chapter 5: Supervision of Public-Interest Entity Audits.....</b>           | <b>20</b> | Statement of Financial Position .....                                     | 46        |
| 1. Principal functions .....  | 21        | Statement of Income and Expenditure .....                                 | 47        |
| 2. Significant developments.....  | 21        | Statement of Changes in Reserves and Capital Account .....                | 48        |
| 3. Strategies and outcomes arising from business plan .....                   | 22        | Statement of Cash Flows .....   | 49        |
| <b>Chapter 6: Enforcement.....</b>  | <b>23</b> | Notes to the financial statements .....                                   | 50        |
| 1. Principal functions .....  | 24        | <b>Appendices.....</b>  | <b>67</b> |
| 2. Significant developments.....  | 24        | Appendix 1.....   | 68        |
| 3. Strategies and outcomes arising from business plan .....                   | 25        | Appendix 2.....   | 69        |
| <b>Chapter 7: Corporate Services .....</b>                                    | <b>26</b> | Appendix 3.....   | 71        |
| 1. Principal functions .....  | 27        | Appendix 4 .....  | 72        |
| 2. Significant developments.....  | 27        | Appendix 5.....   | 73        |
| 3. Strategies and outcomes arising from business plan .....                   | 27        | Appendix 6.....   | 74        |
|   |           | <b>Glossary.....</b>  | <b>75</b> |

# Mission

To contribute to Ireland having a strong regulatory environment in which to do business by supervising and promoting high quality financial reporting, auditing and effective regulation of the accounting profession in the public interest



# Our Values



# STRATEGIES

## Strand 1 Regulation

**Strategy 1:** Oversight of accountancy profession

**Strategy 2:** Review of financial reporting

**Strategy 3:** Direct inspection of auditors of PIEs

**Strategy 4:** Investigation and Enquiry



## Strand 2 Promotion of High Standards

**Strategy 1:** Development of ISAs (Ireland) and related guidance

**Strategy 2:** Supporting accountancy bodies in undertaking their regulatory responsibilities

**Strategy 3:** Supporting high standards in financial reporting

**Strategy 4:** Supporting high standards in audit of PIEs

**Strategy 5:** Disseminating best practice



## Strand 3 Maximising our Impact

**Strategy 1:** Ensuring efficient use of our financial resources

**Strategy 2:** Being heard

**Strategy 3:** Developing/improving our processes

**Strategy 4:** Innovating



### Strand 1: Regulation

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

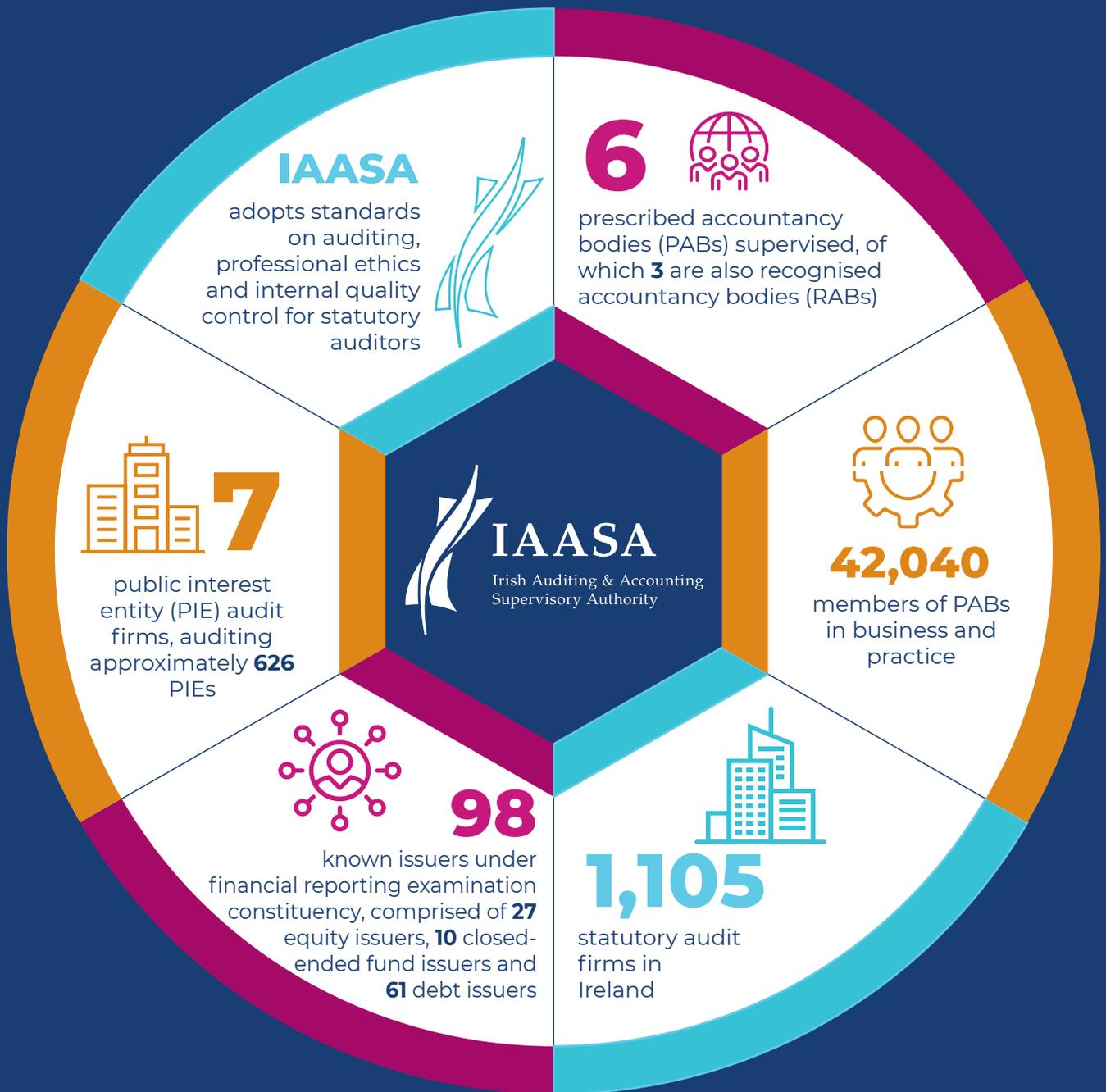
### Strand 2: Promotion of High Standards

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

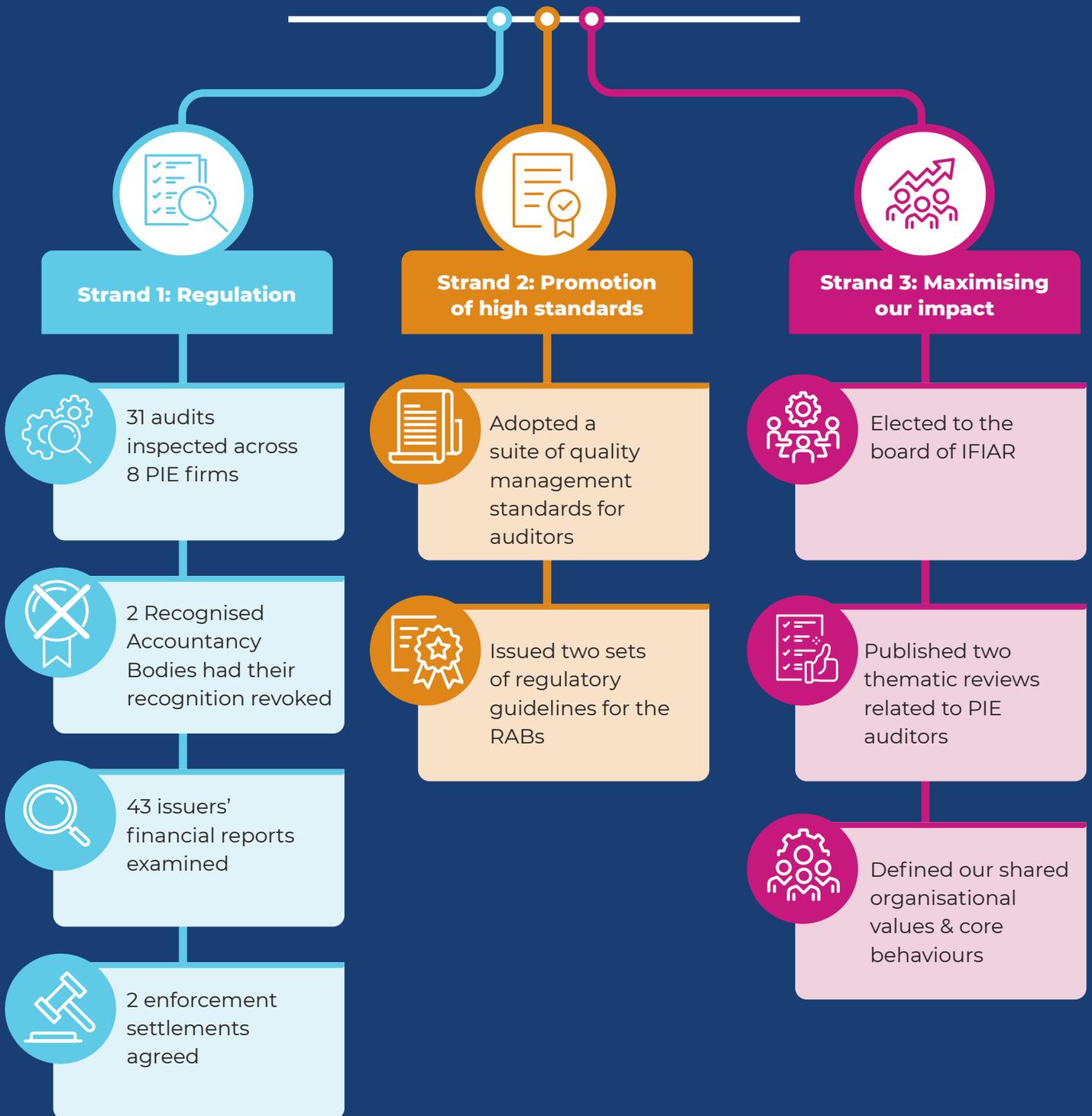
### Strand 3: Maximising our Impact

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

# About Us



# 2021 HIGHLIGHTS



# Chapter 1

---

## CHAIRPERSON'S STATEMENT & CHIEF EXECUTIVE'S REVIEW

---

# CHAIRPERSON'S STATEMENT

## Introduction

This is IAASA's ('the Authority') sixteenth Annual Report. It is with pleasure that I submit it to the Minister for Enterprise, Trade & 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 2021 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 recommenced a limited number of in person board meetings and held an in person away day during 2021. The ability to meet and discuss strategic issues in person greatly enhances the capabilities of the board, notwithstanding the technological advances that allowed remote meetings to take place over the last two years. This was especially the case as many of the Authority's board had not met face to face since their appointment. Unfortunately the Authority was forced to revert to remote meetings at the end of the year but in person meetings will be the norm going forward.

## Values

The Authority undertook a review of its values during the year. This process, which incorporated the board and the staff and which was undertaken through various fora and working groups, has resulted in three core values of excellence, independence and integrity, each supported by four behaviours. A number of operational changes have been made to incorporate the values into the day to day work of the Authority. I would like to pay tribute to the staff who contributed so fulsomely to this important process.

## Risk

For much of the last few years the Authority's risk register has been dominated by two items, firstly Brexit and more recently COVID-19. The first has effectively been addressed and is no longer a significant risk area for the Authority, while the second, although continuing to be a significant burden across the community, has not impacted on the Authority's capacity to carry out its full statutory remit. Accordingly the board has had the opportunity to reflect on risk in 2021. The board had a useful externally facilitated session on risk appetite, and has challenged itself and the executive on the identification of the key risks facing the Authority. As COVID-19 has shown, not all risks are predictable. The key to successfully addressing these risks is creating a resilient organisation. Through its values project and the various other support activities of the board and the executive, IAASA believes it has been successful in doing that.

## UK departure from the EU

Audit regulation is underwritten by EU law, and therefore it is vitally important that all auditors on the Irish register have appropriate training and experience in Irish/EU regulatory and statutory requirements. With the UK no longer being a member of the EU, the Authority clarified that this had implications for what had been a significant number of UK based auditors who were simultaneously registered in both jurisdictions. Ultimately a large number of dual registered auditors opted to be removed from the Irish register as they could no longer satisfy Irish regulatory requirements. In turn, this led to the decision by two recognised accountancy bodies, the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland, to withdraw from the regulated market in Ireland. This was a significant decision, but one which the Authority respected. In practice its impact on the Irish market was minimal. The Authority continues to work with its European colleagues on the issues that arise in treating the UK as a third country under EU audit legislation.



*Following a competitive election process I am pleased to report that IAASA has also joined the board of IFIAR, the International Forum for Independent Audit Regulators, for a four year term.*

## International relationships

Last year I noted in my statement that Ireland had joined the consultative group of the CEAOB, the European body through which EU regulators work together for audit quality. IAASA staff were to the fore as CEAOB revisited its mission and set out ambitious plans to engage with the Commission on proposals to revise the EU Audit Regulation and Directive. The Commission has also commenced work on the Corporate Sustainability Reporting Directive, which will impact issuers and auditors under the Authority's remit. The Authority is engaging and supporting this initiative across a number of European committees as well as through supporting the Department in its consideration of policy. The proposals put forward by the Commission while aimed primarily at company disclosures have the potential to radically reshape the purpose and function of statutory audit, with resultant impacts for audit regulation. The Authority will continue to contribute to these discussions to ensure that the ultimate proposals will be effective in

achieving the aims of the Commission. It will also monitor and plan for any potential impact on the Authority itself.

Following a competitive election process I am pleased to report that IAASA has also joined the board of IFIAR, the International Forum for Independent Audit Regulators, for a four year term. This is a recognition of the contribution Ireland has made to the work of IFIAR over several years, both at plenary and across a number of IFIAR working groups. Board membership gives Ireland greater insight into developing policy at global level as well as a greater opportunity to engage with our global peers. It also further underscores the previously announced Authority policy of greater engagement internationally.

