
ANNUAL REPORT

2017

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MISSION

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

CHAPTER 1

Purpose

What we do

IAASA is responsible for the supervision of the accounting profession in Ireland, comprising of 38,008 members of Prescribed Accountancy Bodies ('PABs') in business and practice in the State.

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

In addition, IAASA has direct responsibility for the inspection of audits of Public Interest Entities ('PIEs'), comprising of entities with securities listed on a regulated market, credit institutions and insurance undertakings. IAASA directly regulate nine auditing and accounting firms, including all of the Big 4, in respect of this element of their work.

IAASA is responsible for examining the level of compliance of certain entities' annual and half-yearly financial reporting with applicable financial reporting standards (in the main International Financial Reporting Standards ('IFRS') and Irish Generally Accepted Accounting Practice ('GAAP')). This comprises 107 entities, made up of:

- 31 equity issuers, whose market capitalisation at 31 December 2017 was €136bn;
- 61 debt issuers, with gross assets in excess of €304bn; and
- 15 closed-ended fund issuers, with gross assets in excess of €4bn.

IAASA is responsible for the conduct of investigations on issues arising from its inspection of the audits of PIEs and referrals from overseas competent authorities. IAASA also has the discretionary power to investigate whether a member of a PAB has complied with that body's standards and to investigate whether a prescribed accountancy body has complied with its approved investigation and disciplinary process.

IAASA is responsible for adopting standards on auditing, ethics and internal quality control for all auditors.

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

Why do we do it

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

What guides us

IAASA operates with powers and functions granted to it under the Companies Act 2014, and related Statutory Instruments. It carries out its work in accordance with values set out by the Board.

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

Who do we report to

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

What is our budget

IAASA's total expenditure in 2017 was €3.1m, from a budget of €5.6m. The most significant areas of underspend were in payroll and related costs due to ongoing difficulties in attracting additional suitable qualified staff.

CHAPTER 2

Chairperson's Statement and Chief Executive's Review

Introduction

This is IAASA's ('the Authority') twelfth Annual Report. It is with pleasure that I submit it to the Minister for Business, Enterprise and Innovation ('the Minister'), 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 2017 to fulfil its mission. The remainder of this Report gives details of this work. In my Statement, I would like to focus on key developments affecting IAASA both now and into the future.

A significant year

2017 was a year of significant achievement for IAASA. In addition to the continued development of our role in the direct inspection of auditors of PIEs, and our preparations in the context of the Companies (Statutory Audits) Bill 2017, two particular accomplishments are worthy of note. At the beginning of the year IAASA issued the Auditing Framework for Ireland, which sets the standards for all statutory audits undertaken on Irish companies. For the first time in the history of the State, Ireland now has responsibility for issuing its own auditing standards. I am pleased to note that their implementation has been smooth and, working with our stakeholders, we continue to develop and where appropriate expand that framework.

Towards the end of the year I signed a Memorandum of Understanding on behalf of IAASA with the US auditing regulator, the Public Companies Audit Oversight Board ('PCAOB'). This was followed shortly after by a joint inspection of an Irish firm by staff from both authorities. Both authorities will continue to build on this groundwork and we expect that such joint engagements will become a regular part of the Authority's annual work programme.

Both of these were important milestones in Irish audit regulation, and were achieved as a result of significant engagement by the Authority, working with fellow regulators and other stakeholders over an extended period. I wish to pay tribute to all those in the Authority who worked to make them possible.

Companies (Statutory Audits) Bill 2017

As detailed in this Report, the Companies (Statutory Audits) Bill 2017, introduced to the Oireachtas in November 2017 and which is expected to be enacted during 2018, will alter the audit regulatory oversight model in the State. The Bill provides the Authority with additional powers in respect of its oversight of the RABs and also in relation to its enhanced investigation and disciplinary responsibilities related to PIE auditors. In respect of the latter, the Bill provides the superstructure for the development of an enhanced Conduct function within IAASA. IAASA has commenced the process of establishing a dedicated Conduct Unit which will be capable of carrying out its investigative functions under law, that is, matters arising from the Authority's inspections of PIE auditors, matters referred to it by another authority, as well as cases where the Authority determines that it is appropriate or in the public interest to do so.

The Authority will continue its preparations for the Bill during 2018, preparations which include ongoing discussions with all parties affected by the legislation.

Audit Quality

The Authority has now been carrying out its inspections of PIE auditors for over a year. The strategic plan for this area of work included an undertaking to publish the results as and from the second round of inspections, to allow firms to adjust to the new oversight regime. PIE auditors include all of the Big 4 global audit firms and currently a further five firms, most of which are significant in the Irish market. Arising from IAASA inspections, audit firms have one year to implement recommendations or they will be subject to disciplinary action. As such, during 2018 the Authority will begin the process of reviewing the recommendations issued. The Audit Quality Unit engages with PIE auditors to ensure that implementation is taking place in order to minimise the need for formal measures to be employed.

Brexit

On 29 March 2017 the UK Government triggered Article 50 of the Lisbon Treaty setting a two year deadline for the negotiations that will ultimately lead to Britain exiting the EU. These negotiations between the UK and the EU are now well underway.

Brexit has the capacity to affect IAASA on a number of fronts. The structure of the auditing profession across these islands predates the EU and allows for free movement and recognition of qualifications for the UK based RABs in Ireland. While this recognition is housed in Irish domestic law, *Brexit* has the capacity to impact directly on this structure. Depending on how *Brexit* is implemented, this could impact on those members of RABs which are based in the UK. In turn this could have a significant impact on IAASA's regulatory oversight model were the UK RABs to be excluded from EU, and hence Irish, recognition. Alternatively, *Brexit* may impact on those auditors who are themselves resident in the UK. In the context of what for significant parts of the profession is an all island structure, again the impact could be considerable.

Brexit may also impact on IAASA's population of issuers under its remit (depending on how issuers listed in the UK may seek to re-list within the EU) as well as on our accountancy supervision role, with the three PABs who are not RABs having their regulatory functions based in the UK.

In response, IAASA has engaged with the Department of Business, Enterprise and Innovation in highlighting the projected impacts of *Brexit* on the auditing and accounting profession, and has discussed the issues raised with a wide range of stakeholders. The lack of clarity around the final shape of *Brexit* is a challenge to providing guidance on those impacts. *Brexit* is now a standing agenda item for IAASA at Board meetings, and the Authority will continue this process of engagement with a view to ensuring that it is well placed to address the various challenges that *Brexit*, regardless of its final form, will bring.

Governance

Over the past few years IAASA has undergone significant change in its governance structure and responsibilities. While the Board has shrunk in size from 15 directors to ten (and to nine subsequent to the year end), the responsibilities of the Authority have expanded considerably at the same time. Allied to the introduction of the Code of Practice for the Governance for State Bodies in 2016, and its adoption by IAASA in 2017, the Board identified this as an appropriate point to review the Authority's governance arrangements. The outcome of this review will hopefully be a structure that allows the Board to fulfil its statutory obligations while also making the best use of both the Board and the Executive team. At the year end that process of review is ongoing.

2017 marked the departure of Michael Quinlan, one of our longest serving Board members. I would like to thank Michael for his contribution to the Authority during his tenure. In line with the reduction in the size of the Authority's Board under the Act, Michael was not replaced. Separately there remained a board vacancy and Nicole Lappin was appointed as a Ministerial nominee to fill that vacancy. Nicole brings a wealth of experience in a range of regulatory and governance roles in Northern Ireland.

Concluding remarks

My first full year as Chairperson has been an eventful one for the Authority as it responds to the wider responsibilities imposed by developments in audit regulation. In that time I have been gratified by the support and commitment from my fellow Board members. In addition I would also like to thank the Executive team and the entire staff of IAASA for their work and dedication during 2017. On behalf of the Board I wish to thank the Minister and her staff for their continued support. I believe that the open and constructive working relationship between the Authority and the Department, with mutual respect for the role of each, is conducive to the highest standards of efficiency and effectiveness in regulation. All of this will hopefully serve us well in rising to the challenges that are to come.

Martin Sisk
Chairperson

30 APRIL 2018

Introduction

The purpose of this review is to provide an overview of the activities of IAASA during 2017. During the year the Authority expanded its operations across the range of its remit, while at the same time recruiting additional staff to meet its enhanced regulatory challenges. IAASA now issues auditing standards for use in the State for the first time. Highlights during the year included the publication of the Auditing Framework for Ireland, and the conclusion of an agreement with our US counterparts, the PCAOB. We were also pleased to participate in the first joint PCAOB inspection later in the year.

Key activities

Under our financial reporting supervision remit the Authority completed 34 examinations of reports issued by entities under our supervision. Arising from that work staff from the Authority submitted seven issues to the EECS decisions database, which collates all significant accounting enforcer decisions across the EU. IAASA's contribution to this project was noted in the Peer Review Report issued by ESMA during the year, which commended the Authority's contribution to the EECS database. Despite having just 2% of total EU IFRS issuers, IAASA has contributed 14% of the decisions submitted to the database. While in general equity issuers continue to report to a good standard, concerns remain in relation to some debt and fund issuers. Looking to the future, new financial reporting standards in the area of financial instruments, revenue and leases, as well as the estimation of the impact of *Brexit*, will all be expected to impact on issuers' reports in the coming year.

On 1 February 2017 IAASA issued the Auditing Framework for Ireland, and auditors must now comply with International Standards on Auditing (Ireland), as issued by the Authority. IAASA issued both Auditing and Ethical standards on that date, with a number of updates issued later in the year primarily to reflect changes in the underlying International Standards on which they are based. IAASA has established an Audit Standards Team and at year end was putting in place a Technical Advisory Panel to assist the Authority on standards related issues. The Authority continues

to monitor the market to assess the need for new standards or modification of current standards. The Irish standards are modelled on the UK equivalents, with minimal amendments. This was in the main because the UK standards provide much more detail and hence clarity for stakeholders, and also to ensure consistency for auditors with the standards that were previously in place. The Authority will keep the policy under review, not least in light of *Brexit*.

Under our direct inspections remit, inspections of the Big 4 firms were either commenced or continued in 2017. Consistent with our stated policy, the outcomes of these inspections will not be published to allow all of the nine firms under our remit to adjust to the new inspections regime. However I can say that, notwithstanding some issues that will require addressing, in general the standard of audits we have inspected so far has been high.

In November the Authority and the PCAOB announced that they had signed an agreement allowing for joint inspections of certain firms in Ireland who audited entities listed on regulated US exchanges or who contributed to the audits of such entities. This was subsequently followed by the first joint inspection. This successfully brought to a conclusion negotiations which had been progressing for some time. We look forward to continuing our working relationship with PCAOB.

The Authority is a member of the Committee of European Auditing Oversight Bodies ('CEAOB'), which brings together all the national audit oversight bodies at EU level. In October the Authority hosted meetings of three CEOB sub-groups, including the market monitoring sub-group which is chaired by a staff member of the Authority.

In June 2017 two of Ireland's six RABs held EGMs to provide for the members of Institute of Incorporated Public Accountants ('IIPA') to join the Institute of Certified Public Accountants in Ireland ('CPA'). Subsequently the majority of both members and students of IIPA transferred their membership. IIPA indicated publicly that it was its intention to seek de-recognition as a RAB subsequent to that transfer. At the year end IAASA was continuing to work with both RABs on this project.

In November the Department of Business, Enterprise and Innovation published the Companies (Statutory Audits) Bill 2017, which will replace SI 312. The Bill will create a new Part 27 in the Companies Act 2014 dealing specifically with audit. The Bill proposes a revised model of regulatory oversight for the RABs and IAASA will have an enhanced range of powers to assist it in carrying out its supervisory role. IAASA contributed to the Bill drafting process through liaison with the Department throughout the year.

The Authority finalised three on-site supervisory reviews in relation to the PABs' investigation and disciplinary processes during the year, and further work was being undertaken on three more on-site reviews at the year end. Arising from these reviews, IAASA continues to work with the PABs on the implementation of the recommendations made therein.

In preparation for the Bill and also in recognition of its enhanced role in investigations under SI 312, the Authority has continued its development work within its now established Conduct team. A Conduct Team Lead was recruited in 2017 and detailed work on policy and procedures was ongoing at the year end.

Under its ongoing enforcement powers, the Authority agreed a settlement with the Institute of Chartered Accountants in Ireland ('ICAI') in relation to a failure to comply with its approved investigation and disciplinary procedures.

The Act gave the Authority responsibility for the admission of certain persons as liquidators (so-called "Category 5 Liquidators"). This process was finalised in 2017, when power to prescribe forms was granted to the Authority. The form and fee relating to admissions was prescribed, and the final deadline for submissions was set at 1 December. In all 26 applications were received and were being processed at the year end.

The growth of the Authority over the past two years has driven a whole range of separate but necessary developments to support IAASA and its staff. IAASA has expanded its floorspace in its premises in Naas, has significantly upgraded its IT systems, and has also promoted staff development through education support.