## Board changes

The Central Bank nominee Mary Burke's term of appointment expired in early 2021 and the Bank nominated Brendan Sheridan in her place. Kathleen Redmond, the nominee of the Revenue Commissioners completed her short term with the Authority and was replaced by Daniel Sinnott also in early 2021. I would like to thank both for their service, in particular Mary who had been on the board since 2015.

Towards the end of the year our Chief Executive Kevin Prendergast was reappointed to the Authority for a further five year period. The board unanimously supported his reappointment and we look forward to him continuing his work leading the executive and staff of the Authority. And just before the year end I was pleased to also be reappointed to my role as Chairperson for a three year period. I am honoured to remain on the board of the Authority.

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

Notwithstanding the challenges the Authority along with much of society has faced during this past year, I am pleased to report another strong showing in terms of performance this year. The Authority's quality assurance review reports into the PIE audit firms are now a recognised element of the audit sector, the standards it issues are similarly recognised and acknowledged as of a high standard. As the rest of this report shows, we continue to develop and enhance our approach to regulation across the breadth of our remit as we respond to a relentlessly changing and challenging environment. Its capacity to respond to these challenges is built on the work that the Authority has undertaken in building an innovation culture,

and an openness to change, along with a clearly understood set of values that guide us in how we undertake our work.

As I mentioned in my opening remarks, it was only late in 2021 when I had the opportunity to meet many of the board members face to face for the first time. Their contributions to the board's deliberations on strategy, risk and governance were as ever insightful and astute, and the board as a whole carries out its task of holding the executive to account in a robust yet supportive manner. Each year the board undertakes an externally facilitated review of its performance, and this review corroborates that assertion. 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. I want to thank the Tánaiste, the Minister of State with responsibility for Trade Promotion, Digital and Company Regulation and their colleagues in the Department who support the Authority through policy consideration and also through practical assistance where necessary. As ever, my particular thanks go to the Chief Executive, the leadership team who appear and contribute at board meetings, and to the entire staff in IAASA. I look forward to continuing to support the work of the Authority during my next term as Chairperson in maintaining high standards in the audit and accounting profession.

**Martin Sisk**  
**Chairperson**  
**12 April 2022**

# CHIEF EXECUTIVE'S REVIEW

## Introduction

The purpose of this review is to provide an overview of the activities of the Authority in 2021. IAASA works to a three year work programme, the current version of which covers the period 2020-2022. Each year it sets out a business plan in line with that programme. Its statutory responsibilities are set out in the Companies Act and in EU law. Full details of how the Authority has succeeded in reaching the targets in its plan are set out in the body of this report. The Authority's 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 provides a summary of these achievements and of the work of the Authority in 2021.

## Key activities

IAASA has responsibility for the adoption of auditing and ethical standards for statutory auditors in Ireland. Globally, auditing standards are drafted, approved and adopted by the IAASB. The UK regulator, the FRC, adopts these standards, and where deemed appropriate it may add further requirements. IAASA's policy is to take the UK standards in turn and then assess whether there are distinctive characteristics in the Irish market that would require an amendment to the UK standard.

During 2021 IAASA issued a new suite of standards on audit firm quality management. ISQM (Ireland) 1 and 2 and ISA (Ireland) 220 will require all audit firms to adopt a more proactive approach to client engagement, risk assessment and ongoing monitoring of quality. These standards will apply from December 2022. IAASA also adopted ISRE (Ireland) 2410 which provides guidance on the review of interim financial information issued by listed entities. Internationally the IAASB have been developing a proposed standard on the audit of less complex entities an IAASA was pleased to host an Irish roundtable on the IAASB proposals, the first such public outreach event undertaken on this issue by the IAASB.

IAASA's oversight of the accountancy bodies includes both those recognised bodies ('RABs') whose members may apply to join the register of statutory auditors and a wider list which also includes prescribed bodies ('PABs') who have their quality assurance and disciplinary functions regulated by the Authority. As the UK is no longer a member of the EU, the training and ongoing experience of UK based auditors cannot be recognised as based on EU law and requirements, albeit that for the moment the two standards are effectively the same. Accordingly most UK based auditors of the recognised bodies opted to be deregistered from the Irish audit register. For bodies recognised in both jurisdictions, this has also meant that the separate regulatory requirements in both jurisdictions have come

more sharply into focus. Accordingly, two of those bodies applied to be both derecognised and deprescribed as regulated bodies. This means that their members can no longer be registered in the State as auditors, or operate as liquidators, and also has implications for a range of occupations where membership of a regulated body is a contractual requirement. The Authority revoked the recognition of ICAEW in July 2021 and of ICAS in December 2021.



*As the UK is no longer a member of the EU, the training and ongoing experience of UK based auditors cannot be recognised as based on EU law and requirements, albeit that for the moment the two standards are effectively the same.*

Following on from the previously announced range of guidelines for the regulated accountancy bodies, IAASA issued further guidelines on continuing education and investigation and disciplinary functions. These guidelines set out the principles that all bodies are expected to comply with in carrying out regulatory functions.

The Financial Reporting Supervision Unit ('FRSU') examined 37 annual reports and six half yearly reports. 19 issuers provided 86 undertakings relating to improved disclosures going forward. The main areas for undertakings were related to financial instruments, but other areas included the presentation of information, the use of alternative performance measures, operating segment disclosures and fair value measurement. FRSU also worked with its European colleagues in identifying the impacts of COVID19 for corporate reporters.

The Authority continued its inspections of PIE audit firms, inspecting eight firms in 2021. As well as examining firmwide policies, the Authority reviewed a sample of 30 audits of PIEs undertaken by these firms. In March the second round of quality assurance review reports were issued. The results of these inspections show a continued

upward trend in the quality of audits reviewed. Since the Authority first published the results of its inspections, the proportion of audits graded at 1 or 2, (meaning the audit is of a good standard) has risen from 71% to 93%. The Authority's published reports had no grade 4 (lowest grade) audits, where significant improvement is required. IAASA hosted its second audit committee briefing event during the year at which a range of speakers provided insights for audit committee chairs and members. At international level IAASA was honoured to be elected to the board of IFIAR, the international forum for independent audit regulators. The Authority supports its European and international colleagues in increasing the quality of audit regulation through active participation in international fora where appropriate. All of these engagements continued in a virtual format during 2021. However it must be acknowledged that this is not ideal and reduces the value of this engagement. It is hoped that in person events can recommence in 2022. Engagement at European level focussed on both the proposed revisions to the Audit Regulation and Directive and also the new proposals for a Corporate Sustainability Reporting Directive. IAASA works with its peers and the European Commission in resolving some of the many challenges these ambitious proposals will provide.

On the enforcement front, the Authority entered into two settlement agreements in 2021. One of these was with an audit partner in Mazars in relation to the audit of the National Asset Management Agency for the year ended 31 December 2016. The second settlement was with Chartered Accountants Ireland in relation to their operation of their investigation and disciplinary procedures in a particular case. The Authority continues to pursue a number of enquiries and investigations at the year end.

The Authority restructured and expanded its finance and administration function in 2021, creating a new corporate service functional unit with a dedicated HR function. This was a long overdue process recognising the significant increase in the size of the Authority in recent years. As well as complying with its many statutory and regulatory requirements as a public agency and a company, the Authority also revised how it supported staff in their performance and development, tying in with the values revision project undertaken with the support of the organisational development unit. The Authority also updated its innovation strategy, in the context of the public sector innovation strategy but with due regard to the specific remit and scope of the Authority's work. The strategy is now linked to the Authority's three year work programme. The Authority continues to expand its social media footprint, with enhanced engagement on LinkedIn and a new YouTube channel. Each of these provide further avenues by which the Authority can publicise its work in promoting audit quality.

In responding to the challenges and also the opportunities for reflecting on our working policies brought by COVID19, the Authority implemented a flexible working policy in 2021. The policy acknowledges the lived experience of the Authority continuing to operate at a very high level in a remote working environment, and seeks to maintain the advantages identified to the benefit of both staff and the Authority.

## Concluding remarks

This review provides a summary of the Authority's work during 2021. More details of how the Authority fulfilled its mandate are contained in the rest of this report, including details on how each part of the Authority achieved targets set under the annual business plan. What these demonstrate is the very wide range of activities, both core and support, that the staff of the Authority undertake on an annual basis. In 2021 this continued under a wholly virtual format, which presented its own unique challenges. The Authority carried out significant work in supporting its staff, through the values project, through virtual training sessions, and by continuing to provide challenging and rewarding opportunities for its staff through the day to day work of the Authority. In turn our staff provide exemplary service to the Authority in the service of the wider community who place reliance on the audit and accounting profession. I would like to thank them for again achieving so much during these uniquely difficult times. I would also like to express my gratitude to the board for their support during 2021. It remains a privilege to lead the executive team and staff of the Authority, and I look forward to the challenges that lie ahead.

**Kevin Prendergast**

**Chief Executive**

**12 April 2022**

# 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
- contribute to the development of Authority policy on regulatory and other matters

## 2. Significant developments

IAASA adopted four revised International Standards on Auditing (Ireland) during the year as well as related conforming amendments. These included:

- International Standard on Quality Management (ISQM) (Ireland) 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements; and
- International Standard on Auditing (ISA) (Ireland) 240 - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

A full list of the revised standards issued during the year is set out in Appendix 5.

In 2021, IAASA adopted International Standard on Review Engagements (ISRE) (Ireland) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity. This is an assurance standard tailored for Irish auditors undertaking reviews of interim financial statements produced by entities listed on the Irish stock exchange. The new standard is effective for reviews of interim financial statements for periods beginning on or after 15 December 2021, with early adoption permitted.

To complement consultation and feedback papers relating to auditing and assurance standards issued during the year, IAASA produced short presentations and informational videos. They are designed to provide users with an overview of the topics covered and encourage them to engage further by accessing the full documents on IAASA's website.

IAASA issued guidelines for the RABs in relation to continuing education for statutory auditors as well their investigation and disciplinary functions. The guidelines clarify IAASA's expectations in these areas, and are intended to improve the RABs' approaches to their regulatory functions and enhance consistency across them. The guidelines are available on IAASA's website ([IAASA - Oversight of the Profession](#)) and are effective from 1 January 2022.

During 2021, IAASA continued to actively engage with peers, stakeholders and standard setters. Such activities include observing meetings of the FRC's Technical Advisory Group, contributing to the CEOB's response to a number of international consultations on proposed standards, and issuing its own comment letters on proposed standards where appropriate. IAASA also organised an outreach

event attended by the RABs and auditing firms at which representatives of the International Auditing and Assurance Standards Board (IAASB) provided an overview of the proposed international auditing standard for less complex entities.

In addition, the Authority 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.

## Quality Management Standards

To ensure that audit firms' systems are robust and effectively support high-quality audits, in 2021 IAASA adopted three interrelated standards that address firms' systems of quality management.

The new standards, which will be effective 15 December 2022, are:

- ISQM (Ireland) 1 (as described above), which introduces a new risk-based approach that requires a firm to customise the design, implementation and operation of its system of quality management based on the nature and circumstances of the firm and the engagements it performs. The standard also deals with the firm's responsibility in respect of policies or procedures for engagements that are subject to engagement quality reviews.
- ISQM (Ireland) 2 - Engagement Quality Reviews, deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review.
- ISA (Ireland) 220 (Revised December 2021) - Quality Management for an Audit of Financial Statements, deals with the auditor's specific responsibilities for quality management for an audit of financial statements and the related responsibilities of the engagement partner.

These new and revised standards will apply to both audit and assurance engagements. They will strengthen firms' approaches to quality management and are intended to result in:

- an effective system of quality management within a firm that establishes the foundation for consistent engagement quality.
- a proactive response by the firm to changing circumstances and proactively managing or mitigating risks, and promoting continual improvement and responsiveness.
- increased emphasis on monitoring the system as a whole, and timely and effective remediation.
- improved integration of the components of the system of quality management.

### 3. Strategies and outcomes arising from business plan

| Business plan strategies  | Outcomes  |
|---|---|
| <p><b>Development of ISAs (Ireland) and related guidance</b></p> <p><b>Supporting high standards in audit of PIEs</b></p> <p><b>Disseminating best practice</b></p> | <ul style="list-style-type: none"> <li>→ Adopted four revised International Standards on Auditing (Ireland), related conforming amendments and revised Glossary of Terms</li> <li>→ Issued ISRE (Ireland) 2410 for auditors that perform reviews of interim financial information</li> <li>→ Hosted four Technical Advisory Panel meetings during the year. Also, a working group provided support on the development of an assurance standard</li> <li>→ Monitored developments in international and UK auditing standards, including through attendance at meetings of the FRC's Technical Advisory Group and participation in the CEAOB International Auditing Standards Subgroup</li> <li>→ Issued guidelines for the RABs in relation to their regulation, monitoring and enforcement of continuing education for statutory auditors and their investigation and disciplinary functions</li> </ul>   |
| <p><b>Being heard</b></p>   | <ul style="list-style-type: none"> <li>→ Issued three consultations relating to revisions to the auditing framework during the year. Prior to issuing the consultations, IAASA engaged with its Technical Advisory Panel and, where relevant, other regulatory bodies</li> <li>→ Participated in the CEAOB International Auditing Standards Subgroup, including periodic conference calls and meetings with the international standard setting boards (IAASB and IESBA) and Public Interest Oversight Board</li> <li>→ Contributed to the development of the CEAOB's responses to audit related consultations issued by the IAASB, IESBA and EU Commission</li> <li>→ Submitted one IAASA response to an IAASB consultation and one response to an IESBA consultation</li> <li>→ Organised an IAASB outreach event which was attended by the RABs and auditing firms to discuss the proposed international auditing standard for less complex entities</li> </ul> |

# 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 the statutory auditors and audit firms that they have approved and registered 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
- advise the Minister on matters relating to the accounting profession

## 2. Significant developments

Two RABs applied to IAASA for revocation of their recognition during 2021. Under section 931 of the Act, IAASA decided to revoke the recognition of the Institute of Chartered Accountant in England and Wales (ICAEW) effective from 21 July 2021 and the recognition of the Institute of Chartered Accountants of Scotland (ICAS) effective from 22 December 2021. By virtue of the revocation of the recognition of ICAEW and ICAS, these institutes are no longer prescribed accountancy bodies under the Act and therefore no longer come under the remit of IAASA. Appendix 3 lists the current PABs in Ireland, some of which operate in both Ireland and the UK.

The Authority undertook one supervisory visit in 2021, relating to quality assurance. A number of supervisory reports were issued during 2021, including a quality assurance report, a supervisory report relating to investigation and disciplinary procedures and a report related to licensing. Additionally, the team finalised 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 issued guidelines on continuing education and investigation and disciplinary functions and issued a consultation on proposed amendments to the exemption guidelines.

### Revocation of Recognition

The Authority continued engagement with all RABs regarding regulatory requirements post Brexit. Brexit presented a number of challenges to the model for dual recognition between Ireland and the UK. For example, one requirement of Irish law is that auditors must carry out a substantial part of their practical training in audits required by EU law. As such, the audit of UK companies post Brexit no longer counted towards that requirement. As a result of our engagements on this and other issues arising as a result of Brexit, two RABs decided to apply for revocation of their recognition and this was completed in the year.

### 3. Strategies and outcomes arising from business plan

| Business plan strategies  | Outcomes   |
|---|--|
| <b>Oversight of accountancy profession</b>  | <ul style="list-style-type: none"><li>→ Managed the effective revocation of recognition of ICAEW and ICAS</li><li>→ Undertook continuous supervisory engagement through review meetings, review of regulatory plans, annual returns, and annual/regulatory reports</li><li>→ Considered and recommended 44 sets of constitutional documents for approval</li></ul>                                   |
| <b>Supporting accountancy bodies in undertaking their regulatory responsibilities</b> | <ul style="list-style-type: none"><li>→ Undertook regular supervisory engagement with all PABs</li><li>→ Held an annual roundtable meeting including presentations from relevant units in IAASA and a presentation from a PAB</li></ul>  |
| <b>Disseminating best practice</b>  | <ul style="list-style-type: none"><li>→ Provided feedback to RABs on their implementation plans for compliance with continuing education and investigation and disciplinary guidelines</li><li>→ Issued 'Profile of the Profession' which provides statistical data on the accounting and audit profession</li><li>→ Commenced a thematic review on 'what is considered to be good repute'</li></ul> |
| <b>Being heard</b>  | <ul style="list-style-type: none"><li>→ Engaged with relevant stakeholders including the Department, CRO and the FRC in relation to supervisory matters</li><li>→ Presented at a PAB's membership event</li></ul>  |
| <b>Developing/improving our processes</b>   | <ul style="list-style-type: none"><li>→ Carried out further refinements to the supervisory approach to the oversight and supervision of PABs</li></ul>   |

# 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
- cooperate with EU accounting enforcers
- cooperate in the development of financial reporting standards and
- advise the Minister on accounting matters

## 2. Significant developments

In 2021, the Authority examined 43 financial reports, comprising 37 annual financial reports and six half-yearly financial reports (see Appendix 2). 19 issuers provided 86 undertakings to the Authority to improve reporting in future periods. The most frequent area in which undertakings were provided related to financial instruments disclosures. Other areas resulting in undertakings included the reporting and presentation of financial statements, alternative performance measures, operating segment disclosures, impairment and fair value measurement.

Additionally, the Authority published an information note on [IAS 36 Impairment of Assets](#).

The Authority continued its substantial engagement with its European counterparts, participating in the various task forces and sub-groups associated with accounting enforcement. During the year, the attention of these groups continued to focus on COVID-19 and future developments in corporate reporting, including the European Single Electronic Format (ESEF), and non-financial reporting, particularly corporate sustainability reporting.

## Impairments – impact of COVID-19

The Authority examined the annual financial statements of an issuer in the hospitality and transportation sector, which was severely impacted by the COVID-19 travel restrictions and social distancing rules. The Authority evaluated whether or not at the reporting date there was any indication that an asset may be impaired in an environment where the issuer's operations were significantly impacted by COVID-19, noting that the issuer had not carried out an impairment review.

IAASA concluded that the impact of COVID-19 travel restrictions was a strong indication that one or more of the impairment indicators in IAS 36 *Impairment of Assets* were triggered for the issuer during 2020.

IAASA also concluded that the following matters were indicators of impairment and were identifiable at 31 December 2020:

- one craft from the issuer's fleet was temporarily withdrawn from service in 2020
- the reduction in revenue and earnings as a result of COVID-19 travel restrictions and social distancing rules appear to have had an adverse effect on the market and economic environment in which the issuer operates [IAS 36.12(b)]; and
- on-going travel restrictions and social distancing rules imposed by the Irish government continued up to the date of approval of the annual financial statements [IAS 36.12(b)].

Other factors considered relevant in the context of the identification of impairment indicators included the fact that in its preliminary announcement published in Q1 2021 it was stated that the COVID-19 travel restrictions were still having an impact on the economic environment in which the issuer operates.

Following the engagement with IAASA, the issuer voluntarily provided a number of undertakings to IAASA including expanding the impairment disclosures in its 2021 annual financial statements to include:

- an explanation that a number of impairment indicators were present at 31 December 2020; and
- an explicit statement that the impairment test that was performed found that no impairment charge was required at 31 December 2020;

The issuer further undertook to perform an assessment to identify whether any indicators of impairment exist at 31 December 2021.

### 3. Strategies and outcomes arising from business plan

| Business plan strategies                                | Outcomes   |
|---|--|
| <b>Review of financial reporting</b>                    | <ul style="list-style-type: none"><li>→ Examined 37 annual reports</li><li>→ Examined six half-yearly reports</li></ul>  |
| <b>Supporting high standards in financial reporting</b> | <ul style="list-style-type: none"><li>→ Actively participated in several European forums, sub-groups and task forces, including the Corporate Reporting Standing Committee, the Narrative Reporting Working Group and Financial Institutions Task Force</li><li>→ Participated, with the Department in the Accounting Regulatory Committee which provides its opinion to the European Commission on proposals adopting IFRSs</li></ul> |
| <b>Disseminating best practice</b>                      | <ul style="list-style-type: none"><li>→ Published a compendium of five financial reporting decisions</li></ul>   |
| <b>Being heard</b>                                      | <ul style="list-style-type: none"><li>→ Published one Information Note – IAS 36 <i>Impairment of Assets</i></li><li>→ Made six presentations to audit firms, industry bodies and other stakeholders on FRSU observations and priorities</li></ul>  |
| <b>Developing and improving our processes</b>           | <ul style="list-style-type: none"><li>→ Monitored developments in accounting enforcement globally and considered potential impact on IAASA's system of examination of financial reporting</li></ul>  |

# **Chapter 5**

---

## **SUPERVISION OF PUBLIC-INTEREST ENTITY AUDITS**

---

# Chapter 5: Supervision of Public-Interest Entity Audits



## 1. Principal functions

IAASA's Audit Quality Unit is responsible for the quality assurance review of statutory auditors and audit firms that perform statutory audits of public-interest entities (PIEs) in Ireland.

The unit has three principal functions:

- carry out inspections of audit firms that conduct statutory audits of PIEs
- cooperate with EU audit oversight bodies
- advise the Minister on auditing matters

## 2. Significant developments

### Inspection of PIE audit firms

In 2021, IAASA conducted its fourth round of inspections across seven of the PIE audit firms. IAASA inspected five internal control areas in the seven PIE audit firms. The areas inspected were:

- consultations
- internal monitoring
- methodology
- other quality control reviews
- training

As part of its fourth round of inspections, IAASA also inspected a sample of 30 audits of PIEs across the seven PIE audit firms. The results of the 2021 inspections in respect of these seven PIE audit firms were published by IAASA in March 2022 and are available on IAASA's website [here](#).

### 2021 inspection results

In 2021, across the seven PIE firms, IAASA raised findings in the areas of consultations, internal monitoring, other quality control reviews and training. The severity of the findings raised by IAASA ranged between yellow (minor deficiency) and red (significant deficiency).

In 2021, 93% of audits of PIEs conducted by the seven PIE firms were assigned a grade of 1 or 2, indicating that audit quality was of a good standard. The remaining audits required improvement.

### Firms auditing PIEs

In 2021, nine audit firms conducted statutory audits of PIEs in Ireland (2020: eight). Four of these firms audited 74% (2020: 76%) of the PIEs in Ireland, earning approximately 89% (2020: 90%) of the PIE audit fees.

For seven of these firms IAASA completes inspections and publishes the results of this work.

The eighth firm was newly notified to IAASA as a PIE audit firm. IAASA inspected 14 areas of this firm's system of quality control during 2021. IAASA also inspected one audit of a PIE that was conducted by this firm. Because this was IAASA's first inspection of the firm, the results of the inspection were not published. This firm no longer performs statutory audits.

The remaining firm was the statutory auditor to one PIE in Ireland. This firm was based in the UK and was subject to oversight by the UK competent authority in 2021. Following IAASA's revocation of the recognition of ICAEW, this firm no longer performs statutory audits of PIEs.

### Publication of inspection reports

In March 2021, IAASA published inspection reports setting out the results of IAASA's 2020 inspections of seven PIE audit firms. These inspection reports are available on IAASA's website [here](#).

### International engagement

IAASA continues to engage with peers internationally and continuously reviews this engagement to ensure maximum value add. In 2021, IAASA was elected to the Board of IFIAR and also joined two sub-groups. IAASA ceased participation in an Emerging Regulators group of IFIAR, on the basis that IAASA is now considered to be a well-established regulator.

At European level, we continue to engage in CEOB and all sub-groups. IAASA has chaired the Market Monitoring sub-group for a number of years now and has notified all parties of intention to resign from this post in 2022. In place of this, IAASA has been appointed as chair of a new task force aimed at identifying and coordinating effective training for inspectors.

### Follow-up procedures

In 2021, IAASA reviewed all submissions received from PIE audit firms explaining the actions taken to implement IAASA's 2020 recommendations and performed follow-up procedures, where necessary. IAASA is satisfied that all recommendations made to the PIE firms in 2020 were appropriately implemented in 2021.

### International cooperation

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

in both Committee of European Audit Oversight Bodies (CEAOB) and the International Forum of Independent Audit Regulators (IFIAR).

IAASA has representatives on all CEAOB subgroups as well as a number of task forces and colleges. IAASA's Chief Executive is on the consultative group of the CEAOB, which supports the Chair of the CEAOB. IAASA continues to hold the position of Chair of the CEAOB Market Monitoring Subgroup. IAASA also participates in the leadership of the CEAOB Inspection Subgroup (ISG), through its organising committee, and chaired the meeting of the ISG in June 2021. During 2021, IAASA was elected as Chair of the ISG's new Training Task Force.

### Supporting high standards in audit of PIEs

In line with IAASA's strategy to be heard, IAASA organised a briefing for audit committees in October 2021. This was a virtual event and was well attended. The briefing included updates from IAASA on topics relevant to audit committee members and a panel discussion on audit reporting, audit expectation and the annual report. The recording of the event is available to the public [here](#).

IAASA published a thematic paper discussing transparency reporting by Irish PIE audit firms, available [here](#). IAASA also published a thematic paper discussing the use of data analytics in statutory audit in Ireland, available [here](#). IAASA also published inspection insights setting out key messages for auditors in auditing cash and cash equivalents, available [here](#).

## 3. Strategies and outcomes arising from business plan

| Business plan strategies                          | Outcomes  |
|---|---|
| <b>Direct inspection of auditors of PIEs</b>      | <ul style="list-style-type: none"> <li>→ Inspected eight firms</li> <li>→ Inspected 31 audits of PIEs</li> </ul>  |
| <b>Supporting high standards in audit of PIEs</b> | <ul style="list-style-type: none"> <li>→ Engaged regularly with all PIE audit firms</li> <li>→ Chaired the CEAOB Market Monitoring Subgroup</li> <li>→ Chaired a meeting of the CEAOB Inspection Subgroup</li> <li>→ 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</li> <li>→ Actively participated in two IFIAR task forces</li> </ul> |
| <b>Disseminating best practice</b>                | <ul style="list-style-type: none"> <li>→ Published seven inspection reports</li> </ul>  |
| <b>Being heard</b>                                | <ul style="list-style-type: none"> <li>→ Hosted a briefing for audit committees</li> <li>→ Published two thematic papers</li> <li>→ Published an insights series on auditing cash and cash equivalents</li> <li>→ Published an annual audit programme and activity report</li> </ul>  |
| <b>Developing/improving our processes</b>         | <ul style="list-style-type: none"> <li>→ Implemented the Common Audit Inspection Methodology for assessing the internal quality control systems of PIE audit firms</li> <li>→ 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</li> </ul>  |

# 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
- administer sanctions following on from regulatory investigations

## 2. Significant developments

2021 allowed for further development and implementation of the regulations for conducting section 933 enquiries and section 934 investigations. These regulations allow the Authority to take an executive led approach to the initial enquiry and investigation phase, and improved efficiency of the overall enforcement process is evidenced by the number of cases open and closed throughout 2021. A significant number of those cases are closed without the need for the launch of a formal investigation or enquiry. During the year, the Authority entered into two settlement agreements, one in relation to a section 933 enquiry and one relating to a section 934 investigation. A link to the text of these agreements is available on our website [here](#). The Authority launched two enquiries under section 933 and two investigations under section 934. One of the section 933 enquiries and one of the section 934 investigations were closed at the year end and the other matters were open at the year end.

Supporting its new approach to enforcement, the Authority published its sanctions guidance, and policy on time limits for making complaints. It continued to develop its internal processes and procedures to support the new enforcement policy.

On the international front, the Authority's Senior Enforcement Counsel contributed to the work of the CEAOB through membership of the Enforcement Working Group and as a member of the enforcement sub group of IFIAR.