IAASA is committed to a policy of stakeholder engagement across its workstreams. As part of that commitment, IAASA staff attend a range of EU and international fora. These include EECs sessions and the Corporate Reporting Steering Committee ('CRSC') of ESMA as part of its financial reporting remit, and CEAOB and International Forum of Independent Audit Regulators ('IFIAR') meetings as part of its audit inspection and enforcement roles. The Authority also has observer status at the Corporate Reporting Committee and the Audit & Assurance Committee of the UK Financial Reporting Council. IAASA publishes a range of reports and statistics on the profession, as set out in Appendix 4 to this report. We also regularly engage with our stakeholders throughout the year.

Concluding remarks

2017 was a year of further expansion for the Authority in response to the obligations placed on it by domestic and EU legislation. Looking forward, enactment of the Companies (Statutory Audits) Bill 2017 will bring about further change for the Authority. IAASA has been able to respond to these demands only with the dedication and goodwill of an exceptional group of people, its staff. I am deeply indebted to them. I would also like to express my ongoing appreciation for the support afforded to me by the Chairperson and the Board of IAASA.

Kevin Prendergast
Chief Executive

30 APRIL 2018

CHAPTER 2

Chairperson's Statement and Chief Executive's Review

CHAPTER 3

Activities

3.1 Introduction

Work Programme

IAASA is required under section 910 of the Act to prepare and submit a three year Work Programme to the Minister. The Authority prepared its current plan for the years 2017-2019, and this is available on the IAASA website. The plan sets out IAASA's key strategies, activities and related outputs for the duration of the Programme. It also analyses the staff, resources and expenditure in the context of the plan.

Strategies

The Authority's strategies are as follows:

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

Goals

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

1. to examine and promote improvements in the quality of financial reporting;
2. to inspect and promote improvements in the quality of auditing of PIEs;
3. to oversee the RABs' performance of their functions in respect of statutory auditors and to examine and promote improvements in the quality of the PABs' regulatory activities;
4. to adopt and issue auditing standards and related guidance;
5. to respond to non-compliance within our remit, promptly and proportionately;
6. to promote adherence to high professional standards by accountants, auditors and preparers of financial reports; and

7. to provide specialist advice to the Minister for Business, Enterprise and Innovation and high quality information to our stakeholders on key auditing and accounting matters.

Business Plan

The Authority uses the Work Programme as a guide to prepare its annual Business Plan, setting out key objectives for the Authority. These key objectives, and how the Authority has set out to achieve them, are set out in the remainder of this Chapter.

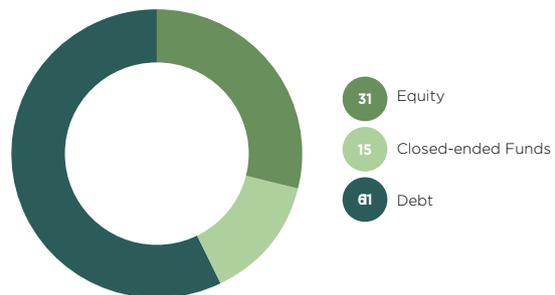
3.2 Supervision of financial reporting quality

3.2.1 Purpose

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

At 31 December 2017, the known financial reporting examination constituency comprised 107 (2016: 117) issuers made up of 31 equity issuers, 15 closed-ended fund issuers and 61 debt issuers.

Table 3.1: Financial reporting examination constituency at 31 December 2017



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

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

3.2.2 Significant developments

During 2017 IAASA completed 34 examinations with a further seven examinations in progress as at 31 December 2017. During 2017 it submitted seven issues to the EECS decisions database. A full list of issuers examined during the year is set out in Appendix 2.

Common areas of focus in 2017 examinations included, but were not limited to, judgements concerning Alternative Performance Measures ('APMs'), IAS 1 *Presentation of Financial Statements*, IFRS 13 *Fair Value Measurement*, IAS 12 *Income Taxes* (uncertain tax positions), IFRS 7 *Financial Instruments: Disclosures*, IAS 36 *Impairment of Assets*, IAS 34 *Interim Financial Reporting*, and IFRS 8 *Operating Segments*. IAASA continues to ensure convergence of enforcement decisions with our European accounting enforcers' views by considering relevant European decisions and submitting selected topics for discussion at EECS prior to our finalising enforcement decisions.

Thematic examinations conducted on equity issuers' during 2017

IAASA undertook four thematic reviews during 2017 as follows:

Description	Rationale
Impairment testing in Irish listed companies 2016/17 annual financial statements	A recurring examination topic and a recent ESMA common enforcement priority
Operating Segments	Recent amendment to IFRS 8 and a recurring examination topic
Alternative Performance Measures	A recent ESMA common enforcement priority, ESMA's <i>APM Guidelines</i> in force since July 2016 and the findings from recent IAASA examinations of APMs by issuers
Disclosures of the New Accounting Standards in issuers' 2016 annual financial statements	A recent ESMA common enforcement priority and the likely impact of the new IFRSs on a range of issuers

Significant themes for equity issuers

Two significant themes of the 2017 reporting season were the examination of reporting by issuers of APMs¹ and disclosure of the expected impact of new Standards (IFRS 9, IFRS 15 and IFRS 16). IAASA corresponded with several issuers concerning these topics during 2017. IAASA will continue to monitor issuers' financial statements for the impacts of *Brexit* as the exit date of 29 March 2019 approaches.

Significant themes for debt issuers and closed-ended fund issuers

The quality of financial reporting by these issuers varies considerably ranging from good to poor, and there remains a cohort of issuers which consistently present lower quality financial statements. IAASA will continue to examine the financial statements of selected debt and closed-ended fund issuers presenting lower quality financial statements and engage with those issuers to secure improvements in future reports.

How IAASA's financial reporting enforcement activity compares internationally

During 2017 ESMA published its *Peer Review on Guidelines on Enforcement of Financial Information* which included 31 European enforcement bodies including IAASA. All 31 national accounting enforcers contributed data about the nature and level of their enforcement activities. IAASA rated above average in several categories including the ratio of IFRS issuers per full time equivalent employee, the average number of issuers examined, and the average number of examinations completed. As noted favourably by ESMA, IAASA has responsibility for just 2% of the total of IFRS issuers in the EU but has contributed 14% of the decisions submitted to the EECS database.

Training

The new Standards are expected to have a significant impact on the recognition, measurement, presentation and disclosure of items and on key judgements including the amounts and timing of future cash flows. IFRS requires entities to communicate clearly their key judgements (and significant estimates) in implementing the new Standards and to explain how the accounting differs from current practice. For this reason, IAASA has taken a number of steps to prepare for the implementation of the new Standards including:

- i. continued professional development of staff;
- ii. participation at ESMA and IASB training workshops;
- iii. participating in EECS discussions of relevant emerging issues related to the new Standards;
- iv. participating in relevant ESMA sub-groups relevant to the implementation of the new Standards; and
- v. tailored in-house IFRS training.

¹ ESMA's APM guidelines are effective from 3 July 2016.

3.2.3 Activities arising from Business Plan

Business Plan Objectives	Outcomes
Conduct annual programme of examinations of financial reports	IAASA completed 34 examinations of annual and half- yearly financial reports in 2017. It also undertook four thematic examinations and five ESMA topical surveys.
Engage with directors to secure improvements, and take action where warranted	13 issuers provided 53 undertakings in respect of future financial reports. One issuer voluntarily re-filed its financial statements.
Develop best practice methodologies for review process	IAASA reassessed the operation and suitability of the risk scoring matrix used to assign risk scores to issuers to aid in the allocation of limited resources to those areas meriting greatest focus.
Engage effectively with our regulatory stakeholders	<p>IAASA submitted seven issues to the EECS database and presented seven issues for discussion. IAASA discussed one Irish case with representatives of the International Accounting Standards Board (IASB) and IFRS IC.</p> <p>IAASA presented five papers to EECS in the year.</p> <p>IAASA has a representative on the following EECS working groups:</p> <ul style="list-style-type: none"> ● IAS 12 Deferred Tax Asset sub-group; and ● IFRS 13 Fair Value Temporary Task Force <p>IAASA also attends the quarterly meetings of ESMA's Corporate Reporting Standing Committee to which EECS reports.</p> <p>IAASA is an active participant in the EECS Agenda Group.</p> <p>IAASA also acts as an observer at the Corporate Reporting Council of the FRC</p>
Engage in advocacy activities with our wider stakeholders	<p>IAASA published 21 financial reporting decisions on its website.</p> <p>IAASA published 11 reports and other publications including publication of the results of four thematic surveys on financial reporting matters.</p> <p>IAASA staff contributed one article on financial reporting matters to relevant publications.</p> <p>IAASA had face-to-face meetings with representatives of all of Big 4 audit firms on financial reporting issues during 2017.</p>

3.3 Supervision of audit quality

3.3.1 Purpose

IAASA's Audit Quality Unit sets auditing standards for use by all statutory auditors in carrying out statutory audits of Irish entities. The Audit Quality Unit is also responsible for the quality assurance of PIE auditors. At 31 December 2017, there were nine (2016: 10) PIE auditors, auditing approximately 1,000 (2016: 1,200) PIEs.

A PIE for the purposes of quality assurance is defined by SI 312 and includes entities listed on any European Union regulated market, credit institutions and insurance undertakings.

Each PIE audit firm is required to be inspected, at a minimum, once every three years, save where an audit firm audits only PIEs who are either 'small' or 'medium-sized undertakings' (as defined in points (17) and (18) of Article 2 of Directive 2006/43/EC), in which case, the audit firm must be inspected every six years. A quality assurance inspection includes an assessment of the internal quality control system of the audit firm and testing the effectiveness of that internal quality control system, through compliance testing and review of individual audits of public interest entities.

IAASA has implemented the Common Audit Inspection Methodology ('CAIM') for assessing the internal quality control systems of PIE audit firms. CAIM was developed within the European Audit Inspection Group, a pan-European platform for cooperation among audit regulators, to develop and promote a common audit inspection methodology across member states. The European Audit Inspection Group was dissolved upon establishment of the CEAOB. The CEAOB is now responsible for the maintenance and development of CAIM. IAASA has also developed a suite of working papers for the assessment of individual audits of PIEs.

3.3.2 Significant developments

Auditing Framework

On 31 January 2017, the Authority adopted the Auditing Framework for Ireland. Following consultation, the Authority decided to base the Auditing Framework for Ireland on the FRC Auditing Framework for the UK, with minimal amendments. This was on the basis that it was deemed to result in minimal disruption for auditors who have always used the UK Framework and who operate in both jurisdictions as well as the fact that the UK Framework provides more detail than the international equivalents and therefore provides more clarity for stakeholders. This decision will be kept under review on an ongoing basis to ensure this remains the most effective and efficient solution for the Irish market.

Inspections

The Authority commenced its inspection regime under the Audit Reform legislation in late 2016. As noted above, there were 10 PIE audit firms in Ireland in 2016 and nine in 2017. These include what are commonly known as the Big 4 auditors; Deloitte, EY, KPMG and PwC. The Big 4 audit approximately 95% of the PIEs in Ireland, earning approximately 98% of the PIE audit fees. As a result, the Authority decided to inspect these firms first before moving onto inspections of the other six PIE audit firms. One inspection was ongoing at 31 December 2016, this inspection was completed and inspections took place in each of the other Big 4 firms during 2017.

Each individual audit inspection results in a report detailing any recommendations for improvement. In each audit firm, an overall report follows the inspection detailing recommendations for improvement on the internal quality control systems as well as a summary of recommendations issued on individual audits. Audit firms must implement the recommendations with twelve months.

The inspection results show that, in most cases, the internal quality control systems and the quality of the audits reviewed were of a good standard with some recommendations for improvement. No matters were referred for investigation.

International Agreements

On 2 November 2017, the Authority announced that it had entered into an agreement with the PCAOB, the United States audit regulator, allowing for cooperation between the Authority and the PCAOB in the oversight of audit firms subject to the regulatory jurisdiction of both organisations. A joint inspection took place in one such audit firm in December 2017. Given the high level of US investment in Ireland, resulting in Irish auditors carrying out significant work on US issuers or components thereof, this was a significant development for the Authority and deemed of great importance to the audit market both in Ireland and in the US.

International Cooperation

IAASA believes that cooperating with international audit regulators is fundamental to our success. As the entities and firms within our 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 the CEAOB and the IFIAR. IAASA has representatives on all CEAOB sub-groups as well as a number of task forces and colleges. IAASA holds the chair of the sub-group on market monitoring.

In keeping with its commitment to international cooperation, IAASA hosted meetings of three CEAOB sub-groups in October. The Inspections sub-group agenda includes dialogue with senior members of the largest audit firms on a rotational basis and on this occasion, met with EY European representatives. Jointly with the International Auditing Standards sub group of the CEAOB, the Inspections sub-group met with the representatives of the International Auditing & Assurance Standards Board and International Ethics Standards Board for Accountants, an engagement sought on an annual basis. There was a separate meeting of the Market Monitoring sub-group.

3.3.3 Activities arising from Business Plan

Business Plan Objectives	Outcomes
Carry out inspection regime	Quality Assurance inspections took place in each of the four largest audit firms in Ireland during the year. In addition, a joint inspection was carried out with the PCAOB in December.
Develop and refine inspection methodology	IAASA has implemented the CAIM for assessing the internal quality control systems of PIE audit firms. In addition, IAASA has developed and continues to refine a suite of workpapers for the assessment of individual audits, taking into account the specificities of particular auditing standards as well as any relevant matters relating to the entity type or industry.
Adopt Auditing Framework	The Auditing Framework was adopted on 31 January 2017.
Engage effectively with our peers and stakeholders	IAASA hosted a meeting of three sub-groups of the CEAOB in October 2017. The sub-groups were: market monitoring, standards and inspections. Presentations were made to a number of stakeholders including audit firms and industry forums. IAASA issued a number of consultations during the year and continues to engage informally with stakeholders on matters as requested.

3.4 Supervision of the auditing and accounting profession

3.4.1 Purpose

IAASA's principal functions relating to the supervision of the accountancy profession are to:

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

A PAB is an accountancy body that comes within IAASA's supervisory remit. At 31 December 2017, there were nine PABs:

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

A RAB is a body of accountants that may authorise its members/member firms to practice as auditors in Ireland. In addition to the approval and registration of their members/member firms as auditors, SI 312 assigns responsibility to the RABs for continuing education, quality assurance and the investigation and discipline of auditors, to the extent that such activities are not required to be carried out by IAASA in respect of the audit of PIEs.

At 31 December 2017, six of the nine PABs were also RABs i.e., ACCA, CPA, ICAEW, ICAI, ICAS and IIPA. Details of the bodies' membership, student numbers, public practice profiles and their regulatory activities during the year are set out in a separate publication *Profile of the Profession 2017*, which will be available on the IAASA website.

3.4.2 Significant developments

Transfer of IIPA members to CPA

On 23 June 2017, both CPA and IIPA held Extraordinary General Meetings at which their members voted to approve a pathway for IIPA members to join CPA and, consequently, become subject to the latter's regulation and supervision. As part of this arrangement, there was also an agreed transitional pathway for IIPA students who chose to transfer to CPA.

IAASA engaged with both IIPA and CPA throughout the year in respect of:

- the orderly transfer of IIPA members to CPA;
- the assumption of responsibility for the regulation and supervision of former IIPA members by CPA; and
- IIPA's fulfilment of its outstanding regulatory obligations.

Most IIPA members elected to transfer their membership to CPA on 1 September 2017, and came under CPA's regulation and supervision with effect from that date. The IIPA revoked the membership of those individuals who chose not to transfer their membership to CPA.

By 31 December 2017 the IIPA was no longer discharging any statutory regulatory tasks in respect of accountants or auditors and was therefore, no longer operating as either a RAB or a PAB.

Companies (Statutory Audits) Bill 2017

The Companies (Statutory Audits) Bill 2017 ('the Bill'), which will replace SI 312, was published on 6 November 2017 and is currently proceeding through the legislative process. The principal provisions of the Bill which impact on IAASA and the RABs' respective roles in relation to auditors are that:

- the RABs are deemed to be recognised for the purposes of the Bill and shall be required to perform the tasks in respect of statutory auditors specified in the Bill unless prohibited from doing so by IAASA. Consequently, the RABs will be required to perform all tasks relating to the licensing and registration, quality assurance, CPD and investigation & discipline of statutory auditors except those in relation to PIE audits that are performed directly by IAASA;
- IAASA's functions shall include the supervision of how each RAB monitors the statutory auditors for which it has responsibility by virtue of performing the tasks assigned to it;
- the criteria for the RABs' recognition are to be amended to require each body to satisfy IAASA, both at the time of recognition and on an ongoing basis, in relation to their:
 - standards for training and qualification of auditors;
 - standards applied to members in areas such as independence and ethics;
 - capacity to ensure members' compliance with and the enforcement of its standards, having regard to its resources; and
 - effective performance of the tasks assigned to it in respect of statutory auditors.
- IAASA's powers shall include the ability to enquire into whether a RAB has performed a task in compliance with the requirements of the Bill, the EU Regulation or any other requirements set by IAASA; and
- where a RAB is not able to perform a task, IAASA will have the power to perform the task or assign it to another RAB.

During the year, IAASA staff liaised with both the Department and RABs to assess the impact of these provisions on the overall regulatory framework for the oversight of auditors and to plan for the enactment of the Bill, which is expected to take place in 2018.

Supervisory visits and desktop reviews

Given the level of reliance placed by various stakeholders on the work performed by PAB members, particularly those engaged in audit, it is essential that the PABs have robust and efficient systems in place to ensure the effective supervision of their members. One of the principal methods by which the Authority assesses the PABs' regulatory process is by means of on-site supervisory visits and thematic desktop reviews.

IAASA concluded three on-site supervisory reviews during the year (Appendix 3 refers) and three further on-site reviews were ongoing at 31 December 2017. Four of these visits related to the PABs' investigation and disciplinary processes, and the other two related to quality assurance processes for audit firms and auditor licensing.

Following supervisory visits, IAASA works with the PABs concerned to address the issues identified through improvements to their overall systems and processes. At year end, IAASA continued to actively consider a number of matters and to monitor the relevant PABs' actions to implement recommendations contained in previous supervisory visit reports.

In addition, a desktop review focussed on the PABs' CPD arrangements was commenced during the year. The review was undertaken by means of a written questionnaire. Review and collation of the PABs' responses was ongoing at 31 December and, on completion, it is intended to publish the principal findings of this review.

3.4.3 Activities arising from Business Plan

Business Plan Objectives	Outcomes
Supervision of the PAB's regulatory activities	<ul style="list-style-type: none"> ● IAASA actively oversaw the transfer of IIPA members to CPA. ● Four onsite supervisory visits were conducted in 2017 and three final reports were issued. ● A desktop review of the PABs' CPD arrangements was commenced.
Oversight of the RABs' functions in respect of statutory auditors	<ul style="list-style-type: none"> ● Periodic review meetings were held with each RAB, following which action points were issued and their progress monitored on a regular basis. ● IAASA had regular engagement with the FRC in relation to the RABs within our common remit ● The 2016 Annual Audit Programme and Activity (AAPA) Report was published in April 2017 (as Chapter 5 of IAASA's 2016 Annual Report). ● Two new conditions were imposed on the recognition of a RAB in 2017 and there was continued monitoring of the RABs' compliance with existing conditions.
Supervision of the Accounting Profession	<ul style="list-style-type: none"> ● A total of 17 (2016: 17) review meetings with PAB representatives took place during the year. ● 36 (2016: 32) new or revised PAB constitutional documents were approved. The review of amendments to three further documents was ongoing at 31 December 2017. ● 25 (2016: 12) complaints relating to four PABs and their members were dealt with and responses provided to 122 (2016: 127) queries from a range of stakeholders.
Prepare for revised oversight model and other environmental changes	<ul style="list-style-type: none"> ● Preparation continued throughout the year for the enactment of the Bill, including two roundtable meetings with the RABs, as well as engagement with the Department.
Engage effectively with our stakeholders and continue to enhance the quality of relationships with them	<ul style="list-style-type: none"> ● IAASA liaised with the FRC regarding the four RABs within our common supervisory remit (ACCA, ICAEW, ICAI, ICAS). ● Based on information supplied by the PABs, IAASA published the Profile of the Profession 2017. ● IAASA also engaged with the Department on a regular basis.

3.5 Other activities

3.5.1 Conduct

Conduct Unit

A Conduct Team Lead was recruited and commenced employment in October 2017. The Conduct Unit's role will expand in 2018 due to the introduction of new powers of investigation and enquiry under the Bill. IAASA advised on and supported the introduction of the Bill. The Conduct Unit commenced the development of processes and procedures to implement these new powers in 2017 and will continue this work in 2018.

Statutory Enquiries

Section 905(2)(d) of the Act provides that IAASA may conduct enquiries into whether a prescribed accountancy body has complied with its approved investigation and disciplinary procedures and, where appropriate, impose sanctions. Table 3.2 provides a summary of the Section 933 enquiry activity during the year.

Table 3.2: Summary of Section 933 enquiry activity

	Preliminary Enquiry Stage	Full Enquiry Stage	Total
Enquiries ongoing at 1 January 2017	-	1	1
New enquiries initiated during the year	1	-	1
Enquiries completed during the year	-	(1)	(1)
S.933 enquiries ongoing at 31 December 2017	1	-	1

Following the completion of a preliminary enquiry and the subsequent initiation of a full enquiry under Section 933 of the Act, IAASA and the ICAI agreed terms of settlement on the basis that it had been determined that ICAI failed to comply with its approved investigation and disciplinary procedures.

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

3.5.2 Liquidations

During 2017 the Authority implemented its process for the registration of certain liquidators under section 633 of the Act ("Category 5 liquidators"). As part of this process it issued two Statutory Instruments. SI 302 of 2017 set out the prescribed form for persons to apply to be Category 5 liquidators, and SI 303 of 2017 set the standard fee at €2,500. By the deadline of 1 December the Authority had received 26 applications and these were all in the process of being reviewed at the year end.

3.5.3 Training and Development

During 2017, the Authority reviewed and revised its training support policy for staff. IAASA supports its staff through a range of programmes including CPD support, support for longer-term relevant education programmes, and where appropriate bespoke training. Where membership of international groups provides opportunities for training and development these are provided to staff. The Authority also actively seeks to provide further opportunities for development through cross-unit projects and similar activities. Specific in-house training was supplied for staff on the impact of IFRS 9.

3.5.4 Office expansion

As part of responding to its expanded remit, the Authority undertook a project to expand its floorspace in its current premises in Naas. During 2017 the Authority took possession of an additional floor in its offices in Willow House on lease. Relevant IT, security and office support facilities were all completed during the year. The new facilities include additional meeting spaces for staff. The Office also invested in securing enhanced broadband which was necessary both for in-house staff and also to support our teams increasingly working off site for extended periods of time.

3.5.5 Activities arising from Business Plan

Business Plan Objectives	Outcomes
Establish a system for the conduct of investigations into suspected irregularities	During the year IAASA recruited a Conduct Team Lead. It assisted the Department in their drafting of Companies (Statutory Audits) Bill 2017 in relation to powers for Conduct. In addition the Conduct Unit commenced work on detailed planning for single investigations process across the authority
Develop and operate a system for the authorisation of category 5 liquidators	A standard form and a fee for the authorisation of category 5 liquidators was set out in two Statutory Instruments. Applications received by deadline of 1 December were then put through a formal review process which was ongoing at the year end.
Implement a learning and development strategy for staff	The Authority revised its programme for staff support in engaging in ongoing training and development. It also provided bespoke training courses on specific issues relevant to the Authority's remit. As part of education support, 89 training days were taken by staff relating to some 70 training and development courses.

CHAPTER 4

Governance and Structure

4.1 Legal structure

IAASA is a company limited by guarantee with the following 13 members of the company at 31 December 2017:

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

* Denotes a PAB

4.2 Organisational structure

4.2.1 Overview

By year-end, IAASA had 24 staff, structured into five units as follows:

- Audit Quality, which was concerned principally with quality assurance of audits of PIEs, and the adoption of Auditing Standards in Ireland;
- Financial Reporting Quality, which was concerned principally with certain entities' financial reporting examination and enforcement;
- Regulatory and Monitoring Supervision, which was concerned principally with supervision of the PABs' regulation of their members;
- Conduct and Legal Services, which, in addition to providing in-house legal advice, coordinates the Authority's statutory investigations and procedures; and
- Finance and Administration, which provides corporate services support to IAASA, together with providing a Secretariat to the Board and to certain of its Committees.