### Section 934 investigation

The Authority publicised details of a settlement agreement that it had entered into with a specified person, in relation to the audit of a PIE. Examples of matters contained in the settlement agreement related to:

- insufficient challenging of assumptions used in the valuation of the loans and receivables balance.
- insufficient appropriate audit evidence and failure to sufficiently consider the impact of multiple IT deficiencies and multiple audit adjustments on the planned procedures.
- insufficient procedures performed to test the existence of loans/underlying securities.

The specified person made admissions to a number of contraventions to auditing standards and was sanctioned accordingly. Having considered the available sanctions under law, the Authority's own sanctions guidance, and various mitigating circumstances including the previous and subsequent unblemished record of the individual and the cooperation provided, the Authority reprimanded and fined the specified person €10,500 which incorporated a 30% discount for early settlement.

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.

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.

### 3. Strategies and outcomes arising from business plan

| Business plan strategies         | Outcomes  |
|----------------------------------|---|
| <b>Investigation and Enquiry</b> | <ul style="list-style-type: none"><li>→ Developed and implemented guidance and policies. In particular, sanctions guidance and a policy relating to time limits for making complaints</li><li>→ Drafted and implemented settlement procedures</li><li>→ Progressed investigations and enquiries</li><li>→ Achieved appropriate outcomes evidenced by the settlement agreements</li><li>→ Published outcomes in line with policies</li></ul> |
| <b>Being heard</b>               | <ul style="list-style-type: none"><li>→ Published feedback on consultation on sanctions guidance</li><li>→ Participated in the CEAOB Enforcement Subgroup, including periodic conference calls</li><li>→ Participated in IFIAR enforcement subgroup and speaker at international conference.</li><li>→ Participated in stakeholder roundtable meetings</li></ul>  |

# Chapter 7

---

## CORPORATE SERVICES

---

# Chapter 7: Corporate Services



## 1. Principal functions

The principal functions of the Corporate Services Unit are to:

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

## 2. Significant developments

The unit's role was expanded in early 2021 to encompass all support services, most notably the addition of the HR management function. Through the year, the unit continued to meet its statutory deadlines despite the increased workload and 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.

IAASA continued to work remotely for the full year, and the unit ensured that support services, primarily ICT related, functioned efficiently and robustly in a remote setting. The unit carried out both internal disaster recovery testing and external penetration testing, overseen by the Audit & Risk

Committee, with the latter finding no weaknesses in the Authority's remote access processes.

On HR, the unit conducted a full review of its internal performance management systems, and introduced a revised *goal setting & performance development* system for use in 2022. Separately, the unit considered the Authority's risk appetite statement and approach to quantifying risk tolerances across its functions. Work on this project was ongoing at year-end.

### Goal setting & performance development

The Authority continued to focus on its staff, its key asset, during the year. As part of this, the unit carried out a detailed review of IAASA's approach to performance appraisal and development, and introduced a number of enhancements to the formal process. The new process moves away from task focus, which while important, now shares equal prominence with employee personal development, and with living IAASA core organisational values of excellence, independence and integrity. The approach to the formal bi-annual meetings has also been developed to maximise the value for staff, managers and the organisation. This process is in addition to regular interactions at team and individual one-to-one level, which are corporeal whenever possible within public health restriction, or on videolink.

## 3. Strategies and outcomes arising from business plan

| Business plan strategies                                 | Outcomes   |
|--|--|
| <b>Disseminating best practice</b>                       | <ul style="list-style-type: none"> <li>→ Statutory Annual Report approved by board</li> <li>→ Delivered mandated reports to Minister by statutory deadlines</li> </ul>   |
| <b>Ensuring efficient use of our financial resources</b> | <ul style="list-style-type: none"> <li>→ Programme of Expenditure (budget) adopted by board and approved by Minister</li> <li>→ Successful outcome of review of systems of internal control by internal and external auditors</li> </ul>   |
| <b>Being heard</b>                                       | <ul style="list-style-type: none"> <li>→ Acted as principal point of contact with journalists and public representatives</li> <li>→ Continued strong and effective relationship with the Department's liaison unit</li> </ul>  |
| <b>Developing/improving processes</b>                    | <ul style="list-style-type: none"> <li>→ Ongoing maintenance of and investment in ICT infrastructure, the remote working model</li> <li>→ Enhanced security for network access and for mobile devices.</li> <li>→ Developed revised approach to employee goal setting and performance development.</li> <li>→ Provided in-house legal advisory support.</li> </ul> |

# Chapter 8

---

## ORGANISATIONAL DEVELOPMENT

---

# Chapter 8: Organisational Development



## 1. Principal functions

The principal functions of the Organisational Development Unit are to:

- develop initiatives that improve the efficiency and effectiveness of the organisation
- support a culture for innovation in IAASA
- manage a social media presence for IAASA
- support IAASA's staff committees to see ideas through to implementation

## 2. Significant developments

During 2021, IAASA developed an innovation strategy, aligned to the public sector innovation strategy, and amended as necessary to address IAASA's specific context. IAASA's specific innovation ambition is to harness innovation in the ways it supervises and promotes high quality financial reporting, auditing and effective regulation of the accounting profession in the public interest. The strategy sets out the priorities for innovation within IAASA, details actions under each priority and concludes with a path to 'make innovation real' through an implementation plan. It is linked to the Authority's three year work programme and the innovation actions are incorporated into each unit's annual business plan as well as into each employee's goal-setting and performance and development discussions.

Several innovation hackathon initiatives were finalised during the year, including streamlining the PAB annual return and profile of the profession publication, development of a generic audit quality report, establishment of a financial reporting database, implementation of a time management system and completion of an audit inspection file archiving project. We also developed a digital 'innovation recognition wall' to highlight staff achievement of these initiatives.

Other organisational development activities included ongoing development of the Authority's social media presence on LinkedIn, as well as establishing a YouTube channel and expanding the range of media and formats used to communicate with our stakeholders. A quarterly organisational development newsletter for staff provided information on innovation and problem solving tools and techniques. Authority staff also regularly attended the online programme of events organised by the Department of Public Expenditure & Reform's public service innovation team.

## IAASA's Values

During 2021 we undertook a project to define our shared organisation values, along with a set of core behaviours aligned to the values that are to be demonstrated by all our people. Our values articulate what we stand for and what we believe is important in the way we work. They are as follows:

**Excellence:** *Striving to be the best we can be* - we consider the big picture, we deliver high standards of performance and quality outcomes, we are specialists in our field and continuously improve and innovate, we build relationships and learn from others

**Independence:** *Regulating impartially and objectively* - we consider all perspectives and make measured judgements, we challenge robustly and constructively, we safeguard our independence from conflicts of interest and undue influence

**Integrity:** *Being trustworthy and respectful* - we are open-minded, honest and inclusive, we act with courage and conviction, we demonstrate accountability for our work and our actions, we engage with empathy and respect

### 3. Activities and outcomes arising from business plan

| Business plan strategies                  | Outcomes   |
|---|--|
| <b>Being heard</b>                        | <ul style="list-style-type: none"><li>→ Maintained an active IAASA presence on LinkedIn</li><li>→ Launched an IAASA YouTube channel</li><li>→ Increased use of video and other communication formats for articulating key messages</li><li>→ Provided training for staff on writing for effective communication</li></ul>  |
| <b>Developing/improving our processes</b> | <ul style="list-style-type: none"><li>→ Completed eight hackathon innovation projects</li><li>→ Developed an IAASA values and behaviours statement</li><li>→ Maintained a staff intranet and an online social network, ensuring updates on innovation initiatives and other activities of general interest</li><li>→ Held staff 'connect and engage' sessions to share updates and information across the organisation</li></ul>   |
| <b>Innovating</b>                         | <ul style="list-style-type: none"><li>→ Developed an IAASA innovation strategy, aligned to the public service strategy</li><li>→ Published a quarterly staff organisational development newsletter, highlighting useful innovation tools and techniques</li><li>→ Established an innovation recognition wall to highlight staff achievement of innovation initiatives</li><li>→ Supported a range of staff committee initiatives on wellbeing and the green agenda</li><li>→ Participated at the public service innovation network online events and innovation week</li></ul> |

# Chapter 9

---

## GOVERNANCE AND STRUCTURE

---

# Chapter 9: Governance and Structure

## Legal structure

IAASA is a company limited by guarantee with the following 10 members at 31 December 2021:

- 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 Ireland\*
- Irish Stock Exchange
- Revenue Commissioners

\* Means a PAB

## Organisational structure

### Overview

By year end, IAASA had 32 (2020: 30) 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-led innovation projects and supporting the Authority's various staff-led committees; and

- internal communications and social media presence.
- Enforcement, which coordinates the Authority's statutory investigations and enquiries; and
- Corporate Services, which provides finance, administration, HR, ICT and legal services support to IAASA, together with providing a secretariat to the board and to certain of its committees.

### Approved staff complement

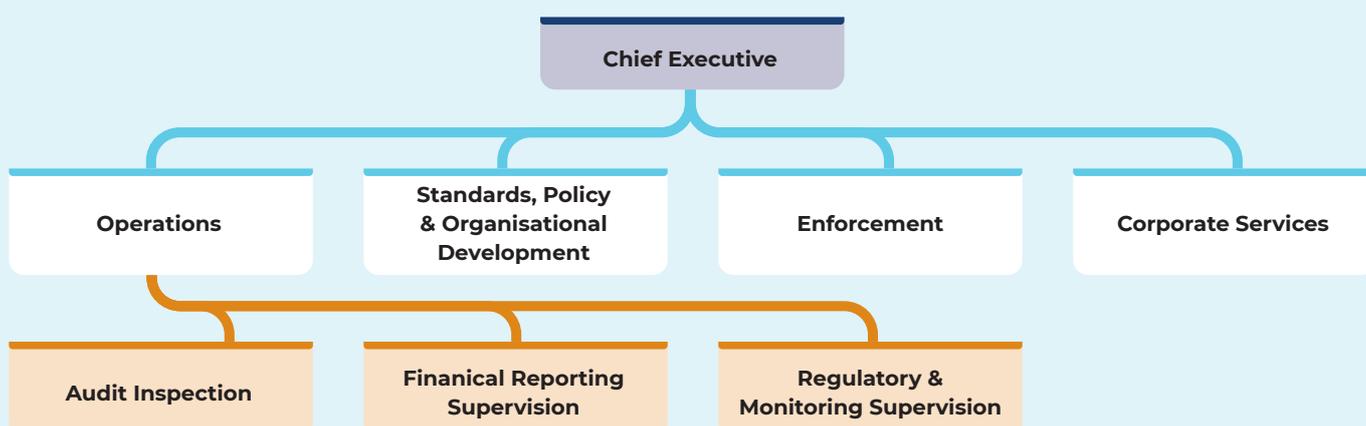
The numbers, grades, and terms and conditions of IAASA's staff are determined by IAASA with the approval of the Minister, given with the consent of the Minister for Public Expenditure & Reform. This means that any amendments to IAASA's approved staff complement require both Ministers' prior approval. 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    |
|--|-----------|-----------|
| <b>Chief Executive</b>                 | 1         | 1         |
| <b>Heads of Function</b>               | 5         | 3         |
| <b>Senior Managers</b>                 | 8         | 6         |
| <b>Inspectors and Project Managers</b> | 13        | 11        |
| <b>Executive and Administrative</b>    | 16        | 11        |
| <b>Total</b>                           | <b>43</b> | <b>32</b> |

## Organisational chart

IAASA's organisational structure at 31 December 2021 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 2021 amounted to €4.4m (2020: 4.2m) from a budget of €6.0m (2020: €6.1m). The principal variations from budget were:

- a significant underspend in both travel & subsistence and office expenditure costs due to the impact of COVID-19; and
- savings in consultancy due to a move away from outsourcing preliminary reviews of financial statements, and reduced legal and committee member costs due to efficient enforcement practices.

## 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        |
| <b>Total</b>                      | <b>8</b> |

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

## Directors' biographies

**Martin Sisk, Chairperson**, has life-long 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 has served as a commissioner of the State Examinations Commission since 2017. Martin is a former board member (2011–2021), vice president (2011–2013) and president (2013–2015) of the Irish League of Credit Unions, director and chairperson of VHI Healthcare (2012–2015), and board member of the Health Information & Quality Authority (2015–2020).

**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 the Group Head of Admissions at Euronext and is responsible for the admission to listing and trading of financial instruments on Euronext markets for Equity, Debt and Funds asset classes. She is also a member of the global Euronext regulation team with regulatory responsibilities for Euronext Dublin. She joined the Irish Stock Exchange in 2002 and has held a variety of regulatory roles within the company. She became Head of Admissions in January 2021, having previously held the role of Head of Regulation, Dublin & London. Leading a large cross jurisdictional team, Aisling is responsible for the regulatory engagement with issuers and market participants. She participates on the European Corporate Governance Network and 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** 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 coordination

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.

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 board decision;
- matters for discussion;
- matters of topical interest;
- 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. 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 2021

### Board appointment

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 (other than the Chief Executive) are appointed by the Minister for periods of three to five years. Generally ordinary members are appointed for three year periods, and the Chairperson for five years. The composition of the board at 31 December 2021, 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.

### Board committees

The board retains the power to establish committees to assist it in discharging its functions and responsibilities. Under the board's schedule of reserved matters, all committees have written terms of reference and report regularly to the board. The audit and risk committee was the only committee in existence in 2021.

### Audit and risk committee

The audit and risk committee (ARC) comprises three non-executive directors:

- Ms Aisling McArdle (Chairperson)
- Mr David Hegarty
- Mr Ronan Nolan

Its terms of reference are set out in its [charter](#), which is available on the Authority's website. The charter sets out specific roles and responsibilities for the ARC, including the review of both the Authority's annual report and its financial statements before they are considered by the board. Other actions taken by the ARC during 2021 include:

- reviewing the systems of internal control in place in 2020, and making a positive recommendation to the board;
- reviewing both internal ICT processes and procedures, and external ICT security controls, and satisfying itself that they were robust and effective;
- reviewing the business continuity and disaster recovery procedures in place;
- approving new letters of appointment for ARC members; and
- completing an evaluation of its own performance.

In addition, the ARC considers the full risk register at each meeting, and make recommendations as appropriate to the chief risk officer and/or board.