4.2.2 Approved staff complement

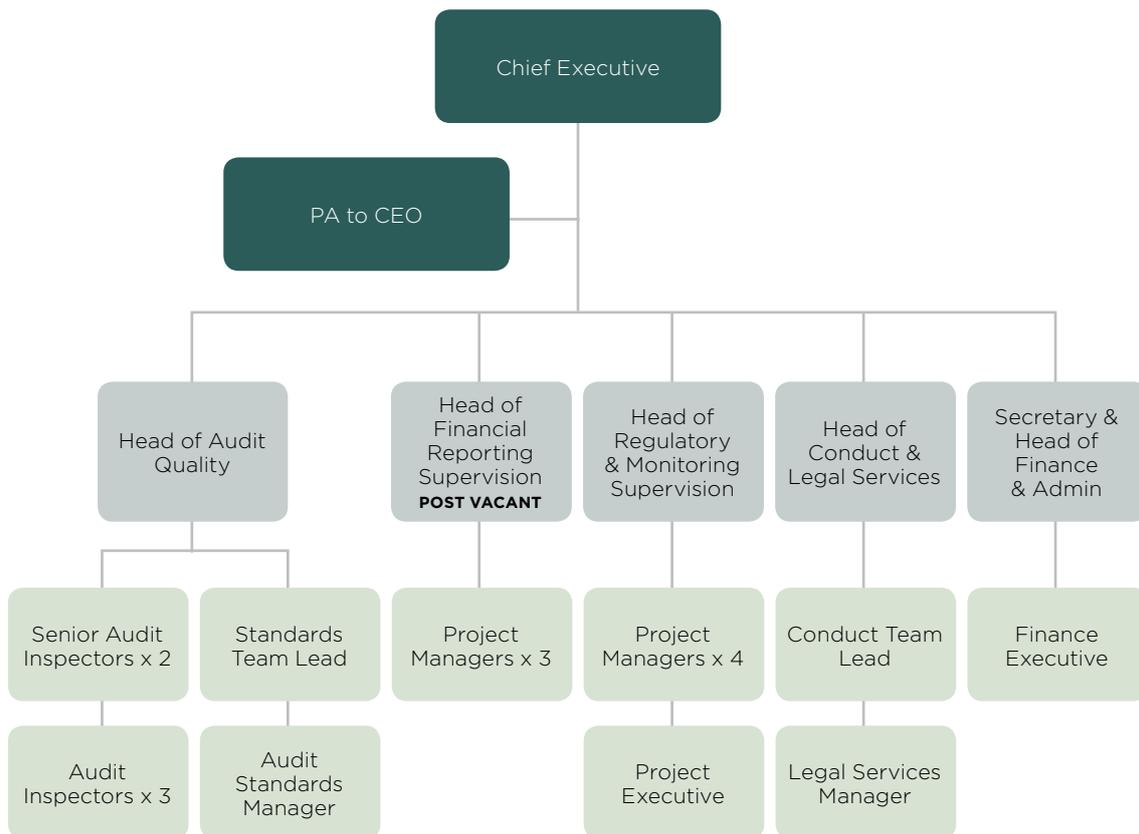
The numbers, grades, and terms and conditions of IAASA's staff are determined by IAASA with the approval of the Minister, given with the consent of the Minister for Public Expenditure and Reform. Accordingly, any amendments to IAASA's approved staff complement require both Ministers' prior approval.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

Table 4.1: Approved and actual staff complements as at year end

Grade	Approved	Actual
Chief Executive	1	1
Heads of Function	5	4
Team Leaders/Inspectors	15	7
Project/Policy Managers	10	7
Project/Administrative Executives	10	4
Clerical Support Staff	2	1
Total	43	24

4.2.3 Organisational chart

IAASA's organisational structure as at 31 December 2017, reflecting the actual staff complement at that date, was as set out in the organisation chart below.



4.3 Financial overview

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

Total expenditure in 2017 amounted to €3.1m, from a budget of €5.6m. The principal variations from budget comprised:

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

4.4 Governance

4.4.1 Board of directors

Pursuant to the Act, IAASA is governed by a Board of nine directors, eight of whom are non-executive and appointed by the Minister having been nominated by those entities set out in Table 4.2. (The equivalent provision of the Companies (Auditing and Accounting) Act 2003 ('the 2003 Act') provided for 15 directors. Directors appointed under the 2003 Act remain as Board members until the expiration of their respective warrants.) The remaining director is the Chief Executive, who is appointed by the Board. The Act specifies that the Authority operates independently of Government and the Minister is statutorily precluded from giving directions to the Authority in the discharge of its functions.

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

Table 4.2: Board of directors – nominating bodies

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

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

4.4.2 Directors' biographies

Set out below are brief biographies of those persons who were members of the Board as at the date of issue of this Report, i.e. 30 April 2018. The Board composition at year end and changes in directors since the last Annual Report are tabulated in Appendix 1.

Martin Sisk, Chairperson, has over 31 years regulatory and business related experience. A qualified Solicitor, he started his career in the Revenue Commissioners, served as Registrar of Friendly Societies 1985 – 2003, Deputy Registrar of Credit Unions 2003 -2006, Deputy Head of Consumer Protection Codes 2007 – 2008 and as Head of the Anti- Money Laundering, Terrorist Finance and Financial Sanctions Unit of the Central Bank 2008 – 2010. He retired from the Central Bank in July 2010. Martin was elected to the Board of Malahide and District Credit Union in December 2010 and continues to be a Director. He was elected to the Board of the Irish League of Credit Unions in February 2011 and was subsequently elected as Vice President 2011 – 2013 and President 2013 – 2015. He continues to be a Director. Martin was appointed a Director of VHI Healthcare in March 2012 for a three year term (2012 – 2015) and was subsequently appointed as Chairman in September 2012 for the remainder of his term. Martin was appointed as the Independent Non – Executive Director of the Interim Board of the Office of Government Procurement in May 2015. Martin was appointed to the Board of the Health Information and Quality Authority in July 2015.

Kevin Prendergast, Chief Executive, joined IAASA in November 2016 from his role as Head of Enforcement with the Office of the Director of Corporate Enforcement, having been employed there since 2005. Prior to that he worked in the Large Cases Division of the Revenue Commissioners and also has several years experience in the private sector including a number of years working in an audit firm. Kevin is a Fellow of Chartered Accountants Ireland.

Mary Burke is Head of the Financial Risks and Governance Division of the Central Bank of Ireland. The Division is responsible for the development of policy for the prudential regulation of banking and insurance undertakings as well as corporate governance, auditing and accounting policy across financial services sectors and leads the Central Bank of Ireland's engagement in European regulation and policymaking in these areas. She has worked with the Central Bank since 1984 moving into financial services supervision in 1997. Previous roles within the Central Bank have included Head of Banking Supervision and Head of Securities and Exchanges Supervision. Mary is a Fellow of the ACCA.

Caitriona Crowley is a Principal Officer in the Revenue Commissioners. She is currently responsible for capital gains tax policy, legislation and interpretation in Revenue's Business Taxes Division. Previously, she worked in the International Tax Division and Large Cases Division of Revenue, where her responsibilities have included tax treaty negotiation and interpretation, membership of Revenue's Base Erosion and Profit Shifting (BEPS) team and audit of multinational companies. She qualified as a Chartered Accountant in 2008 and before joining Revenue, worked as an Audit Manager in PwC. Caitriona holds a B.Comm and M.Acc from UCD and is an Associate of the Irish Tax Institute. She also holds an Advanced Diploma in International Taxation from the Chartered Institute of Taxation in the UK.

David Devlin was a partner in PwC in Dublin until 30 September 2012. He continued with the PwC global network for a further year, latterly as Leader, Public Policy and Regulatory Affairs for PwC's network firms in Europe. David was a member of the EC European Corporate Governance Forum from 2005 to 2011. He is a past President of FEE, the European Federation

of Accountants, having served two terms from 2002 to 2006. He was for two terms a member of International Federation of Accountants' ('IFAC') International Ethics Standards Board for Accountants, which is responsible for the profession's global Ethics Code. Previously he has been a member of the Supervisory Board of the European Financial Reporting Advisory Group, established to advise the EC, and of the Urgent Issues Task Force of the United Kingdom Accounting Standards Board (now Corporate Reporting Council of the FRC). David has been honoured with a Lifetime Achievement Award by the ICAI and with honorary life membership by both the ACCA in the UK and the CPA. He is a director of Our Lady's Children's Hospital Crumlin; a member of the Board of Management of CBC Monkstown; and chair of the European Corporate Governance Institute in Brussels.

Etain Doyle is an accountant and accredited executive coach with a varied portfolio including running a peer learning circle and coaching SME CEOs. Apart from Board membership of IAASA, she is a member of the Ireland Committee of the ACCA and Chairperson of the Audit Committee of the NCCA. She also serves as Director for some not-for-profit organisations.

Nicole Lappin was awarded a law degree from Queen's University Belfast before qualifying as a barrister from King's Inns Dublin. She has practised in both Dublin and Belfast. As an inaugural member of the Education Authority in Northern Ireland she has extensive experience in corporate governance. Along with her colleagues on the board Nicole oversaw the transition of five Education and Library Boards into a single organisation without loss of or reduction to services. She contributed to the 2017/2027 Strategic Plan which outlines the continuing process of transforming how education services are delivered in Northern Ireland. In 2017 Nicole was appointed as an independent non-executive board member of the Northern Ireland Courts and Tribunals Service and currently chairs its audit and risk committee.

Aileen O'Donoghue is Director of Strategy, Policy and Communications at the ISE. In addition, she is Chairperson of the IFSC Ireland Executive Committee. Prior to joining the ISE, Aileen was Director of Financial Services Ireland, the

representative body for the Irish financial sector in IBEC. She has participated on a number of national and international bodies including the National Economic and Social Forum, the Expert Group on Future Skills Needs, the National Training Advisory Council and Skillnets. Aileen is the holder of an MBA from University College Dublin.

Conor O'Mahony is currently a Principal Officer in the ODCE, where he has responsibility for matters relating to insolvent companies. He previously headed up the Small and Medium Enterprise Policy Unit in the Department and before that worked in the Department of Finance and the Revenue Commissioners. Conor was a member of the Review Group on Auditing that led to the establishment of IAASA.

4.4.3 Board procedures

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

The Board has put in place a formal Schedule of Matters reserved specifically to it for decision, which covers key areas of policy and IAASA's

statutory functions and powers. Certain matters are delegated to Board Committees, as outlined in section 4.5, and the Board has also put in place a system of formal delegations of authority to the Chief Executive.

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

4.4.4 Board meetings

During the year, the Board held nine meetings. The membership of the Board during the year, together with details of the number of meetings attended by each director, is set out in the Table 4.3.

Table 4.3: Directors' attendance at Board meetings

Director	Meetings attended/ Meetings eligible to attend
Ms. Deirdre Behan	9/9
Ms. Mary Burke	7/9
Ms. Marie Daly	9/9
Mr. David Devlin	8/9
Ms. Etain Doyle	8/9
Mrs. Nicole Lappin	4/4
Ms. Aileen O'Donoghue	5/9
Mr. Conor O'Mahony	9/9
Mr. Kevin Prendergast	9/9
Mr. Martin Sisk (Chairperson)	9/9

4.4.5 Board Committees

The Board has established a number of Committees to assist it in discharging its functions and responsibilities. All Committees have written terms of reference and report regularly to the Board. Details of Committees' mandates and memberships are set out in Table 4.4.

Table 4.4: Board Committees – mandates and membership

Committee	Mandate	Membership at 31 December 2017
Section 933 committees	In accordance with section 933 of the Act from time to time IAASA establishes Preliminary Enquiry Committees ('PECs') and Enquiry Committees for the purpose of determining whether a PAB has complied with its approved investigation and disciplinary procedures.	Board members are nominated to PECs/ Enquiry Committees as and when the need arises.
Section 934 committees	In accordance with section 934 of the Act from time to time IAASA establishes Preliminary Investigation Committees ('PICs') and Investigation Committees for the purpose of determining whether there has been a possible breach of standards by a PAB member.	Board members are nominated to PICs/ Investigation Committees as and when the need arises.
Audit committee	Monitoring the integrity of IAASA's financial statements, the effectiveness of IAASA's internal control and risk management systems and monitoring and reviewing the effectiveness of the internal and external audit processes.	Conor O'Mahony (Chairperson) Deirdre Behan <i>(resigned 2 Jan 2018)</i> David Devlin Nicole Lappin <i>(Appointed 19 Dec 2017)</i>

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

The audit committee comprises three non-executive directors and its terms of reference are set out in the Charter of the Audit Committee ('the Charter'), available on the Authority's website. The Charter sets out specific roles and responsibilities for the audit committee, and Table 4.5 sets out how these roles were discharged in 2017.

Table 4.5: Audit committee activities

Charter Requirement	Actions taken during 2017
Internal controls and risk management systems (section 6.1)	<ul style="list-style-type: none"> The committee reviewed the Authority's risk register following a detailed review and consolidation by the Chief Risk Officer. The committee finalised its review of the System of Internal Financial Control ('SIFC') for 2015 in conjunction with the internal auditor. The committee reviewed the SIFC for 2016 in conjunction with the internal auditor.
Financial reporting (section 6.2)	<ul style="list-style-type: none"> The committee reviewed the 2016 Annual Report to the Minister, and considered the Report understandable, consistent and unbiased.
Whistle-blowing (section 6.3)	<ul style="list-style-type: none"> The Board approved Internal and External Protected Disclosure procedures in December 2016, which replaced the previous whistle-blowing procedures.
Compliance with laws, regulations and the Code of Practice for the Governance of State Bodies ('the Code') (section 6.4)	<ul style="list-style-type: none"> As alluded to above, IAASA's internal auditor completed a detailed audit of the SIFC, including testing of IAASA's compliance with the Code. The committee satisfied itself that no material instances of non-compliance arose during the year under review. The committee considered the Authority's compliance with the 2016 revision of the Code, applicable with effect from 1 September 2017. The committee commenced an evaluation of its own performance, which was ongoing at year end.
Internal audit (section 6.5)	<ul style="list-style-type: none"> The committee considered and approved a three-year audit plan for the period 2017 – 2019 in conjunction with the Authority's internal auditors, CrowleysDFK.
External audit (section 6.6)	<ul style="list-style-type: none"> As mandated by the Act, the C&AG remained and remains IAASA's external auditor. The committee considered the C&AG's report on its 2015 audit, which identified no issues which required to be reported in a management letter. The C&AG carried out its audit of the 2016 Financial Statements and cleared said Statements for approval by the directors.
Reporting responsibilities (section 6.7)	<ul style="list-style-type: none"> A report from the Chairperson of the Audit Committee to the Board was given at each Board meeting in 2017.
Other matters (section 6.8)	<ul style="list-style-type: none"> The committee considered the Authority's readiness for compliance with the General Data Protection Regulation, and oversaw the retention of consultants to carry out a GAP analysis.