### 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 & Reform in August 2016. The following disclosures are required by the Code:

- An analysis of total employee remuneration (including salaries and other benefits, but excluding employer superannuation contributions) for those earning over €60,000 is set out in Note 14 of the Authority's financial statements;
- An analysis of travel and subsistence is set out in Note 16 of the Authority's financial statements;
- An analysis of consultancy expenditure is set out in Note 17 of the Authority's financial statements;

- The Authority did not incur costs under the 'Legal Costs and Settlements' heading in 2021. 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 & 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
- official languages act
- ethics in public office law and
- the european communities (late payments in commercial transactions) regulations, 2012.

Certain other requirements typically applicable to statutory bodies such as the freedom of information acts, disability acts, the irish human rights 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 2021, the board had three (33%) female and six (67%) male members, with no positions vacant. The board therefore, did not meet 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. The majority of appointments are made by the Minister on the nomination of third parties, and neither the Authority nor the Minister has discretion in this matter. Nevertheless, 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 includes gender among these observations. Following a high level of turnover in 2020, the Chairperson was the only member appointed (reappointed) in 2021, and no further appointments/reappointments are envisaged in 2022.

### Diversity

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.

# Chapter 10

---

## 2021 FINANCIAL STATEMENTS AND RELATED STATEMENTS

---

# Report of the Directors

## Introduction

The directors are pleased to submit to the sixteenth annual general meeting of the Irish Auditing and Accounting Supervisory Authority ('IAASA') the financial statements for the year ended 31 December 2021, 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 46 to 66.

## Risk and uncertainties

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

## Accounting records

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

## Provision of relevant audit information

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

## Events after the end of the reporting period

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

## Auditor

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

## Governance

IAASA was established under the Companies (Auditing & Accounting) Act 2003 ('the 2003 Act'), and operates as a company limited by guarantee under the provisions of the 2014 Act. The functions of the board are set out in section 905 of the 2014 Act. The board is statutorily independent in the performance of its functions and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of IAASA are the responsibility of the Chief Executive with the support and assistance of the senior leadership team. The Chief Executive and the senior leadership team must follow the broad strategic direction set by the board, and must ensure that all board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. While 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 2021 at its meeting on 22 September 2020. Financial information including management accounts detailing actual and budgeted expenditure were considered by the board at each meeting in 2021. 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 2021.

## 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 2021, and movements since that date, are set out below:

## Composition of board at 31 December 2021

| Board member                 | Occupation                                   | Nominating body                   | Date first appointed |
|------------------------------|--|-----------------------------------|----------------------|
| Martin Sisk<br>(Chairperson) | Solicitor and former regulator               | Minister                          | 21 December 2016     |
| 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                              | Ex-officio                        | 14 November 2016     |
| Brendan Sheridan*            | Director of currency & facilities management | Central Bank                      | 3 January 2021       |
| Daniel Sinnott               | Principal officer                            | Revenue Commissioners             | 3 January 2021       |

\* 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 |
|-------------------|----------------|-----------------------|--|-----------------------|
| Martin Sisk       | 22 Dec 2021    | Minister              | Expiration of own warrant of appointment                 | 21 Dec 2024           |
| Aisling McArdle   | 3 Jan 2021     | ISE                   | Expiration of own warrant of appointment                 | 2 Jan 2024            |
| Brendan Sheridan* | 3 Jan 2021     | Central Bank          | Expiration of warrant of appointment of Mary Burke       | 2 Jan 2024            |
| Daniel Sinnott    | 3 Jan 2021     | Revenue Commissioners | Expiration of warrant of appointment of Kathleen Redmond | 2 Jan 2024            |

The following were not directors at the reporting date:

| Director       | Nominating body | Reason for vacancy         | Term expires/ expired |
|----------------|-----------------|----------------------------|-----------------------|
| Daniel Sinnott | Revenue         | Resignation from the board | 14 Mar 2022           |

The board commenced a process of external evaluation of its own 2021 performance in early January 2022. The board reviewed an evaluation questionnaire and held a facilitated discussion in this regard at its 25 January 2022 meeting.

The board may establish committees to assist it in discharging its functions and responsibilities. All committees have written terms of reference and report regularly to the board. The audit & risk committee ('ARC') was the only committee in place during the year. The ARC comprises three non-executive directors and its terms of reference are set out in the Charter of the Audit & Risk Committee, available of the Authority's website. The charter sets out specific roles and responsibilities for the ARC. ARC membership at 31 December 2021 comprised Aisling McArdle (chairperson), David Hegarty and Ronan Nolan.

## 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)           | 11/11   |     | €11,970  | €645         |
| Kevin Prendergast (Chief Executive) | 8/8   |     | -        | Note 3       |
| Clodagh Hegarty                     | 11/11   |     | €7,695   | -            |
| David Hegarty                       | 11/11   | 4/4 | -        | -            |
| Aisling Kennedy                     | 11/11   |     | €7,695   | -            |
| Aisling McArdle                     | 10/11   | 4/4 | €7,695   | -            |
| Ronan Nolan                         | 11/11   | 3/4 | €7,695   | -            |
| Brendan Sheridan                    | 10/11   |     | -        | -            |
| Daniel Sinnott                      | 9/11  |     | -        | -            |

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 €20,530 [2020: €2,635] in respect of directors' legal advice, 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.

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

---

**Martin Sisk**  
**Chairperson**  
**31 May 2022**

---

**Kevin Prendergast**  
**Chief Executive**  
**31 May 2022**

## 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 [2020: 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.

# 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 2021 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 2021.

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 leadership;
- 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.

## 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 leadership 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 2021.

Signed on behalf of the board:

---

**Martin Sisk**  
Chairperson  
31 May 2022

# Directors' Responsibilities Statement

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

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

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

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

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

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

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

---

**Martin Sisk**  
Chairperson  
31 May 2022

---

**Kevin Prendergast**  
Chief Executive  
31 May 2022

# 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 2021 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 2021 and of its income and expenditure for 2021
- have been properly prepared in accordance with Financial Reporting Standard (FRS) 102 — The Financial Reporting Standard applicable in the UK and the Republic of Ireland, and
- have been properly prepared in accordance with the Companies Act 2014.

### Basis of opinion

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

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

### Conclusions related to going concern

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

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

I have nothing to report in that regard.

### Opinion on matters prescribed by the Companies Act 2014

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

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

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

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

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

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

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

I have nothing to report in that regard.

**Mark Brady**

**For and on behalf of the  
Comptroller and Auditor General**

**2 June 2022**

## Appendix to the report

### Responsibilities of the Directors

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

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

### Responsibilities of the Comptroller and Auditor General

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

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

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

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

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

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

### Information other than the financial statements

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

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

### Reporting on other matters

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

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

# Statement of Financial Position

as at 31 December 2021

|   | Note | 2021<br>€        | 2020<br>as restated<br>€ |
|---|------|------------------|--------------------------|
| <b>Non-current assets</b>                           |      |                  |                          |
| Property, plant & equipment                         | 4    | 44,382           | 48,770                   |
|   |      | <u>44,382</u>    | <u>48,770</u>            |
| <b>Current assets</b>                               |      |                  |                          |
| Inventory   |      | 2,371            | 2,265                    |
| Receivables   | 5    | 152,258          | 339,097                  |
| PIE audit firm levy income due                      | 10   | 31,657           | -                        |
| Deferred finance lease costs                        | 9    | -                | 113                      |
| Cash & cash equivalents                             | 6    | 1,410,554        | 2,022,172                |
|   |      | <u>1,596,840</u> | <u>2,363,647</u>         |
| <b>Creditors: Amounts falling due within 1 year</b> |      |                  |                          |
| Payables  | 7    | 348,432          | 239,014                  |
| Deferred rent incentive                             | 8    | 6,710            | 6,710                    |
| Finance lease obligations                           | 9    | 1,033            | 2,063                    |
| Excess PAB levy income                              | 10   | 477,006          | 657,518                  |
| Excess PIE audit firm levy income                   | 10   | -                | 717,177                  |
| Excess Departmental Grant Income                    | 10   | 141,968          | 121,779                  |
|   |      | <u>975,149</u>   | <u>1,744,261</u>         |
| <b>Net current assets</b>                           |      | 621,691          | 619,386                  |
| <b>Amounts falling due after 1 year</b>             |      |                  |                          |
| Deferred rent incentive                             | 8    | 18,758           | 25,469                   |
| Finance lease obligations                           |      | -                | 1,033                    |
|   |      | <u>18,758</u>    | <u>26,502</u>            |
| <b>Net assets before retirement benefits</b>        |      | <b>647,315</b>   | <b>641,654</b>           |
| <b>Retirement benefits</b>                          |      |                  |                          |
| Retirement benefit Liability                        | 11   | (9,687,000)      | (8,137,000)              |
| Deferred exchequer retirement benefit funding       | 11   | 9,687,000        | 8,137,000                |
|   |      | <u>647,315</u>   | <u>641,654</u>           |
| <b>Net assets after retirement benefits</b>         |      | <b>647,315</b>   | <b>641,654</b>           |
| <b>Reserves</b>                                     |      |                  |                          |
| Income reserve                                      |      | -                | -                        |
| Capital account                                     | 12   | 44,382           | 48,770                   |
| Reserve fund  |      | 602,933          | 592,884                  |
|   |      | <u>647,315</u>   | <u>641,654</u>           |
| <b>Members' funds</b>                               |      | <b>647,315</b>   | <b>641,654</b>           |

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

**Martin Sisk**  
Chairperson  
31 May 2022

**Kevin Prendergast**  
Chief Executive  
31 May 2022

# Statement of Income and expenditure

for the year ended 31 December 2021

|  | Note | 2021<br>€    | 2020<br>as restated<br>€ |
|--|------|--------------|--------------------------|
| Revenue  | 13   | 4,411,785    | 4,488,501                |
| Administrative expenses                                    |      |              |                          |
| Staff costs  | 14   | 3,402,130    | 3,245,574                |
| Directors' fees  | 15   | 42,750       | 40,943                   |
| Accommodation  |      | 523,297      | 260,717                  |
| Travel & subsistence                                       | 16   | 1,576        | 29,450                   |
| Legal and professional services                            | 17   | 100,128      | 304,868                  |
| Office expenditure   | 18   | 46,133       | 62,166                   |
| Information technology                                     |      | 82,383       | 84,699                   |
| Professional development                                   |      | 122,368      | 97,269                   |
| Insurance  |      | 33,894       | 31,081                   |
| Auditor's remuneration                                     | 19   | 16,500       | 15,700                   |
| Depreciation   |      | 31,927       | 33,559                   |
| Total administrative expenses                              |      | 4,403,086    | 4,206,026                |
| Surplus of income over admin expenses before finance costs |      |              |                          |
| costs  |      | 8,699        | 282,475                  |
| Finance costs  |      | 3,046        | 324                      |
| Surplus of income over admin expenses after finance costs  |      | 5,653        | 282,151                  |
| Finance income   | 20   | 8            | 102                      |
| Surplus for the year                                       |      | <b>5,661</b> | <b>282,253</b>           |
| <b>Other comprehensive income</b>                          |      |              |                          |
| Experience (losses) on pension scheme liabilities          |      | (548,000)    | (257,000)                |
| Changes in assumptions                                     |      | (68,000)     | (1,915,000)              |
| Adjustment to deferred exchequer pension funding           |      | 616,000      | 2,172,000                |
| Total recognised surplus for the year                      |      | <b>5,661</b> | <b>282,253</b>           |

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

**Martin Sisk**  
Chairperson  
31 May 2022

**Kevin Prendergast**  
Chief Executive  
31 May 2022

# Statement of Changes in Reserves and Capital Account

for the year ended 31 December 2021

|  | Income Reserve<br>€ | Capital Account<br>€ | Reserve Fund<br>€ | NET ASSETS<br>€ |
|--|---------------------|----------------------|-------------------|-----------------|
| <b>Balance – 1 January 2020</b>                            | -                   | <b>74,537</b>        | <b>284,864</b>    | <b>359,401</b>  |
| Surplus for the year (as restated)                         | 282,253             | -                    | -                 | 282,253         |
| 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            | -               |
| Cost recoupment - s.934 (as restated)                      | (236,000)           | -                    | 236,000           | -               |
| Actuarial (loss) on pension liabilities                    | (2,871,000)         | -                    | -                 | (2,871,000)     |
| Adjustments to deferred exchequer pension funding          | 2,871,000           | -                    | -                 | 2,871,000       |
| <b>Balance – 31 December 2020 / 1 January 2021</b>         | -                   | <b>48,770</b>        | <b>592,884</b>    | <b>641,654</b>  |
| Surplus for the year                                       | 5,661               | -                    | -                 | 5,661           |
| Transfer from Income & Expenditure Account:                |                     |                      |                   |                 |
| Income applied to capitalised asset acquisitions           | (27,539)            | 27,539               | -                 | -               |
| Less: Amortisation applied in line with asset depreciation | 31,927              | (31,927)             | -                 | -               |
| Income receivable on reserve fund monies (negative)        | 451                 | -                    | (451)             | -               |
| Fine income - s.934  | (10,500)            | -                    | 10,500            | -               |
| Actuarial (loss) on pension liabilities                    | (1,550,000)         | -                    | -                 | (1,550,000)     |
| Adjustments to deferred exchequer pension funding          | 1,550,000           | -                    | -                 | 1,550,000       |
| Balance – 31 December 2021                                 | -                   | <b>44,382</b>        | <b>602,933</b>    | <b>647,315</b>  |