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

The audit committee will review the 2017 Financial Statements prior to their consideration and approval by the Board.

In anticipation of the expiration of the term of office of Ms Deirdre Behan as a director of IAASA on 2 January 2018, Mrs Nicole Lappin was appointed as a member of the audit committee with effect from 19 December 2017.

4.5 Corporate governance statement

4.5.1 Introduction

The Board is committed to operating and maintaining the highest standards of corporate governance and to ensuring compliance with IAASA's various legal and other obligations. As a body established under statute, IAASA is subject to the provisions of the Code of Practice for the Governance of State Bodies as issued by the Department of Public Expenditure and Reform. The Code sets out the principles of corporate governance applicable to State bodies.

The directors acknowledge their responsibility for preparing the Annual Report and the Financial Statements respectively, and consider that these documents, taken as a whole, are fair, balanced and understandable, and provide the information necessary for stakeholders to assess IAASA's performance, business model and strategy. Except where otherwise stated, the directors believe that IAASA has complied with the provisions of the Code.

4.5.2 Statement of compliance

IAASA has taken the following steps to ensure its ongoing compliance with the Code:

- adopted a Schedule of Matters Reserved to the Board and adopted formal and documented delegations of authority to Board Committees and to the Chief Executive, which are reviewed from time to time;
- documented the Chief Executive's and Chairperson's respective roles;
- put in place measures whereby directors have access to the advice and services of the Secretary and to independent legal advice where considered necessary;
- put in place mechanisms by which the Board is regularly apprised of significant matters pertaining to IAASA's supervisory and enforcement remits and to its finances;
- put in place measures to ensure that the Board receives regular, high quality information on which to base its decision making;
- implemented measures to ensure that new directors are provided with a specialised directors' orientation briefing upon appointment to the Board including a detailed outline of their fiduciary duties under law;
- adopted Codes of Conduct for both directors and employees;
- appointed an audit committee comprising of non-executive directors;
- appointed an external provider of internal audit services;
- developed and approved Charters for both the audit committee and internal auditors which reflect both best practice and the Irish Code's requirements;
- developed a risk management policy containing policies and procedures designed to identify and quantify key business risks and to assist IAASA in the management of those risks;
- carried out a robust assessment of the principal risks facing the company;
- put in place a system of documented internal controls and related procedures, which addresses IAASA's obligations under public sector procurement requirements;
- adopted protected disclosure procedures, i.e. whereby employees of IAASA or members of the public can, in strict confidence, raise any concerns that they might have regarding possible irregularities in financial reporting or other matters directly with the Secretary to the Board or Chief Executive respectively;
- introduced formal procedures for addressing any instances in which Board members have a concern that cannot be resolved, registering of such concerns and bringing of such concerns to the Board's attention;

- adopted requirements regarding the disclosure of interests by directors;
- ensured that appropriate directors' and officers' insurance is in place;
- resolved that the topic of risk management should become a standing agenda item at Board meetings, conferred responsibility for monitoring risk management on the audit committee and appointed a Chief Risk Officer at a senior level;
- adopted a policy whereby IAASA shall comply with all Department of Finance circulars regarding travel and subsistence;
- conducted Board meetings in the absence of the Chief Executive; and
- adopted a Customer Charter to provide information on the standards of service that stakeholders can expect from IAASA.

IAASA's directors and senior management are also subject to the provisions of Ethics in Public Office legislation, which requires, amongst other things, the annual disclosure of any interests that could materially influence them in relation to the performance of their official functions.

4.6 Other public sector and other governance obligations

4.6.1 Legal and governance obligations as a body established under statute

The Board is principally assisted in ensuring IAASA's compliance with its legal and governance obligations by the Secretary and Head of Finance and Administration and the Head of Conduct and Legal 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.

4.6.2 Legal requirements under the Companies Acts

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

- held IAASA's eleventh Annual General Meeting on 11 July 2017; and
- filed the company's Annual Return with the Registrar of Companies on 18 July 2017.

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

4.6.3 Principal legal requirements under other legislation

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

- health and safety legislation;
- employment and related legislation;
- tax law, including those provisions relating to the necessity for certain service providers to IAASA to hold valid Tax Clearance Certificates in advance of payments being made;
- General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679);
- 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 and the Official Languages Act do not apply to IAASA by virtue of it not having been designated for such purposes at this time.

4.6.4 Protected disclosures

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

2017 FINANCIAL &
RELATED STATEMENTS

Report of the Directors

Introduction

The directors are pleased to submit to the twelfth Annual General Meeting of the Irish Auditing and Accounting Supervisory Authority ('IAASA') the financial statements for the year ended 31 December 2017, together with the Report of the Directors, which has been prepared pursuant to the provisions of section 325 of the Companies Act 2014 ('the Act').

Principal activities

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

- (a) examination and enforcement of certain listed entities' periodic financial reporting;
- (b) supervision of the regulatory functions of the Prescribed Accountancy Bodies ('PABs'); and
- (c) inspection and promotion of improvements in the quality of auditing of Public Interest Entities ('PIEs');

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

Business Overview

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

Financial position

The assets and liabilities and financial position of the company are set out in detail in the financial statements on pages 47 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 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 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 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 Act. The functions of the Board are set out in section 905 of the 2014 Act. The Board is statutorily independent in the performance of its functions and is responsible for ensuring good governance and

performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of IAASA are the responsibility of the Chief Executive with the support and assistance of the senior management team. The Chief Executive and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. While senior managers routinely attend Board meetings, the Chief Executive, who is a director, acts as a direct liaison between the Board and management of IAASA.

Board Responsibilities

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

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

Section 927 of the 2014 Act requires IAASA to keep, in such form as may be approved by the Minister for Business, Enterprise & Innovation (with consent of the Minister for Public Expenditure and 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 2017 at its meeting on 20 September 2016. Financial information including management accounts detailing actual and budgeted expenditure were considered by the Board at each meeting in 2017. Ongoing evaluation of operational issues also occurred at each meeting. The Authority's three year work programme 2017 - 2019 was approved by the Board on 20 December 2016. At its meeting of 30 January 2018, following an evaluation of the Board's performance, the Board agreed a revised approach to review of its annual business plan.

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 2017.

Board Responsibilities

As set out in section 4.4 and Appendix 1 of the Authority's Annual Report and pursuant to the 2014 Act, IAASA is governed by a Board of nine directors, eight of whom are non-executive and appointed by the Minister having been nominated by those entities set out in Table 4.2 of the Annual Report. (The equivalent provision of the 2003

Act provided for 15 directors. Directors appointed under the 2003 Act remain as Board members until the expiration of their respective warrants.) The remaining director is the Chief Executive, who is appointed by the Board. The Act specifies that the Authority operates independently of Government and the Minister is statutorily precluded from giving directions to the Authority in the discharge of its functions. The 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 four years. The composition of the Board at 31 December 2017, and movements since that date, are set out below:

Composition of Board at 31 December 2017

Board Member	Occupation	Nominating body	Date appointed
Martin Sisk (Chairperson)	Solicitor and former regulator	Minister	21 December 2016
Deirdre Behan	Principal Officer, Revenue Commissioners	Revenue Commissioners	3 January 2012
Mary Burke*	Head of the Prudential Policy and Governance, Central Bank	Central Bank	14 October 2015
Marie Daly	Head of Legal and Regulatory Affairs, IBEC	IBEC	3 January 2006
David Devlin*	Accountant	PABs	30 May 2014
Etain Doyle*	Accountant	PABs	30 May 2014
Nicole Lappin	Barrister	Minister	13 September 2017
Aileen O'Donoghue	Director of Strategy, Policy and Communication, ISE	ISE	3 January 2014
Conor O'Mahony	Principal Officer, ODCE	Director of Corporate Enforcement	1 March 2012
Kevin Prendergast*	Chief Executive	<i>Ex-officio</i>	14 November 2016

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

Details of appointments and reappointments to the Board during the year

Director	Date appointed	Nominating body	Reason for vacancy	Term Expires
Nicole Lappin	13 September 2017	Minister	Expiration of warrant of appointment of Ms Muireann O'Neill on 31 August 2015	12 September 2020

Details of resignations from the Board during the year

Director	Occupation	Nominating body	Date of resignation
Michael Quinlan	Solicitor	Law Society	2 January 2017

The Board commenced a process of external evaluation of its own performance in early January 2018. A formal discussion took place at its meeting on 30 January 2018.

As set out on section 4.4.5 of the Annual Report, the Board has established a number of Committees to assist it in discharging its functions and responsibilities. All Committees have written terms of reference and report regularly to the Board. Details of Committees' mandates and memberships are set out in Table 4.4 of the Annual Report, below.

Board Committees – mandates and membership

Committee	Mandate	Membership at 31 December 2017
Section 933 committees	In accordance with section 933 of the 2014 Act from time to time IAASA establishes Preliminary Enquiry Committees ('PECs') and Enquiry Committees for the purpose of determining whether a PAB has complied with its approved investigation and disciplinary procedures.	Board members are nominated to PECs/ Enquiry Committees as and when the need arises.
Section 934 committees	In accordance with section 934 of the 2014 Act from time to time IAASA establishes Preliminary Investigation Committees ('PICs') and Investigation Committees for the purpose of determining whether there has been a possible breach of standards by a PAB member.	Board members are nominated to PICs/ Investigation Committees as and when the need arises.
Audit & Risk Committee	Monitoring the integrity of IAASA's financial statements, the effectiveness of IAASA's internal control and risk management systems and monitoring and reviewing the effectiveness of the internal and external audit processes.	Conor O'Mahony (Chairperson) Deirdre Behan (resigned 2 Jan 2018) David Devlin Nicole Lappin (Appointed 19 Dec 2017)

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

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

Schedule of Attendance, Fees and Expenses

A schedule of attendance at Board meetings is set out in section 4.4.3 of the Annual Report. Details of fees and expenses paid to members are disclosed in the Authority's Financial Statements, and have been provided to the Minister for Business, Enterprise & Innovation.

	Board	Audit & Risk Committee	S. 933 EC 1/2015	Fees (€)	Expenses (€)
	Meetings attended/meetings eligible to attend			(Note 1)	(Note 2)
Martin Sisk (Chairperson)	9/9			11,970.00	4,807.65
Kevin Prendergast (Chief Executive)	9/9	-	-	-	-
Deirdre Behan	9/9	4/4	-	-	83.63
Mary Burke	7/9		1/1	-	-
Marie Daly	9/9	-	-	7,695.00	-
David Devlin	8/9	4/4	-	7,695.00	-
Etain Doyle	8/9	-	-	7,695.00	-
Nicole Lappin	4/4	1/1	-	2,298.00	911.92
Aileen O'Donoghue	5/9	-	-	7,695.00	-
Conor O'Mahony	9/9	4/4	-	-	-

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

Note 2: Expenses paid to the Chief Executive, an *ex-officio* Director/Board member, are excluded from this table on the basis that they are incurred by him pursuant to his role as Chief Executive rather than as a Board member. In any event, any expenses paid to the Chief Executive are publicly disclosed in IAASA's financial statements.

Note 3: Section 933 Enquiry Committees:

- EC 1/2015 was established in November 2015 and dissolved in May 2017. Ms Mary Burke was the sole Board member appointed, together with two External Appointees.
- PEC 1/2017 was established on 30 May 2017, and dissolved on 11 July 2017 without formally meeting. Mrs Nicole Lappin was the sole Board member appointed, together with two External Appointees.
- PEC 2/2017 was established on 19 September 2017, and held its first meeting on 18 January 2018. Mrs Nicole Lappin was the sole Board member appointed, together with two External Appointees.

Key Personnel Changes

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

As set out in above, Mr Michael Quinlan resigned from the Board on 2 January 2017 of the expiration of his warrant of appointment. As the Law Society of Ireland is not a nominating body under the 2014 Act, he was not replaced. Mrs Nicole Lappin was appointed to the Board on 13 September 2017, filling a vacancy that had pertained since 2015.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

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

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

The Authority did not incur costs under this heading in 2017.

Travel and Subsistence Expenditure

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

Hospitality Expenditure

As set out in Note 18 of the Financial Statements, 2017 expenditure on entertainment totalled €6,913 [2016: €357]. This includes expenditure incurred in hosting an EU conference in October 2017.