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

**Martin Sisk**  
Chairperson  
31 May 2022

**Kevin Prendergast**  
Chief Executive  
31 May 2022

# Statement of Cash Flows

for the year ended 31 December 2021

|   | Note | 2021<br>€        | 2020<br>€        |
|---|------|------------------|------------------|
| Net Cash (outflow)/inflow from operating activities               | 21   | (584,087)        | 274,107          |
| Cash flows from financing activities                              |      |                  |                  |
| Interest received   |      | 8                | 102              |
| Cash flows from investing activities                              |      |                  |                  |
| Payments to acquire tangible fixed assets                         |      | (27,539)         | (7,792)          |
| <b>(Decrease)/Increase in cash &amp; cash equivalents in year</b> |      | <b>(611,618)</b> | <b>266,417</b>   |
| <b>Reconciliation of net cash flow to movements in net funds</b>  |      |                  |                  |
| (Decrease)/Increase in net funds in year                          | 22   | (611,618)        | 266,417          |
| Net funds at 1 January  |      | 2,022,172        | 1,755,755        |
| Net funds at 31 December  |      | <b>1,410,554</b> | <b>2,022,172</b> |

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

**Martin Sisk**  
Chairperson  
31 May 2022

**Kevin Prendergast**  
Chief Executive  
31 May 2022

# 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

### 1.1 Prior year adjustment

As disclosed in the 2020 financial statements (Note 5), a PAB debtor bore costs totalling €236,000 relating to an investigation under s.934 of the 2014 Act. These costs were borne by the Authority in the first instance, and the recoupment was credited to the income statement in 2020. The directors have reviewed their accounting treatment of this transaction. S.919 of the Act requires that such costs are paid into the Authority's statutory Reserve Fund, and should not, therefore, have been included as general income. The impact on the 2020 financial statements is as set out below:

| Statement of Financial Position                             | As stated<br>€ | adjustment<br>€ | as restated<br>€ | Comment  |
|---|----------------|-----------------|------------------|--|
| Excess PAB levy income                                      | 799,118        | (141,600)       | 657,518          | 60% of €236,000 transferred from recurrent income to the reserve fund    |
| Excess Departmental grant income                            | 216,179        | (94,400)        | 121,779          | 40% of €236,000 transferred from recurrent income to the reserve fund    |
| Reserve fund reserve  | 356,884        | 236,000         | 592,884          | transfer of funds to the reserve fund                                    |
| Consequential amendment to total assets and members' funds  |                |                 |                  |  |
| <b>Statement of Income &amp; Expenditure</b>                |                |                 |                  |  |
| Revenue   | 4,252,501      | 236,000         | 4,488,501        | Increase in required recurrent income to offset transfer to reserve fund |
| Consequential amendment to surplus for the year             |                |                 |                  |  |
| <b>Statement of Changes in Reserves and Capital Account</b> |                |                 |                  |  |
| Surplus for the year  | 46,253         | 236,000         | 282,253          | Consequential increase on surplus  |
| Transfer from Income & Expenditure account: income reserve  | -              | (236,000)       | (236,000)        | inter-reserve transfer of funds  |
| Transfer from Income & Expenditure account: reserve fund    | -              | 236,000         | 236,000          | inter-reserve transfer of funds  |
| Consequential amendment to reserve fund balance             |                |                 |                  |  |

## 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 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.

### 2.3 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   |
|---|---|--|
| <b>Levy Income</b>                                |   |  |
| <b>Exchequer (via the Department)</b>             | 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. |
| <b>Prescribed Accountancy Bodies</b>              | PABs fund 60% of IAASA's net expenditure in the financial period not funded from the other sources listed below.  |  |
| <b>Public Interest Entity ('PIE') audit firms</b> | PIE audit firms fund costs associated with the inspection of the quality of audits of PIEs  |  |
| <b>Exchequer (via the Department)</b>             | Exchequer funds costs in relation to its functions under the Transparency Directive Regulations   |  |
| <b>Recognised Accountancy Bodies ('RABs')</b>     | RABs (PABs authorised to recognise auditors) fund costs associated with the adoption of Auditing Standards for use in Ireland   |  |
| <b>Exchequer (via the Department) &amp; PABs</b>  | 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.  |
| <b>Non-levy Income</b>                            |   |  |
| <b>Fine income</b>                                | 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  |
| <b>Recoupment of investigation costs</b>          | 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  |
| <b>Third country audit entity fees</b>            | This income is used to offset costs associated with processing registration requests from nonEU auditors for recognition in Ireland.  | Recognised when registered. Registration fees in excess of €40,000 must be returned to the Department.   |

## 2.4 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.

## 2.5 Single Public Sector Pension Scheme

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

## 3 Critical accounting judgements and estimates

### 3.1 Retirement benefits

The position regarding IAASA's superannuation schemes is as set out in Note 11. Section 28.10(a) of FRS 102 defines Defined Contribution schemes as "post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and

prior periods. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurer, together with investment returns arising from the contributions". All other schemes are to be treated as Defined Benefit schemes.

In substance, the directors consider that the obligation to pay retirement benefits remains with IAASA, but that the Exchequer has committed to providing IAASA with sufficient funds to settle any such obligations on IAASA's behalf as they fall due, provided IAASA pays over employees' and the employer's contributions at rates specified by the Minister for Public Expenditure & Reform. Notwithstanding that the Exchequer has confirmed that it will bear all liabilities arising to IAASA employees (and their spouses, civil partners and children) in return for a fixed contribution, the directors remain of the view that the contractual obligation remains between the Authority and its employees. Consequently, the directors continue to account for the schemes as Defined Benefit schemes. Accordingly, the financial statements recognise both a Retirement Benefit Obligation and a Deferred Exchequer Retirement Benefit Funding receivable.

## 4 Non-current assets

| Statement of Financial Position | IT<br>Equipment | Office<br>Equipment | Furniture &<br>Fittings | Total          |
|---------------------------------|-----------------|---------------------|-------------------------|----------------|
| Rate of Depreciation            | 33.33%<br>€     | 20%<br>€            | 12.5%<br>€              | €              |
| <b>Cost</b>                     |                 |                     |                         |                |
| At 1 January 2021               | 153,094         | 50,738              | 88,341                  | 292,173        |
| Additions                       | 13,671          | 13,868              | -                       | 27,539         |
| Disposals                       | -               | -                   | -                       | -              |
| At 31 December 2021             | <b>166,765</b>  | <b>64,606</b>       | <b>88,341</b>           | <b>319,712</b> |
| <b>Accumulated Depreciation</b> |                 |                     |                         |                |
| At 1 January 2021               | 138,988         | 44,168              | 60,247                  | 243,403        |
| Charge for year                 | 15,887          | 6,507               | 9,533                   | 31,927         |
| Disposals                       | -               | -                   | -                       | -              |
| At 31 December 2021             | <b>154,875</b>  | <b>50,675</b>       | <b>69,780</b>           | <b>275,330</b> |
| <b>NET BOOK VALUE</b>           |                 |                     |                         |                |
| At 1 January 2021               | 14,106          | 6,570               | 28,094                  | 48,770         |
| At 31 December 2021             | <b>11,890</b>   | <b>13,931</b>       | <b>18,561</b>           | <b>44,382</b>  |

#### 4.1 Non-current assets 2020

| Statement of Financial Position | IT<br>Equipment | Office<br>Equipment | Furniture &<br>Fittings | Total          |
|---------------------------------|-----------------|---------------------|-------------------------|----------------|
| Rate of Depreciation            | 33.33%<br>€     | 20%<br>€            | 12.5%<br>€              | €              |
| <b>Cost</b>                     |                 |                     |                         |                |
| At 1 January 2020               | 145,302         | 50,738              | 88,341                  | 284,381        |
| Additions                       | 7,792           | -                   | -                       | 7,792          |
| Disposals                       | -               | -                   | -                       | -              |
| At 31 December 2020             | <b>153,094</b>  | <b>50,738</b>       | <b>88,341</b>           | <b>292,173</b> |
| <b>Accumulated Depreciation</b> |                 |                     |                         |                |
| 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             | <b>138,988</b>  | <b>44,168</b>       | <b>60,247</b>           | <b>243,403</b> |
| <b>NET BOOK VALUE</b>           |                 |                     |                         |                |
| At 1 January 2020               | 23,644          | 13,266              | 37,627                  | 74,537         |
| At 31 December 2020             | <b>14,106</b>   | <b>6,570</b>        | <b>28,094</b>           | <b>48,770</b>  |

#### 5 Receivables

| Statement of Financial Position   | 2021<br>€      | 2020<br>€      |
|-----------------------------------|----------------|----------------|
| PIE Audit Firm Debtors (non-levy) | -              | -              |
| PAB Debtors (non-levy)            | -              | 236,000        |
| Other                             | 152,258        | 103,097        |
|                                   | <b>152,258</b> | <b>339,097</b> |

PAB and PIE Audit Firm levy-related receivables (if arising) are detailed in Note 10.

## 6 Cash and cash equivalents

|  | 2021<br>€        | 2020<br>€        |
|--|------------------|------------------|
| Bank - notice deposit (Reserve)          | 303,372          | 303,823          |
| Bank - notice deposit (Non-Reserve)      | 720,377          | 1,222,180        |
| Bank - current                           | 386,761          | 496,125          |
| Cash on Hand                             | 44               | 44               |
| <b>Total cash &amp; cash equivalents</b> | <b>1,410,554</b> | <b>2,022,172</b> |

## 7 Payables

|                                     | 2021<br>€      | 2020<br>€      |
|-------------------------------------|----------------|----------------|
| Pay and pay-related                 | 176,425        | 146,281        |
| Office of the Revenue Commissioners | 3,901          | 6,187          |
| Legal and professional services     | 41,326         | 38,819         |
| Other                               | 126,780        | 47,727         |
|                                     | <b>348,432</b> | <b>239,014</b> |

## 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:

|                           | 2021             |                   | 2020             |                   |
|---------------------------|------------------|-------------------|------------------|-------------------|
|                           | First Floor<br>€ | Second Floor<br>€ | First Floor<br>€ | Second Floor<br>€ |
| - within one year         | 5,258            | 1,452             | 5,258            | 1,452             |
| - in two to five years    | 14,340           | 4,420             | 19,598           | 5,872             |
| - in more than five years | -                | -                 | -                | -                 |
|                           | <b>19,598</b>    | <b>5,872</b>      | <b>24,856</b>    | <b>7,324</b>      |

## 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:

|                           | 2021<br>€    | 2020<br>€    |
|---------------------------|--------------|--------------|
| - within one year         | 1,033        | 2,063        |
| - in two to five years    | -            | 1,033        |
| - in more than five years | -            | -            |
|                           | <b>1,033</b> | <b>3,096</b> |

## 10 Exchequer Grant Debtor/PAB Levy Carry Forward

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

### 10.1 Calculation of Net Expenditure

| Net Expenditure for the year                                   | 2021<br>€        | 2020<br>as restated<br>€ |
|--|------------------|--------------------------|
| Gross Expenditure per Statement of Income & Expenditure        | 4,403,086        | 4,206,026                |
| Adjust for:  |                  |                          |
| Unamortised amount of income used for capital acquisitions     | (4,388)          | (25,767)                 |
| Finance costs  | 3,046            | 324                      |
| Expenditure related to the Reserve Fund (Note 2.3)             | (453)            | -                        |
|  | 4,401,291        | 4,180,583                |
| Less:  |                  |                          |
| Section 934 settlement: contribution to legal costs            | -                | 50,000                   |
| Non-reserve fund interest receivable                           | 6                | 82                       |
| Income from third country audit entity registration            | 53,478           | 31,490                   |
| <b>Net Expenditure for the year</b>                            | <b>4,347,807</b> | <b>4,099,011</b>         |
| Net expenditure attributable to the Exchequer                  |                  |                          |
| i. Transparency Directive (100%) (Note 2.3)                    | 772,279          |                          |
| ii. Excess income from Third Country Audit Entities (Note 2.3) | (13,478)         |                          |
| iii. Obligations under the 2014 Act (40% of balance)           | 499,683          | 1,258,484                |
| Net expenditure attributable to the PABs                       |                  |                          |
| i. Audit Standards Adoption (100%) (Note 2.3)                  | 396,753          |                          |
| ii. Obligations under the 2014 Act (60% of balance)            | 741,438          | 1,138,191                |
| Net expenditure attributable to the PIE Audit Firms            |                  |                          |
| Firms  | 1,943,045        | 1,596,804                |
|  | <b>4,339,720</b> | <b>4,099,011</b>         |

### 10.2 Calculation of Grant Debtor / Levy Carry Forward

|   | Exchequer        | PABs             | PIE Audit Firms  | Total              |
|---|------------------|------------------|------------------|--------------------|
| Opening balance 1 January 2021                  | <b>(121,779)</b> | <b>(657,518)</b> | <b>(717,177)</b> | <b>(1,496,474)</b> |
| <b>Income for specified purposes</b>            |                  |                  |                  |                    |
| Adoption of audit standards                     |                  | 396,753          |                  | 396,753            |
| Inspection of PIEs                              |                  |                  | 1,943,045        | 1,943,045          |
| Transparency Directive                          | 772,279          |                  |                  | 772,279            |
| Net expenditure                                 | 486,205          | 749,525          |                  | 1,235,730          |
| <b>Income recognised in I&amp;E (Note 13)</b>   | <b>1,258,484</b> | <b>1,146,278</b> | <b>1,943,045</b> | <b>4,347,807</b>   |
| Amounts receivable*                             | (1,278,673)      | (965,766)        | (1,194,211)      | (3,438,650)        |
| <b>Movement 2021</b>                            | <b>(20,189)</b>  | <b>180,512</b>   | <b>748,834</b>   | <b>909,157</b>     |
| <b>Balance carried forward 31 December 2021</b> | <b>(141,968)</b> | <b>(477,006)</b> | <b>31,657</b>    | <b>(587,317)</b>   |

\* IAASA collects its levy income in four quarterly moieties. In order to reduce exposure to negative interest, IAASA did not seek payment of the fourth quarter moiety from PABs or PIE audit firms in 2021.