Statement of Compliance

IAASA has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016, with the following exceptions:

- The Authority has developed detailed internal procurement processes within specified limits, and save for the foregoing, strictly adheres to these processes and with relevant Government circulars in this regard. The Authority is also party to contracts negotiated centrally by the Office of Government Procurement related to items such as air travel, stationery and ICT consumables. In view of the scale of the Authority, a bespoke Corporate Procurement Plan as described in the Code was not developed in 2017. Such a Plan will be put in place in 2018.
- IAASA engaged its existing ICT service provider to carry out certain ICT works rather than seeking competitive tenders. Further details are set out in the Statement of Internal Control (Page 10).

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

Martin Sisk
Chairperson

29 MAY 2018

Kevin Prendergast
Chief Executive

29 MAY 2018

Statement on Internal Control

Scope of Responsibility

On behalf of the Irish Auditing & Accounting Supervisory Authority ('IAASA'), I acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

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 and Reform, has been in place in IAASA for the year ended 31 December 2017 and up to the date of approval of the financial statements except for the internal control issues outlined below.

Capacity to Handle Risk

IAASA has an Audit and Risk Committee (ARC) comprising three Board members, one of whom is the Chair. In accordance with Section 907(2A) of the Act, all Board members are knowledgeable in areas relevant to the conduct of statutory audit. The ARC met four times in 2017.

IAASA has also appointed CrowleysDFK as internal auditors for the period 2016-2018, who are adequately resourced to conduct a programme of work agreed with the ARC.

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

Risk and Control Framework

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

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

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

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

Ongoing Monitoring and Review

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

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

Procurement

I confirm that IAASA has procedures in place to ensure compliance with current procurement rules and guidelines. Matters arising regarding controls over procurement are highlighted under internal control issues below.

Review of Effectiveness

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

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2017.

Internal Control Issues

Divergence from D/PER procurement requirements

The Authority acquired an additional floor *via* the Office of Public Works in 2016, and incremental ICT works were undertaken in 2017. IAASA considered the critical nature of ICT to the Authority, particularly in the context of its decentralised location and the requisite connectivity requirements of its on-site inspection teams, and the existing provider's detailing knowledge of the physical and technical infrastructure. In view of the foregoing, the ICT works required to extend the existing infrastructure were undertaken by the existing ICT service provider and competitive tenders were not sought. The total paid to the provider for all services, including the expansion works, the Authority's business-as-usual ICT support needs and third party licencing, was €68,719.

In view of the significant expansion to the Authority's scale since 2016, the Authority was granted sanction to recruit a dedicated ICT & Facilities Executive late in 2017, and this process is underway. Once in place, the Authority's ICT support needs will be reviewed and the nature of its external resource revised accordingly.

Signed on behalf of the Board:

Martin Sisk

Chairperson

29 MAY 2018

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 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 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 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 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

29 MAY 2018

Kevin Prendergast
Chief Executive

29 MAY 2018

Ardreachtair Cuntas agus Ciste
Comptroller and Auditor General:
Report for presentation to the Houses of the Oireachtas

Opinion on financial statements

I have audited the financial statements of the Irish Auditing and Accounting Supervisory Authority for the year ending 31 December 2017 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 2017 and of its income and expenditure for 2017
- 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

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 director's responsibility statement and the statement on internal control. 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.

Patricia Sheehan

For and on behalf of the Comptroller and Auditor General

15 JUNE 2018

Appendix to the report

Responsibilities of the Directors

The director's responsibilities statement sets out the directors' responsibilities. The directors are responsible for

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

Responsibilities of the Comptroller and Auditor General

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

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

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

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Information other than the financial statements

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

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

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if 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 there is 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 2017

	Note	2017 €	2016 €
Non-current assets			
Property, Plant & Equipment	4	122,073	108,066
Deferred Finance Lease Costs		268	199
		<u>122,341</u>	<u>108,265</u>
Current Assets			
Inventory		2,910	2,296
Receivables	5	140,040	764,789
Deferred Finance Lease Costs		1,560	440
Rent Incentive		-	12,264
Cash & Cash Equivalents	6	2,453,161	955,229
		<u>2,597,671</u>	<u>1,735,018</u>
Creditors: Amounts falling due within 1 year			
Payables	7	179,788	272,049
Deferred Rent Incentive	8	6,710	-
Finance lease obligations	9	4,306	2,242
Excess PAB Levy Income	10	804,767	363,961
Excess PIE Audit Firm Levy Income	10	769,525	449,539
Excess Departmental Grant Income	10	403,970	189,455
		<u>2,169,066</u>	<u>1,277,246</u>
Net Current Assets		428,605	457,772
Amounts falling due after 1 year			
Deferred Rent Incentive	8	45,601	52,311
Finance lease obligations		8,903	3,926
		<u>54,504</u>	<u>56,237</u>
Net Assets before Retirement Benefits		<u>496,442</u>	<u>509,800</u>
Retirement Benefits			
Retirement Benefit Liability	11	(3,328,000)	(2,665,000)
Deferred Exchequer Retirement Benefit Funding	11	3,328,000	2,665,000
Net Assets after Retirement Benefits		<u>496,442</u>	<u>509,800</u>
Reserves			
Income reserve		-	-
Capital Account	12	122,073	108,066
Reserve Fund		374,369	401,734
Members' Funds		<u>496,442</u>	<u>509,800</u>

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

Martin Sisk
Chairperson

29 MAY 2018

Kevin Prendergast
Chief Executive

29 MAY 2018

Statement of Income and Expenditure for the year ended 31 December 2017

	Note	2017 €	2016 €
Revenue	13	3,127,746	2,625,259
Administrative Expenses			
Staff Costs	14	2,157,878	1,732,999
Directors' Fees	15	45,048	41,091
Accommodation		230,500	277,337
Travel & Subsistence	16	107,644	76,754
Legal and Professional Services	17	307,667	224,242
Office Expenditure	18	90,597	55,925
Information Technology		21,493	89,067
Professional Development		95,893	55,587
Insurance		27,034	25,438
Auditor's Remuneration	19	13,000	12,000
Depreciation		44,395	26,585
Total Administrative Expenses		3,141,149	2,617,025
(Deficit)/Surplus of Income over Admin Expenses before Finance Costs		(13,403)	8,234
Finance costs		879	653
(Deficit)/Surplus of Income over Admin Expenses after Finance Costs		(14,282)	7,581
Finance Income	20	924	1,546
(Deficit)/Surplus for the year		(13,358)	9,127
Other comprehensive income			
Experience (losses)/gains on pension scheme liabilities		(83,000)	(23,000)
Changes in assumptions		(204,000)	(568,000)
Adjustment to deferred Exchequer pension funding		287,000	591,000
Total recognised (deficit)/surplus for the year		(13,358)	9,127

Martin Sisk
Chairperson

29 MAY 2018

Kevin Prendergast
Chief Executive

29 MAY 2018

Statement of Changes in Reserves and Capital Account for the year ended 31 December 2017

	Income Reserve €	Capital Account €	Reserve Fund €	NET ASSETS €
Balance - 1 January 2016	-	108,365	392,308	500,673
Surplus for the year	9,127	-	-	9,127
Transfer from Income & Expenditure Account:	-	-	-	-
Income applied to capitalised asset acquisitions	(106,899)	106,899	-	-
Less: Amortisation applied in line with asset depreciation	26,585	(26,585)	-	-
Add: reallocation of previously capitalised expenditure	80,613	(80,613)	-	-
Income receivable on reserve fund monies	(1,068)	-	1,068	-
Amounts receivable in respect of fines (S. 933, 2014 Act)	(30,000)	-	30,000	-
Amounts payable from reserve fund (S. 933, 2014 Act)	21,642	-	(21,642)	-
Actuarial (loss) on pension liabilities	(591,000)	-	-	(591,000)
Adjustments to deferred Exchequer pension funding	591,000	-	-	591,000
Balance - 31 December 2016 / 1 January 2017	-	108,066	401,734	509,800
Deficit for the year	(13,358)	-	-	(13,358)
Transfer from Income & Expenditure Account:	-	-	-	-
Income applied to capitalised asset acquisitions	(58,402)	58,402	-	-
Less: Amortisation applied in line with asset depreciation	44,395	(44,395)	-	-
Income receivable on reserve fund monies	(817)	-	817	-
Amounts payable from reserve fund (S. 933, 2014 Act)	28,182	-	(28,182)	-
Actuarial (loss) on pension liabilities	(663,000)	-	-	(663,000)
Adjustments to deferred Exchequer pension funding	663,000	-	-	663,000
Balance - 31 December 2017	-	122,073	374,369	496,442

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

Martin Sisk
Chairperson

29 MAY 2018

Kevin Prendergast
Chief Executive

29 MAY 2018

Statement of Cash Flows for the year ended 31 December 2017

	Note	2017 €	2016 €
Net Cash Inflow from Operating Activities	21	1,555,573	125,504
Cash flows from financing activities			
Interest Received		761	1,700
Cash flows from investing activities			
Payments to Acquire Tangible Fixed Assets		(58,402)	(106,899)
Increase in Cash & Cash Equivalents in Year		1,497,932	20,305
Reconciliation of Net Cash Flow to Movements in Net Funds			
Increase in Net Funds in Year	22	1,497,932	20,305
Net Funds at 1 January		955,229	934,924
Net Funds at 31 December		2,453,161	955,229

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

 Martin Sisk
Chairperson

29 MAY 2018

 Kevin Prendergast
Chief Executive

29 MAY 2018

Notes to Financial Statements

1 Basis of Preparation

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

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

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

2 Accounting policies applied

2.1 Non-current Assets - depreciation

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

2.2 Non-current Assets purchased prior to establishment

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

2.3 Inventory

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

2.4 Revenue Recognition

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

Class of income	Source of Income	Recognition policy
Income from third country audit registration	Third country audit firm seeking registration	Recognised when registered. Registration fees in excess of €40,000 must be returned to the Department.
Liquidator registration	Liquidator seeking registration	Recognised when registered
Reserve Fund - to be used in performance of its functions under S933 of the Act	Exchequer and Prescribed Accountancy Bodies ('PABs') in a 40:60 ratio.	Recognised on date of approval by the Minister for Business, Enterprise & Innovation ('the Minister').
	Fines imposed by the Authority on foot of statutory enquiries/ investigations pursuant to sections 933, 934 and 935 of the Act.	Recognised on date of High Court approval
Inspection of the quality of audits of Public Interest Entities (PIEs)	PIE Audit firms	Recognised in line with expenditure incurred in the performance of the function in the financial period. Amounts received in excess of that are recognised as a creditor.
Adoption of Auditing Standards for use in Ireland	Recognised Accountancy Bodies (i.e., PABs which are permitted to authorise their members and/or member firms to perform statutory audits)	Amounts received in excess of that are recognised as a creditor
Transparency Directive	Exchequer funds 100% of IAASA's costs in relation to its functions under the Transparency Directive Regulations	Amounts received in excess of that are recognised as a creditor
Exchequer Income	Exchequer funds 40% of IAASA's net expenditure in the financial period not funded from the other sources list above.	Recognised in line with expenditure incurred in financial period
Prescribed Accountancy Bodies	PABs fund 60% of IAASA's net expenditure in the financial period not funded from the other sources list above.	Recognised in line with expenditure incurred in financial period

2.5 Key management personnel

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

2.6 Single Public Sector Pension Scheme

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

	Office refurbishment	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	0.00%	33.33%	20%	12.5%	
Cost	€	€	€	€	€
At 1 January 2017	-	65,955	32,340	84,912	183,207
Additions	-	47,421	8,398	2,583	58,402
Disposals	-	-	-	-	-
At 31 December 2017	-	113,376	40,738	87,495	241,609
Accumulated Depreciation					
At 1 January 2017	-	41,808	14,106	19,227	75,141
Charge for year	-	30,312	4,785	9,298	44,395
Disposals	-	-	-	-	-
At 31 December 2017	-	72,120	18,891	28,525	119,536
NET BOOK VALUE					
At 1 January 2017	-	24,147	18,234	65,685	108,066
At 31 December 2017	-	41,256	21,847	58,970	122,073

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

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

The notional Net Book Value of these assets at the reporting date, had they been capitalised and depreciated in accordance with IAASA policies, would be nil [2016: nil]. The bulk of the IT assets have, with the Department's permission, been disposed of.

4.1 Non-current assets 2016

	Office refurbishment	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	0.00%	33.33%	20%	12.5%	
Cost	€	€	€	€	€
At 1 January 2016	80,613	37,119	17,529	21,660	156,921
Additions	-	28,836	14,811	63,252	106,899
Disposals	-	-	-	-	-
Impairments (see note 2.2)	(80,613)	-	-	-	(80,613)
At 31 December 2016	-	65,955	32,340	84,912	183,207
Accumulated Depreciation					
At 1 January 2016	-	27,303	11,001	10,252	48,556
Charge for year	-	14,505	3,105	8,975	26,585
Disposals	-	-	-	-	-
At 31 December 2016	-	41,808	14,106	19,227	75,141
NET BOOK VALUE					
At 1 January 2016	80,613	9,816	6,528	11,408	108,365
At 31 December 2016	-	24,147	18,234	65,685	108,066

5 Receivables

	2017 €	2016 €
PIE Audit Firm Debtors	9,505	740,984
PAB Debtors	26,253	-
Other	104,282	23,805
	140,040	764,789

6 Cash and cash equivalents

	2017 €	2016 €
Bank - notice deposit (Reserve)	400,949	390,106
Bank - notice deposit (Non-Reserve)	1,221,941	521,874
Bank - current	830,227	43,205
Cash on Hand	44	44
Total cash & cash equivalents	2,453,161	955,229

€374,369 [2016: €401,734] of the funds held in the Authority's bank accounts at 31 December 2017 relate to the Reserve Fund and can only be used for the purposes as set out in Note 2.4.