## 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](http://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 2.5). 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 2021 was 25% [2020: 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 31-12-2021 | At 31-12-2020 |
|---|---------------|---------------|
| Rate of increase in salaries            | 3.00%         | 2.50%         |
| Rate of increase in pensions in payment | 2.50%         | 2.00%         |
| Discount rate                           | 1.30%         | 0.80%         |
| Inflation assumption                    | 2.00%         | 1.50%         |
| Life expectancy at age 70:              |               |               |
| Current pensioners - male               | 17.4 years    | 17.4 years    |
| Current pensioners - female             | 19.8 years    | 19.7 years    |
| Future pensioners - male                | 18.8 years    | 18.8 years    |
| Future pensioners - female              | 21.4 years    | 21.3 years    |

Based on the above, the present value of liabilities at the balance sheet date is €9,687,000 [2020: €8,137,000], and the service cost (calculated on the foregoing assumptions) for the year is €679,000 [2020: 416,000]. Certain number 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

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

|  | 2021           | 2020           |
|--|----------------|----------------|
|  | €              | €              |
| Total employer contribution                        | 493,832        | 468,369        |
| *Current service cost                              | 877,000        | 648,000        |
| Interest cost                                      | 65,000         | 68,000         |
| Adjustment to deferred Exchequer pension funding   | (942,000)      | (716,000)      |
| Total charged to Statement of Income & Expenditure | <b>493,832</b> | <b>468,369</b> |

\*Employee contributions totalling €197,587 [2020: €231,874] have been included in the calculation of the current service cost.

### 11.4 Movement in net pension liability

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | €                | €                |
| Net Pension Liability at 1 January      | <b>8,137,000</b> | <b>5,266,000</b> |
| Current Service Cost                    | 877,000          | 648,000          |
| Interest Cost                           | 65,000           | 68,000           |
| Experience losses on scheme liabilities | 548,000          | 257,000          |
| Changes in assumptions                  | 68,000           | 1,915,000        |
| Benefits paid in the year (rounded)     | (8,000)          | (17,000)         |
| Net Pension Liability at 31 December    | <b>9,687,000</b> | <b>8,137,000</b> |

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

|   | 2021      | 2020      | 2019      | 2018      | 2017      |
|---|-----------|-----------|-----------|-----------|-----------|
|   | €         | €         | €         | €         | €         |
| Scheme liability                        | 9,687,000 | 8,137,000 | 5,266,000 | 3,829,000 | 3,328,000 |
| Experience losses on scheme liabilities | 548,000   | 257,000   | 313,000   | 279,000   | 83,000    |
| Changes in assumptions                  | 68,000    | 1,915,000 | 507,000   | (261,000) | 204,000   |

## 12 Capital account

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

## 13 Revenue

### 13.1 Approved Programme of Expenditure

IAASA's Programme of Expenditure for the year, as approved by the Minister under section 911(1) of the 2014 Act, was €6,007,000 [2020: €6101,000] as laid out below. This includes exchequer funding (via the Department's vote 32, subhead C12) to a maximum of €982,000 [2020: €955,000] 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<br>€   | PABs<br>€        | PIE Audit<br>Firms<br>€ | Total<br>€       |
|---|------------------|------------------|-------------------------|------------------|
| Recurrent expenditure   | 968,000          | 1,451,000        |                         | 2,419,000        |
| Approved allocation in respect of audit standards adoption          |                  | 405,000          |                         | 405,000          |
| Approved allocation in respect of audit investigation activities    |                  |                  | 2,201,000               | 2,201,000        |
| Approved allocation in respect of Transparency Directive activities | 982,000          |                  |                         | 982,000          |
| <b>Total</b>  | <b>1,950,000</b> | <b>1,856,000</b> | <b>2,201,000</b>        | <b>6,007,000</b> |

The foregoing amounts totalling €6,007,000 were used as a basis for billing the respective funders in 2021, less amounts due to these funders at the start of the year totalling €1,496,474. Net expenditure for the year amounted to €4,347,807. Further analyses of these amounts are disclosed in Note 10, including the balance due to funders at year end of €587,317.

### 13.2 Analysis of income

|   | 2021<br>€        | 2020<br>as restated<br>€ |
|---|------------------|--------------------------|
| <i>Recurrent income under the 2014 Act</i>                          |                  |                          |
| Exchequer grant income: vote 32, subhead C12                        | 486,205          | 524,384                  |
| PABs' levies  | 749,525          | 786,577                  |
| <i>Income in respect of Transparency Directive Activity</i>         |                  |                          |
| Exchequer grant income: vote 32, subhead C12                        | 772,279          | 790,341                  |
| <i>Income in respect of audit standards adoption</i>                |                  |                          |
| RABs' levies  | 396,753          | 400,905                  |
| <i>Income in respect of audit inspection activities</i>             |                  |                          |
| PIE Audit Firms   | 1,943,045        | 1,596,804                |
| <b>Total income from funders</b>                                    | <b>4,347,807</b> | <b>4,099,011</b>         |
| <i>Reserve fund income</i>  |                  |                          |
| Amounts receivable in respect of fines (section 934)                | 10,500           | 72,000                   |
| <i>Income in respect of third country audit entity registration</i> |                  |                          |
| Registration fees received from third country audit entities        | 53,478           | 31,490                   |
| <i>Recoupment of investigation costs</i>                            |                  |                          |
| Section 934 settlement: contribution to legal costs                 |                  | 50,000                   |
| Section 934 investigation costs payable by RAB                      | -                | 236,000                  |
|   | <b>4,411,785</b> | <b>4,488,501</b>         |

## 14 Staff Costs

|   | 2021<br>€        | 2020<br>€        |
|---|------------------|------------------|
| Salaries                                  | 2,627,715        | 2,512,422        |
| Employer PRSI Contributions               | 280,583          | 264,783          |
| Employer Retirement Benefit Contributions | 493,832          | 468,369          |
|   | <b>3,402,130</b> | <b>3,245,574</b> |

The average number of employees during the year was 30 [2020: 29]. IAASA's complement of full time staff at 31 December 2021 was 31 [2020: 30]. 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:

|                      | 2021      | 2020      |
|----------------------|-----------|-----------|
| €60,000 to €69,999   | 3         | 2         |
| €70,000 to €79,999   | 1         | 1         |
| €80,000 to €89,999   | 1         | 5         |
| €90,000 to €99,999   | 6         | 3         |
| €100,000 to €109,999 | 9         | 9         |
| €110,000 to €119,999 | 3         | 2         |
| €120,000 to €129,999 | -         | -         |
| €130,000 to €139,999 | -         | -         |
| €140,000 to €149,999 | -         | -         |
| €150,000 to €159,999 | -         | -         |
| €160,000 to €169,999 | 1         | 1         |
|                      | <b>24</b> | <b>23</b> |

## 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.

|                 | <b>2021</b><br>€ | <b>2020</b><br>€ |
|-----------------|------------------|------------------|
| Martin Sisk     | 11,970           | 11,970           |
| David Devlin    | -                | 3,163            |
| Etain Doyle     | -                | 3,163            |
| Clodagh Hegarty | 7,695            | 4,551            |
| Aisling Kennedy | 7,695            | 443              |
| Nicole Lappin   | -                | 5,406            |
| Aisling McArdle | 7,695            | 7,695            |
| Ronan Nolan     | 7,695            | 4,551            |
|                 | <b>42,750</b>    | <b>40,942</b>    |

In addition, a total of €20,530 [2020: €2,635] 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. These expenses include legal advice for directors totalling €12,115 [2020:Nil]. Expenses paid to or incurred on behalf of the Chief Executive, who is also a board member, totalled €2,934 [2020: €5,722], as detailed in Note 25.

## 16 Travel & subsistence

|               | <b>2021</b><br>€ | <b>2020</b><br>€ |
|---------------|------------------|------------------|
| National      | 1,576            | 12,279           |
| International | -                | 17,171           |
|               | <b>1,576</b>     | <b>29,450</b>    |

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 2021 is Nil [2020: €1,310] and for international travel and subsistence in 2021 is Nil [2020: Nil]

## 17 Consultancy, legal and professional services

|   | 2021<br>€      | 2020<br>€      |
|---|----------------|----------------|
| <i>Consultancy</i>                                  |                |                |
| Legal Advice - General                              | 11,974         | 28,236         |
| - Committees of investigation - section 934         | -              | 106,781        |
| - Brexit  | -              | 59             |
| PR Services   | 358            | 610            |
| Recruitment Services                                | 150            | 10,742         |
| GDPR/Data Access Requests                           | -              | 1,215          |
|   | <b>12,482</b>  | <b>147,643</b> |
| <i>Professional Services</i>                        |                |                |
| Financial statement review (Transparency Directive) | -              | 59,365         |
| Committees of investigation - section 934           | -              | 34,599         |
| Internal audit & actuarial services                 | 27,604         | 27,428         |
| Translation services                                | 3,525          | -              |
| Board training & evaluation                         | 1,353          | 1,353          |
| Employee wellbeing programs                         | 1,133          | 2,040          |
| Branding & design services                          | 8,057          | 7,421          |
| Architectural and associated works                  | 24,140         | 12,826         |
| HR Support  | 21,834         | 12,193         |
|   | <b>87,646</b>  | <b>157,225</b> |
| <b>Total</b>  | <b>100,128</b> | <b>304,868</b> |

All consultancy costs are business-as-usual costs.

## 18 Office expenditure – entertainment/hospitality

The following amounts are included in office expenditure totalling €46,133 [2020: €62,166]:

|                 | 2021<br>€    | 2020<br>€  |
|-----------------|--------------|------------|
| <i>Internal</i> |              |            |
| Meals/beverages | 1,314        | 35         |
| Flowers/gifts   | 334          | 215        |
| <i>External</i> |              |            |
| Meals/beverages | 167          | 118        |
| Flowers/gifts   | 200          | 353        |
|                 | <b>2,014</b> | <b>721</b> |

## 19 Auditor's remuneration

|                                       | 2021<br>€     | 2020<br>€     |
|---------------------------------------|---------------|---------------|
| Audit of company financial statements | <b>16,500</b> | <b>15,700</b> |

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<br>€ | Non-Reserve<br>€ | TOTAL<br>€ | 2020<br>€  |
|---------------------------|-------------------|------------------|------------|------------|
| Gross interest receivable | 3                 | 10               | 13         | 173        |
| DIRT                      | (1)               | (4)              | (5)        | (71)       |
| Net interest receivable   | <b>2</b>          | <b>6</b>         | <b>8</b>   | <b>102</b> |

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

|   | 2021<br>€        | 2020<br>as restated<br>€ |
|---|------------------|--------------------------|
| Surplus for the year                                | 5,661            | 282,253                  |
| Non Operating Items:                                |                  |                          |
| Less: Finance income                                | (8)              | (102)                    |
| Add:  | <b>5,653</b>     | <b>282,151</b>           |
| Increase in payables                                | 109,418          | 49,638                   |
| (Decrease)/Increase in excess PABs levy income      | (180,512)        | 40,493                   |
| Increase in excess departmental grant income        | 20,189           | 10,928                   |
| (Decrease)/Increase in excess PIE levy income       | (748,834)        | 88,211                   |
| Decrease/(Increase) in receivables                  | 186,839          | (222,648)                |
| (Increase)/Decrease in inventory                    | (106)            | 225                      |
| Decrease in deferred finance lease costs            | 113              | 324                      |
| (Decrease) in finance lease obligations             | (2,063)          | (2,063)                  |
| (Decrease) in deferred rent incentive               | (6,711)          | (6,711)                  |
| Depreciation  | 31,927           | 33,559                   |
|   | <b>(589,740)</b> | <b>(8,044)</b>           |
| Net cash (outflow)/inflow from operating activities | <b>(584,087)</b> | <b>274,107</b>           |

## 22 Analysis of changes in net funds

|                             | Cash at bank & on<br>hand<br>€ | Cash on fixed<br>term deposit<br>(non-Reserve)<br>€ | Cash on fixed<br>term deposit<br>(Reserve)<br>€ | TOTAL<br>€       |
|-----------------------------|--------------------------------|---|---|------------------|
| Balance at 1 January 2021   | 496,169                        | 1,222,180   | 303,823   | 2,022,172        |
| Cash flow for year          | (109,364)                      | (501,803)   | (451)   | (611,618)        |
| Balance at 31 December 2021 | <b>386,805</b>                 | <b>720,377</b>                                      | <b>303,372</b>                                  | <b>1,410,554</b> |

## 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 2021.

### 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 €258,582 [2020: €195,646]

## 25 Chief Executive's salary and expenses

Mr Kevin Prendergast was appointed as Chief Executive on 14 November 2016. His remuneration is detailed below. The amount is approved by the Minister with the consent of the Minister for Public Expenditure & Reform. The Chief Executive was not entitled to receive a board fee, and the performance related bonus scheme was not in operation in 2021. Mr Prendergast remains a member of the Civil Service Pension Scheme. The foregoing represents the Chief Executive's total remuneration package for the period.

|              | 2021<br>€      | 2020<br>€      |
|--------------|----------------|----------------|
| Gross salary | 163,660        | 162,934        |
|              | <b>163,660</b> | <b>162,934</b> |

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.

|                                       | 2021<br>€    | 2020<br>€    |
|---------------------------------------|--------------|--------------|
| Professional memberships              | 1,482        | 1,482        |
| Travel & subsistence, incl. air fares | 255          | 2,940        |
| Mobile phone costs                    | 292          | 475          |
| Internet Services                     | -            | 110          |
| Training                              | 240          | -            |
| Incidentals                           | 666          | 765          |
|                                       | <b>2,934</b> | <b>5,772</b> |

## 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 [2020: nil], and no balances outstanding at the reporting date [balance at 31 December 2020: 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 2021 or 2020 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 2021.

### **28 Approval of the Financial Statements**

The financial statements were approved and authorised for issue by the board of directors on 31 May 2022

The background is a solid dark blue color. On the left side, there are several overlapping, curved shapes in lighter shades of blue, creating a dynamic, layered effect. The word "Appendices" is centered in the lower half of the page.

# **Appendices**

# Appendix 1

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

### Composition of board at 31 December 2021

| Board member                     | Occupation                                     | Nominating body                   | Date appointed   |
|----------------------------------|--|-----------------------------------|------------------|
| <b>Martin Sisk (Chairperson)</b> | Solicitor and former regulator                 | Minister                          | 21 December 2016 |
| <b>Clodagh Hegarty*</b>          | Lecturer                                       | PABs                              | 30 May 2020      |
| <b>David Hegarty</b>             | Principal Officer, ODCE                        | Director of Corporate Enforcement | 3 January 2020   |
| <b>Aisling Kennedy</b>           | Director                                       | Minister                          | 10 December 2020 |
| <b>Aisling McArdle</b>           | Head of Regulation, Euronext Dublin            | Irish Stock Exchange              | 29 August 2019   |
| <b>Ronan Nolan*</b>              | Chartered Accountant                           | PABs                              | 30 May 2020      |
| <b>Kevin Prendergast*</b>        | Chief Executive                                | Ex-officio                        | 14 November 2016 |
| <b>Brendan Sheridan</b>          | Director of Currency and Facilities Management | Central Bank                      | 3 January 2021   |
| <b>Daniel Sinnott</b>            | Principal Officer                              | Revenue Commissioners             | 3 January 2021   |

### Details of appointments and reappointments to the board during the year

| Director                 | Date appointed/<br>reappointed | Nominating<br>body    | Reason for vacancy                                       | Term expires     |
|--------------------------|--------------------------------|-----------------------|--|------------------|
| <b>Martin Sisk</b>       | 22 December 2021               | Minister              | Expiration of previous warrant of appointment            | 21 December 2024 |
| <b>Brendan Sheridan*</b> | 3 January 2021                 | Central Bank          | Expiration of Warrant of Appointment of Mary Burke       | 2 January 2024   |
| <b>Daniel Sinnott</b>    | 3 January 2021                 | Revenue Commissioners | Expiration of Warrant of Appointment of Kathleen Redmond | 2 January 2024   |

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

| Director    | Date appointed/<br>reappointed | Nominating<br>body | Reason for vacancy | Term expires |
|-------------|--------------------------------|--------------------|--------------------|--------------|
| <b>None</b> |                                |                    |                    |              |

\* Means membership of a prescribed accountancy body

# Appendix 2

## Issuers' reports examined by the Financial Reporting Supervision Unit during 2021

### Equity issuers examined in 2021

| Issuer                      | Report type | Examination type | Reporting date   |
|-----------------------------|-------------|------------------|------------------|
| AIB Group plc               | Half-yearly | Focused          | 30 June 2021     |
| Aryzta AG                   | Annual      | Focused          | 31 July 2020     |
| Bank of Cyprus Holdings Plc | Annual      | Follow-up        | 31 December 2020 |
| Bank of Ireland Group plc   | Half-yearly | Focused          | 30 June 2021     |
| Cairn Homes plc             | Annual      | Focused          | 31 December 2020 |
| Cairn Homes plc             | Annual      | Follow-up        | 31 December 2020 |
| CRH plc                     | Annual      | Focused          | 31 December 2020 |
| CRH plc                     | Annual      | Follow-up        | 31 December 2020 |
| Dalata Hotel Group plc      | Annual      | Unlimited        | 31 December 2020 |
| Datalex plc                 | Annual      | Focused          | 31 December 2020 |
| Datalex plc                 | Annual      | Follow-up        | 31 December 2020 |
| DCC plc                     | Annual      | Follow-up        | 31 December 2020 |
| Diageo Plc                  | Annual      | Focused          | 30 June 2021     |
| FBD Holdings plc            | Annual      | Follow-up        | 31 December 2020 |
| FBD Holdings plc            | Annual      | Focused          | 31 December 2020 |
| Flutter Entertainment plc   | Annual      | Unlimited        | 31 December 2020 |
| Glanbia Group plc           | Annual      | Unlimited        | 02 January 2021  |
| Hammerson plc               | Annual      | Unlimited        | 31 December 2020 |
| Irish Continental Group plc | Annual      | Focused          | 31 December 2020 |
| Kenmare Resources plc       | Annual      | Focused          | 31 December 2020 |
| Kerry Group plc             | Annual      | Unlimited        | 31 December 2020 |
| Kingspan Group plc          | Annual      | Follow-up        | 31 December 2020 |
| Kingspan Group plc          | Annual      | Unlimited        | 31 December 2020 |

| <b>Issuer</b>                    | <b>Report type</b> | <b>Examination type</b> | <b>Reporting date</b> |
|----------------------------------|--------------------|-------------------------|-----------------------|
| Linde plc                        | Annual             | Follow-up               | 31 December 2020      |
| Permanent TSB Group Holdings plc | Annual             | Follow-up               | 31 December 2020      |
| Ryanair Holdings plc             | Annual             | Focused                 | 31 March 2021         |
| Smurfit KAPPA Group plc          | Annual             | Unlimited               | 31 December 2020      |
| Smurfit KAPPA Group plc          | Annual             | Follow-up               | 31 December 2020      |
| Tesco plc                        | Half-yearly        | Focused                 | 31 August 2021        |
| Tullow Oil plc                   | Half-yearly        | Unlimited               | 30 June 2021          |
| UDG Healthcare plc               | Annual             | Focused                 | 30 September 2020     |

### Closed-ended fund issuers examined in 2021

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

### Debt issuers examined in 2021

| <b>Issuer</b>                                 | <b>Report type</b> | <b>Examination type</b> | <b>Reporting date</b> |
|---|--------------------|-------------------------|-----------------------|
| Astute Capital plc                            | Annual             | Focused                 | 31 March 2020         |
| BrokerCredit Services Structured Products plc | Annual             | Unlimited               | 31 December 2019      |
| DB ETC plc                                    | Annual             | Unlimited               | 31 December 2020      |
| Investec Bank plc                             | Annual             | Unlimited               | 31 March 2021         |
| iShares Physical Metals plc                   | Half-yearly        | Follow-up               | 30 October 2020       |
| Juturna (European Loan Conduit No. 16) plc    | Annual             | Focused                 | 30 June 2019          |
| Star Compass plc                              | Annual             | Unlimited               | 31 March 2020         |
| Walmart Inc                                   | Annual             | Focused                 | 31 January 2021       |
| Wisdomtree Foreign Exchange Limited           | Annual             | Unlimited               | 31 December 2020      |

# Appendix 3

## PABs under IAASA remit at 31 December 2021 and reports issued to PABs during 2021

### PABs under IAASA remit

| PAB   | Name  | RAB |
|-------|---|-----|
| ACCA  | Association of Chartered Certified Accountants        | ✓   |
| AIA   | Association of International Accountants              | X   |
| CIMA  | Chartered Institute of Management Accountants         | X   |
| CIPFA | Chartered Institute of Public Finance and Accountancy | X   |
| CPA   | Institute of Certified Public Accountants in Ireland  | ✓   |
| ICAI  | Institute of Chartered Accountants in Ireland         | ✓   |

### Reports issued to PABs during 2021

| PAB  | Regulatory function reviewed |
|------|------------------------------|
| ICAI | Quality Assurance            |
| CPA  | Investigation and Discipline |
| ACCA | Licensing                    |

# Appendix 4

## Audit firms inspected in 2021

| PIE auditors 2021              | Firm-wide review conducted | Number of file inspections |
|--------------------------------|----------------------------|----------------------------|
| BDO                            | ✓                          | 2                          |
| Deloitte                       | ✓                          | 6                          |
| EY                             | ✓                          | 6                          |
| Grant Thornton                 | ✓                          | 2                          |
| Howlett Kavanagh               | ✓                          | 1                          |
| KPMG                           | ✓                          | 6                          |
| Mazars                         | ✓                          | 2                          |
| PricewaterhouseCoopers Ireland | ✓                          | 6                          |

# Appendix 5

## Publications issued by IAASA during 2021

### Corporate and general publications

- 2020 Annual Audit Programme and Activity Report
- Annual Report 2020

### Audit inspection

- Report on 2020 quality assurance review of BDO
- Report on 2020 quality assurance review of Grant Thornton
- Report on 2020 quality assurance review of Mazars
- Report on 2020 quality assurance review of Deloitte
- Report on 2020 quality assurance review of EY
- Report on 2020 quality assurance review of KPMG
- Report on 2020 quality assurance review of PriceWaterhouseCoopers Ireland
- Transparency reporting - thematic review
- Data analytics in Ireland's statutory audit market
- Inspection insights series – auditing cash and cash equivalents

### Auditing Framework

- ISQM (Ireland) 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements
- ISQM (Ireland) 2 – Engagement Quality Reviews
- ISA (Ireland) 220 (Revised December 2021) - Quality Management for an Audit of Financial Statements
- ISA (Ireland) 240 (Revised October 2021) - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
- Irish Quality Management Standards Conforming Amendments
- Glossary of Terms 2021
- ISRE (Ireland) 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity
- Feedback Paper - Revision of the Irish Quality Management Standards
- Exposure Draft - International Standard on Quality Management (Ireland) 1
- Exposure Draft - International Standard on Quality Management (Ireland) 2
- Exposure Draft - International Standard On Auditing (Ireland) 220 - Quality Management for an Audit of Financial Statements
- Exposure draft - Proposal to Revise the Irish Quality Management Standards, Conforming Amendments Consultation Paper - Proposal to Revise the Irish Quality Management Standards
- Feedback Paper - ISA (Ireland) 240 (Revised October 2021) The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
- Exposure Draft - ISA (Ireland) 240 - The Auditor's

Responsibilities Relating to Fraud in an Audit of Financial Statements Consultation Paper - Proposal to Revise ISA (Ireland) 240 - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

- Feedback Paper – Definition of Listed Entity
- Consultation Paper – Definition of Listed Entity
- Feedback Paper – ISRE (Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity
- Exposure Draft - International Standard on Review Engagements (Ireland) 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity
- Consultation Paper - Proposal to Adopt International Standard on Review Engagements (Ireland) 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity
- Comment letter relating to the IAASB's discussion paper: Fraud and Going Concern in an Audit of Financial Statements
- Comment Letter relating to the IESBA's Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code

### Guidelines for the RABs

- Guidelines for the RABs on the regulation, monitoring and enforcement of continuing education for statutory auditors
- Guidelines for the RABs when performing investigation and disciplinary functions

### Financial Reporting Supervision

- Snapshot of IAASA's financial reporting enforcement activities in 2020
- Information Note: IAS 36 Impairment of Assets – information requests from IAASA
- Observations on selected financial reporting issues – years ending on or after 31 December 2021
- Compendium of financial reporting decisions (January 2021)

### Enforcement

- Public Notice: Enforcement Action in the matter of Michael Tuohy, November 2021
- Public Notice: Enforcement Action in the matter of ICAI, June 2021
- Sanctions Guidance Publication (Effective from 8 March 2021)
- Sanctions Guidance Feedback Paper
- Policy on Time Limits for making Complaints 2021

### Regulatory and Monitoring Supervision

- Profile of the Profession 2020

# Appendix 6

## **Protected disclosures report 2021**

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 2021.

# GLOSSARY

|                        |   |
|------------------------|---|
| <b>ARC</b>             | IAASA Audit and Risk Committee                          |
| <b>ACCA</b>            | Association of Chartered Certified Accountants          |
| <b>Act, the</b>        | Companies Act 2014                                      |
| <b>AIA</b>             | Association of International Accountants                |
| <b>Authority, the</b>  | Irish Auditing and Accounting Supervisory Authority     |
| <b>C&amp;AG</b>        | Comptroller and Auditor General                         |
| <b>CEAOB</b>           | Committee of European Auditing Oversight Bodies         |
| <b>Central Bank</b>    | Central Bank of Ireland                                 |
| <b>Charter, the</b>    | Charter of the IAASA ARC                                |
| <b>CIMA</b>            | Chartered Institute of Management Accountants           |
| <b>CIPFA</b>           | Chartered Institute of Public Finance and Accountancy   |
| <b>CLRG</b>            | Company Law Review Group                                |
| <b>Code, the</b>       | Code of Practice for the Governance of State Bodies     |
| <b>CPA</b>             | Institute of Certified Public Accountants in Ireland    |
| <b>CRO</b>             | Companies Registration Office                           |
| <b>Department, the</b> | The Department of Enterprise, Trade & Employment        |
| <b>EU</b>              | European Union  |
| <b>FRC</b>             | Financial Reporting Council in the UK                   |
| <b>GDPR</b>            | General Data Protection Regulation                      |
| <b>IAASA</b>           | The Irish Auditing and Accounting Supervisory Authority |
| <b>IAASB</b>           | International Auditing and Assurance Standards Board    |
| <b>IAS</b>             | International Accounting Standard                       |
| <b>ICAEW</b>           | Institute of Chartered Accountants in England and Wales |
| <b>ICAI</b>            | Institute of Chartered Accountants in Ireland           |
| <b>ICAS</b>            | Institute of Chartered Accountants of Scotland          |
| <b>IESBA</b>           | International Ethics Standards Board for Accountants    |

|   |   |
|---|---|
| <b>IFIAR</b>                                  | International Forum of Independent Audit Regulators   |
| <b>ISAs</b>                                   | International Standards on Auditing   |
| <b>ISG</b>                                    | CEAOB Inspection Subgroup   |
| <b>Issuer</b>                                 | An entity coming within IAASA's remit under the Transparency (Directive 2004/109/EC) Regulations, 2007  |
| <b>ISQM</b>                                   | International Standard on Quality Management  |
| <b>ISRE</b>                                   | International Standard on Review Engagements  |
| <b>LSRA</b>                                   | Legal Services Regulatory Authority   |
| <b>Minister, the</b>                          | Minister for Enterprise, Trade & Employment   |
| <b>ODCE</b>                                   | Office of the Director of Corporate Enforcement   |
| <b>PAB</b>                                    | Prescribed accountancy body   |
| <b>PIE</b>                                    | Public Interest Entity - entities with securities listed on a regulated market, credit institutions, and insurance undertakings   |
| <b>RAB</b>                                    | Recognised accountancy body   |
| <b>Relevant financial reporting framework</b> | 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 |
| <b>SIC</b>                                    | System of internal control  |





**Irish Auditing & Accounting Supervisory Authority**

Willow House, Millennium Park, Naas  
W91 C6KT, Co Kildare, Ireland

**Phone:** +353 (0) 45 983 600

**Email:** [info@iaasa.ie](mailto:info@iaasa.ie)