7 Payables

	2017 €	2016 €
Pay and Pay-Related	49,599	32,951
Office of the Revenue Commissioners	13,288	6,577
Legal and Professional Services	63,764	10,536
Other	53,137	221,985
	179,788	272,049

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:

	2017		2016	
	First Floor €	Second Floor €	First Floor €	Second Floor €
- within one year	5,258	1,452	(13,716)	1,452
- in two to five years	26,290	5,808	21,030	5,810
- in more than five years	9,083	4,420	19,597	5,874
	40,631	11,680	26,911	13,136

9 Finance Costs

IAASA acquired office equipment in August 2015 by way of finance lease. The period of the lease is 63 months, and total payments of €11,776 will be made in this period. At the end of the lease period, ownership of assets (with a cash value of €9,193 in August 2015) will pass to IAASA.

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

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

	2017 €	2016 €
- within one year	4,306	2,242
- in two to five years	8,903	3,926
- in more than five years	-	-
	13,209	6,168

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

	2017 €	2016 €
Gross Expenditure per Statement of Income & Expenditure Adjust for:		
Unamortised amount of income used for capital acquisitions	3,141,149	2,617,025
Finance costs	14,007	(299)
Expenditure related to the Reserve Fund (Note 2.4)	879	653
	<u>(28,182)</u>	<u>(21,642)</u>
	3,127,853	2,595,737
Less:		
Non-reserve fund interest receivable	107	478
Liquidator registration	50,000	3,500
Income from third country audit entity registration	36,000	41,000
Net Expenditure for the year	<u>3,041,746</u>	<u>2,550,759</u>
Net expenditure attributable to the Exchequer		
i. Transparency Directive (100%) (Note 2.4)	391,459	239,339
ii. Audit Inspections Unit (100%) (Note 2.4)	-	341,228
iii. Excess income from Third Country Audit Entities (Note 2.4)	-	(1,000)
iv. Obligations under the Act (40% of balance)	<u>643,583</u>	1,035,042
662,692		
Net expenditure attributable to the PABs		
i. Audit Standards Adoption (100%) (Note 2.4)	105,855	-
ii. Obligations under the Act (60% of balance)	<u>965,374</u>	994,039
Net expenditure attributable to the PIE Audit Firms	935,475	314,461
	<u>3,041,746</u>	<u>2,550,759</u>

10.2 Calculation of Grant Debtor / Levy Carry Forward

	Exchequer €	PABs €	PIE Audit Firms €	Other €	Total €
Opening balance 1 January 2017	(189,455)	(363,961)	(449,539)	-	(1,002,955)
Income for specified purposes					
Liquidator registration				50,000	50,000
Third country auditor registration				36,000	36,000
Adoption of audit standards		105,855			105,855
Inspection of PIEs			935,475		935,475
Transparency Directive	391,459				391,459
Net expenditure	643,583	965,374			1,608,957
Income recognised in I&E (Note 13)	1,035,042	1,071,229	935,475	86,000	3,127,746
Amounts receivable	(1,249,557)	(1,512,035)	(1,255,461)	(86,000)	(4,103,053)
Movement 2017	(214,515)	(440,806)	(319,986)	-	(975,307)
Balance carried forward					
31 December 2017	(403,970)	(804,767)	(769,525)	-	(1,978,262)

11 Retirement Benefits

11.1 Overview

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

In summary, the arrangements are:

- 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 is currently 25% [2016: 25%]; and
- 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 31-12-2017	At 31-12-2016
Rate of increase in salaries	2.75%	2.50%
Rate of increase in pensions in payment	2.25%	2.00%
Discount rate	1.80%	1.75%
Inflation assumption	1.75%	1.50%
Life expectancy at age 70:		
Current pensioners - male	17.9 years	17.9 years
Current pensioners - female	20.2 years	20.2 years
Future pensioners - male	18.4 years	18.4 years
Future pensioners - female	20.8 years	20.8 years

Based on the above, the present value of liabilities at the balance sheet date is €3,328,000 [2016: €2,665,000], and the service cost (calculated on the foregoing assumptions) for the year is €335,000 [2016: €240,000]. Certain of IAASA's staff, who have accumulated service elsewhere in the public service, have not to date exercised the option to transfer said service to IAASA.

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

	2017 €	2016 €
Total employer contribution	372,423	319,720
*Current service cost	335,000	240,000
Interest cost	47,000	41,000
Adjustment to deferred Exchequer pension funding	(382,000)	(281,000)
Total charged to Statement of Income & Expenditure	372,423	319,720

*Employee contributions totalling €80,467 [2016: €68,057] have been included in the calculation of the current service cost.

11.4 Movement in net pension liability

	2017 €	2016 €
Net Pension Liability at 1 January	2,665,000	1,822,000
Current Service Cost	335,000	240,000
Interest Cost	47,000	41,000
Experience (gains) on scheme liabilities	83,000	23,000
Changes in assumptions	204,000	568,000
Pensions paid in the year (rounded)	(6,000)	(29,000)
Net Pension Liability at 31 December	3,328,000	2,665,000

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

	2017 €	2016 €	2015 €	2014 €	2013 €
Scheme liability	3,328,000	2,665,000	1,822,000	1,743,000	1,055,000
Experience (gains) on scheme liabilities	83,000	23,000	(44,000)	(13,000)	(96,000)
Changes in assumptions	204,000	568,000	(155,000)	499,000	(93,000)

12 Capital Account

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

13 Revenue

13.1 Approved Programme of Expenditure

IAASA's Programme of Expenditure for the year, as approved by the Minister under section 911(1) of the Act, was €5,622,000 [2016: €4,428,000] as laid out below. This includes Exchequer funding (via the Department's Vote 32, Subhead C12) to a maximum of €790,000 [2016: €763,000] made available during the year in respect of IAASA's functions under the Transparency Directive; and funding of up to €nil [2016: €1,402,000] approved in relation to the establishment of an Audit Quality Unit. The Audit Quality Unit was funded by the Exchequer to 16 June 2016, and by the PIE Audit Firms thereafter.

	Exchequer €	PABs €	PIE Audit Firms €	Total €
Recurrent Expenditure	1,251,000	1,876,000	-	3,127,000
Approved allocation in respect of audit investigation activities	-	-	1,705,000	1,705,000
Approved allocation in respect of Transparency Directive	790,000	-	-	790,000
Total	2,041,000	1,876,000	1,705,000	5,622,000

13.2 Analysis of Income

	2017 €	2016 €
<i>Recurrent Income under the Act</i>		
Exchequer Grant Income: Vote 32, Subhead C12	643,583	661,692
PABs' Levies	965,374	994,039
<i>Reserve Fund Income</i>		
Amounts receivable in respect of fines (Section 933)	-	30,000
<i>Income in respect of Transparency Directive Activity</i>		
Exchequer Grant Income: Vote 32, Subhead C12	391,459	239,339
<i>Income in respect of Audit Quality Unit</i>		
Exchequer Grant Income: Vote 32, Subhead C12	-	341,228
RABs' Levies	105,855	-
PIE Audit Firms	935,475	314,461
<i>Income in respect of Liquidator Registration</i>		
Application fees received from liquidators	50,000	3,500
<i>Income in respect of Third Country Audit Entity Registration</i>		
Registration fees received from Third Country Audit Entities	36,000	41,000
	3,127,746	2,625,259

14 Staff Costs

	2017 €	2016 €
Salaries	1,621,970	1,283,753
Employer PRSI Contributions	163,485	129,526
Employer Retirement Benefit Contributions	372,423	319,720
	2,157,878	1,732,999

The estimated total amount deducted from staff members in respect of the Pension Related Deduction pursuant to the Financial Emergency Measures in the Public Interest Act, 2009, was €116,331 [2016: €85,761].

The average number of employees during the year was 22 [2016: 19]. IAASA's complement of full time staff at 31 December 2017 was 24 [2016: 20].

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 (including salaries and other benefits, but excluding holiday pay accruals and employer superannuation contributions) for those earning over €60,000 is set out below:

	2017	2016
€60,000 to €69,999	-	3
€70,000 to €79,999	5	6
€80,000 to €89,999	7	3
€90,000 to €99,999	3	1
€100,000 to €109,999	-	1
€110,000 to €119,999	-	-
€120,000 to €129,999	1	1
	16	15

15 Board fees and expenses

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

	2017 €	2016 €
Professor Brendan Walsh	-	4,523
Martin Sisk	11,970	328
Marie Daly	7,695	7,695
David Devlin	7,695	5,460
Etain Doyle	7,695	7,695
Nicole Lappin	2,298	-
Aileen O'Donoghue	7,695	7,695
Michael Quinlan	-	7,695
	45,048	41,091

In addition, a total of €7,594 [2016: €nil] was incurred by Board members during the year in furtherance of their duties. These amounts include both expenses paid directly to Board members and those incurred by IAASA on their behalf. Expenses paid to or incurred on behalf of the Chief Executive, who is also a Board member, totalled €22,266 [2016: €18,200], as detailed in Note 25.

16 Travel & Subsistence

	2017 €	2016 €
National	39,477	19,673
International	68,167	57,081
	107,644	76,754

These amounts include travel and subsistence paid to Board members. The total paid to board members for national travel and subsistence in 2017 is €5,803 [2016: Nil] and International travel and subsistence in 2017 is Nil [2016: Nil]

17 Consultancy, Legal and Professional Services

	2017 €	2016 €
<i>Consultancy</i>		
Legal Advice - General	57,536	23,015
- Audit Reform	5,055	
- Registration of Liquidators	15,044	
- Committees of Enquiry - Section 933	14,087	
PR Services	-	14,760
Recruitment Services	66,666	33,733
Audit Reform	14,500	38,956
Registration of Liquidators	9,567	46,854
	182,455	157,318
<i>Professional Services</i>		
Financial Statement Review (Transparency Directive)	89,355	32,294
Committees of Enquiry - Section 933	14,095	21,642
Internal Audit & Actuarial Services	12,177	12,748
Other	9,585	240
	125,212	66,924
Total	307,667	224,242

18 Office Expenditure - Entertainment/hospitality

Total expenditure on entertainment/hospitality of €6,913 [2016: €357] is included in the Statement of Income & Expenditure as Office Expenditure. Entertainment/hospitality expenditure in 2017 includes expenditure incurred in hosting an EU conference in October 2017.

19 Auditor's remuneration

	2017 €	2016 €
Audit of company financial statements	13,000	12,000

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

20 Finance income - analysis of interest receivable

	Notice deposit Reserve	Notice deposit Non-Reserve €	TOTAL €	2016 €
Gross interest receivable	1,385	181	1,566	2,620
DIRT	(568)	(74)	(642)	(1,074)
Net interest receivable	817	107	924	1,546

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

	2017 €	2016 €
(Deficit)/Surplus for the year	(13,358)	9,127
Non Operating Items:		
Add: reallocation of fixed assets to expenditure	-	80,613
Less: Finance income	(761)	(1,700)
Add:	(14,119)	88,040
(Decrease)/Increase in Payables	(92,261)	46,128
Increase in Excess PABs Levy Income	440,806	87,497
Increase in Excess Departmental Grant Income	214,515	154,075
Increase in Excess PIE Levy Income	319,986	449,539
Decrease/(Increase) in Receivables	624,749	(750,082)
(Increase) in Inventory	(614)	(151)
(Increase)/Decrease in Deferred Finance Lease Costs	(1,189)	653
Increase/(Decrease) in Finance Lease Obligations	7,041	(2,243)
Increase in Deferred Rent Incentive	12,264	25,463
Depreciation	44,395	26,585
	1,569,692	37,464
Net Cash Inflow from Operating Activities	1,555,573	125,504

22 Analysis of changes in net funds

	Cash at Bank & on Hand €	Cash on Fixed Term Deposit (Non-Reserve) €	Cash on Fixed Term Deposit (Reserve) €	TOTAL €
Balance at 1 January 2017	43,249	521,874	390,106	955,229
Cash flow for year	787,022	700,067	10,843	1,497,932
Balance at 31 December 2017	830,271	1,221,941	400,949	2,453,161

23 Taxation

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

24 Financial Commitments

24.1 Capital Commitments

There are no capital commitments as at 31 December 2017.

24.2 Rental commitments

IAASA's premises are leased on behalf of the State by the OPW. IAASA in turn rents the premises from the OPW, but has provided no undertakings in this regard. Given that IAASA is not a party to the lease, it has no rental commitments in the coming twelve months. Rental commitments under the lease in the coming twelve months, which are payable by the OPW, will be €195,646 [2016: €154,237]

25 Chief Executive's salary and expenses

Ms Helen Hall was employed as Chief Executive until 14 January 2016. Mr Michael Kavanagh served as interim Chief Executive until 13 November 2016, and Mr Kevin Prendergast was appointed as Chief Executive from 14 November 2016. Their respective remunerations are detailed below.

These amounts are 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 2017. Ms Hall was and Mr Kavanagh is a member of IAASA's Employee and Spouses, Civil Partners & Children's superannuation schemes (as detailed in Note 11), and the relevant employer contribution in this regard is also detailed below. Mr Prendergast remains a member of the Civil Service Pension Scheme. The foregoing represents the Chief Executives' total remuneration package for the period.

	2017		2016	
	K Prendergast €	H Hall €	M Kavanagh €	K Prendergast €
Gross salary	132,147	8,802	97,164	18,499
Superannuation	-	2,201	24,291	-
	132,147	11,003	121,455	18,499

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

	2017		2016	
	K Prendergast €	H Hall €	M Kavanagh €	K Prendergast €
Professional memberships (subject to BIK where applicable)	1,465	1,465	-	-
Travel & Subsistence, incl. air fares	14,648	246	10,400	2,282
Mobile phone costs	581	102	570	40
Internet Services	275	-	250	50
Training	5,000	-	-	-
Incidentals	297	70	2,709	16
	22,266	1,883	13,929	2,388

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 [2016: nil], and no balances outstanding at the reporting date [balance at 31 December 2016: 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 2017 or 2016 and there were no amounts outstanding at either year end.

27 Board Members – Disclosure of Transactions

In accordance with the Code of Practice for the Governance of State Bodies, IAASA has in place a Code of Business Conduct for Board members. The Code of Business Conduct includes guidance in relation to the disclosure of interests by Board members and these procedures have been adhered to by the Board during the year covered by these financial statements. During the year under review, there were no financial transactions with directors other than the payment of Board fees and expenses detailed in Note 15. There were no occasions whereby a Board Member disclosed a financial interest during 2017.

28 Approval of the Financial Statements

The Financial Statements were approved and authorised for issue by the Board of Directors on 29 May 2018



APPENDICES

APPENDIX 1

Board membership at year end and changes in composition since last Annual Report

Composition of Board at 31 December 2017

Board member	Occupation	Nominating body	Date appointed
Martin Sisk (Chairperson)	Solicitor and former regulator	Minister	21 December 2016
Deirdre Behan	Principal Officer, Revenue Commissioners	Revenue Commissioners	3 January 2012
Mary Burke*	Head of the Prudential Policy and Governance, Central Bank	Central Bank	14 October 2015
Marie Daly	Head of Legal and Regulatory Affairs, IBEC	IBEC	3 January 2006
David Devlin*	Accountant	PABs	30 May 2014
Etain Doyle*	Accountant	PABs	30 May 2014
Nicole Lappin	Barrister	Minister	13 September 2017
Aileen O'Donoghue	Director of Strategy, Policy and Communication, ISE	ISE	3 January 2014
Conor O'Mahony	Principal Officer, ODCE	Director of Corporate Enforcement	1 March 2012
Kevin Prendergast	Chief Executive	<i>Ex-officio</i>	14 November 2016

* Denotes membership of a Prescribed Accountancy Body

Details of appointments and reappointments to the Board during the year

Director	Date appointed	Nominating body	Reason for vacancy	Term Expires
Nicole Lappin	13 September 2017	Minister	Expiration of warrant of appointment of Ms Muireann O'Neill on 31 August 2015	12 September 2020

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

Director	Occupation	Nominating body	Date of resignation
Michael Quinlan	Solicitor	Law Society	2 January 2017

APPENDIX 2

Issuers examined by the Financial Reporting Supervision Unit during 2017

Issuer	Report type	Examination type	Reporting date
Equity issuers examined in 2017			
Aryzta AG	Annual	Unlimited *	31-Jul-17
Allied Irish Banks plc	Annual	Follow-up	31-Dec-16
Aminex plc	Annual	Focused	31-Dec-16
Bank of Ireland	Annual	Focused	31-Dec-16
Cairn Homes plc	Annual	Follow-up	31-Dec-16
CRH plc	Annual	Follow-up	31-Dec-16
CRH plc	Annual	Focused	31-Dec-16
Dalata Hotel Group plc	Annual	Unlimited	31-Dec-16
Datalex plc	Annual	Focused	31-Dec-16
DCC plc	Annual	Unlimited	31-Mar-17
FBD Holdings plc	Annual	Follow-up	31-Dec-16
FBD Holdings plc	Annual	Focused	31-Dec-16
Glanbia plc	Annual	Unlimited	31-Dec-16
Green REIT plc	Annual	Unlimited	30-Jun-17
Greencore Group plc	Annual	Unlimited *	29-Sep-17
Hibernia REIT Plc	Annual	Follow-up	31-Mar-17
Hibernia REIT Plc	Annual	Focused	31-Mar-16
Independent News & Media plc	Annual	Follow-up	31-Dec-16
Independent News & Media plc	Annual	Focused	31-Dec-16
Kenmare Resources plc	Annual	Follow-up	31-Dec-16
Kenmare Resources plc	Annual	Focused	31-Dec-16
Kerry Group plc	Annual	Focused	31-Dec-16
Mainstay Medical International plc	Annual	Follow-up	31-Dec-16
Paddy Power Betfair plc	Annual	Unlimited	31-Dec-16
Paddy Power Betfair plc	Annual	Follow-up	31-Dec-16
Permanent TSB Group Holdings plc	Annual	Follow-up	31-Dec-16

Issuer	Report type	Examination type	Reporting date
Closed-ended Fund issuers examined in 2017			
Aberdeen Diamond Private Equity III plc	Annual	Unlimited *	31-Mar-17
Crown Asia-Pacific Private Equity III plc	Annual	Follow-up	31-Dec-16
Crown Co-Investment Opportunities plc	Annual	Follow-up	31-Dec-16
Crown Global Secondaries II plc	Annual	Follow-up	31-Dec-16
Crown Global Secondaries III plc	Annual	Follow-up	31-Dec-16
Vietnam Phoenix Fund Limited	Annual	Unlimited	31-Dec-16
Debt issuers examined in 2017			
AerCap Global Aviation Trust	Annual	Follow-up	31-Dec-16
Boost Issuer plc	Half-yearly	Unlimited *	30-Jun-17
BrokerCreditService Structured Products plc	Annual	Follow-up	31-Dec-16
Freshwater Finance plc	Annual	Unlimited	31-Dec-16
Haitong Investment Ireland plc	Annual	Unlimited *	31-Dec-16
Ipanema Capital plc	Annual	Unlimited*	30-Apr-17
Pelican Mortgages No 1 plc	Half-yearly	Follow-up	30-Jun-17
Pelican Mortgages No 1 plc	Half-yearly	Focused	30-Jun-16
Stratus Capital plc	Annual	Unlimited *	31-Dec-16

Notes:

- Unlimited scope and focused examinations are different in nature to follow-up examinations and are, therefore, classified as a separate examination. For that reason an issuer may appear more than once in the list of examinations for the same financial statements.
- The examinations performed by IAASA during 2017 (as above) includes seven examinations (marked as * above) which were commenced in 2017 and were on-going as at 31 December 2017.
- The issuers selected for thematic examinations are listed in the publication, if any, resulting from the thematic examination and are not, therefore, listed in the above Table.

APPENDIX 3

Reports issued by the Regulatory and Monitoring Supervision Unit during 2017

Report Issuer	RAB/PAB	Function Reviewed
IAASA and FRC	Institute of Chartered Accountants in Ireland	Investigation and Discipline
IAASA and FRC	Association of Chartered Certified Accountants	Investigation and Discipline
IAASA	Institute of Certified Public Accountants in Ireland	Investigation and Discipline

APPENDIX 4

Publications issued by IAASA during 2017

Annual Report 2016, incorporating the Annual Audit Programme and Activity Report
Financial Reporting Decisions 1/4
Financial Reporting Decisions 2/4
Snapshot of IAASA's financial reporting enforcement activities in 2016
Financial Reporting Decisions 3/4
Financial Reporting Decisions 4/4
Mid-year update on IAASA's financial reporting examination activities
Disclosures of the new accounting standards in issuers' 2016 annual financial statements
Alternative performance measures
Observations on selected financial reporting issues issuers' financial years ending on or after 31 December 2017
Operating segments
Impairment testing in Irish listed companies' 2016/17 annual financial statements
Profile of the Profession
Consultation Paper on supplementary standards and guidance
Consultation on Proposal to Revise ISA (Ireland) 250 Section A
Consultation on the future auditing framework for Ireland
Ethical Standards for Auditors (Ireland) 2017
ISA (Ireland) 210 (Updated July 2017) - Agreeing the Terms of Audit Engagements
ISA (Ireland) 220 (Updated July 2017) - Quality Control for an Audit of Financial Statements
ISA (Ireland) 240 (Updated July 2017) - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
ISA (Ireland) 250A (Revised July 2017) - Considerations of Laws and Regulations in an Audit of Financial Statements
ISA (Ireland) 260 (Updated July 2017) - Communication with Those Charged with Governance
ISA (Ireland) 450 (Updated July 2017) - Evaluation of Misstatements Identified during the Audit
ISA (Ireland) 500 (Updated July 2017) - Audit Evidence
ISQC(Ireland) 1 (Updated July 2017) - Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Related Services Engagements

APPENDIX 5

Protected Disclosures Report 2017

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

No protected disclosures were received by the Irish Auditing and Accounting Supervisory Authority in the year ended 31 December 2017.



GLOSSARY OF TERMS

AAC	Audit and Assurance Council of the FRC
ACCA	Association of Chartered Certified Accountants
Act, the	Companies Act 2014
AIA	Association of International Accountants
Authority, the	Irish Auditing and Accounting Supervisory Authority
Bill, the	Companies (Statutory Audits) Bill 2017
C&AG	Comptroller and Auditor General
Central Bank	Central Bank of Ireland
CIMA	Chartered Institute of Management Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
CLRG	Company Law Review Group
Code, the	Code of Practice for the Governance of State Bodies
CPA	Institute of Certified Public Accountants in Ireland
CPD	Continuing Professional Development
CRC	Corporate Reporting Council of the FRC
CRO	Companies Registration Office
Department	The Department of Business, Enterprise and Innovation
DPER	Department of Public Expenditure and Reform
EC	European Commission
EEA	European Economic Area
EECS	European Enforcers' Co-ordination Sessions
ESMA	European Securities and Markets Authority
EU	European Union
FRC	Financial Reporting Council
FRS	Financial Reporting Standard

GAAP	Generally Accepted Accounting Principles
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standard(s)
IAS 1	IAS 1 <i>Presentation of Financial Statements</i>
IAS 12	IAS 12 <i>Income Taxes</i>
IAS 34	IAS 34 <i>Interim Financial Reporting</i>
IAS 36	IAS 36 <i>Impairment of Assets</i>
IASB	International Accounting Standards Board
IBEC	Irish Business and Employers' Confederation
ICAEW	Institute of Chartered Accountants in England and Wales
ICAI	Institute of Chartered Accountants in Ireland
ICAS	Institute of Chartered Accountants of Scotland
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFIAR	International Forum of Independent Audit Regulators
IFRS	International Financial Reporting Standards
IFRS 7	IFRS 7 <i>Financial Instruments: Disclosure</i>
IFRS 8	IFRS 8 <i>Operating Segments</i>
IFRS 13	IFRS 13 <i>Fair Value Measurement</i>
IFSC	International Financial Services Centre
IIPA	Institute of Incorporated Public Accountants
ISAs	International Standards on Auditing
ISE	Irish Stock Exchange
Issuer	An entity coming within IAASA's remit under the Transparency Regulations
Minister, the	Minister for Business, Enterprise and Innovation

MoU	Memorandum of Understanding
ODCE	Office of the Director of Corporate Enforcement
PAB	Prescribed Accountancy Body
PCAOB	Public Company Accounting Oversight Board (US)
PEC	Preliminary Enquiry Committee (Section 933)
Periodic Financial Reports	Refers collectively to annual and half-yearly financial reports published pursuant to the Transparency Regulations
PIE	Public Interest Entity
RAB	Recognised Accountancy Body
Relevant reporting framework	The body of financial reporting standards, legislation, codes and rules with which issuers are required to comply in preparing the annual and half-yearly financial reports
SI	Statutory Instrument
SI 312	Statutory Instrument 312 <i>European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, And Regulation (EU) No 537/2014) Regulations 2016</i>
Third country	Non-EU
Transparency Regulations/TD Regs	Transparency (Directive 2004/109/EC) Regulations, 2007
Transparency Directive	Directive 2004/109/EC
Transparency Rules	Transparency Rules issued by the Central Bank of Ireland (November 2012)
2003 Act, the	Companies (Auditing and Accounting) Act, 2003 (repealed)



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