

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

# Chapter 3

Activities

## Chapter 3: Activities

### 3.1. Introduction

#### 3.1.1. Work Programme

IAASA is required under section 910 of the Act to prepare and submit a three year work programme to the Minister. 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.

#### 3.1.2. Strategies

The Authority's strategies are as follows:

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

#### 3.1.3. 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 IAASA's 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 & Innovation and high quality information to IAASA's stakeholders on key auditing and accounting matters.

#### 3.1.4. Business Plan

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

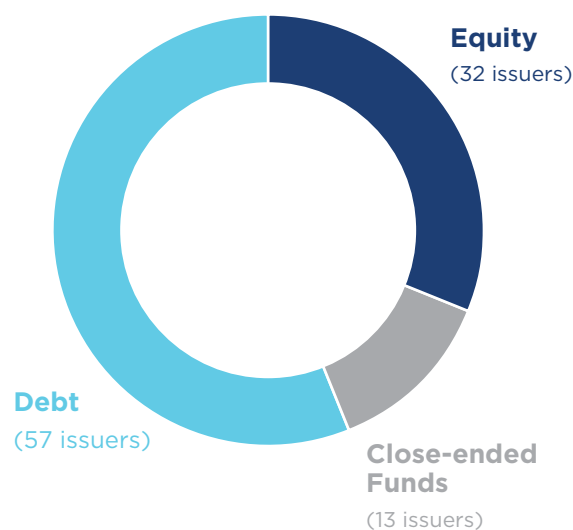
### 3.2. Supervision of Financial Reporting Quality

#### 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 2018, the known financial reporting examination constituency comprised 102 (2017: 107) issuers made up of 32 equity issuers, 13 closed-ended fund issuers and 57 debt issuers.

**Table 3.1: Financial reporting examination constituency at 31 December 2018**



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;

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- (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 2018 IAASA completed 39 (2017: 34) examinations with a further six (2017: seven) examinations in progress as at 31 December 2018. IAASA submitted six issues to the EECS decisions database. A full list of issuers examined during the year is set out in Appendix 2.

The more common areas raised with issuers in 2018 examinations were financial reporting treatments arising from the application of IAS 1 *Presentation of Financial Statements*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 13 *Fair Value Measurement*, IFRS 3 *Business Combinations*, the “ESMA Guidelines on Alternative Performance Measures” (‘APMs’), and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The level of IAS 1 related matters raised with issuers indicates continuing concerns regarding issuers’ presentation of items in their financial statements. IAASA continues to ensure convergence of enforcement decisions with our European accounting enforcers’ views by considering relevant European decisions and submitting selected topics for debate at EECS prior to our finalising enforcement decisions.

### *Significant themes for equity issuers*

Significant topics arising in the 2018 examination programme were:

- IAS 1 related matters indicating continuing concerns regarding issuers’ presentation of items in their financial statements and, in particular, presentation of items in the Income Statement;
- the use of APMs by issuers including the prominence attached to such measures as compared to IFRS-based measures; and
- disclosure of the expected impact of new financial reporting standards (e.g. IFRS 16) particularly in half-yearly reports.

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

### *Significant themes for debt issuers and closed-ended fund issuers*

The quality of financial reporting by these issuers varies considerably ranging from high quality downwards; disappointingly, there remains a cohort of these 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. IAASA is investigating the most effective manner in which to achieve improvements in such reports with the issuers concerned.

### *How the Authority’s financial reporting enforcement activity compares internationally*

Issuers falling within IAASA’s financial reporting review remit amount to approximately 2% of total EU IFRS issuer population subject to enforcement, however, IAASA has contributed 9.7% of the decisions submitted to the EECS database in the years 2016–2018; in absolute terms, Ireland ranks number 3 in terms of decisions submitted over that three year period.

### *Thematic examinations conducted on equity issuers’ during 2018*

IAASA undertook four thematic reviews during 2018 as follows:

Description	Rationale
<b>Bank Covenants – Thematic Review</b>	The disclosure of financial ratios and terms agreed with the lenders is relevant information for the users of financial reports and particularly so in the case of entities in a vulnerable financial position
<b>Information Note: Corporate Income Tax Reporting by Irish Issuers</b>	Topical issue in the context of <i>Brexit</i> , tax reforms in the USA and international tax developments including base erosion and profit shifting (BEPS)
<b>IFRS 3 Business Combinations – Thematic Review</b>	Topical issue in a growing economy undertaken to encourage discussion and stimulate debate on issuers’ business combinations disclosures
<b>IFRS 15 Revenue from Contracts with Customers – Thematic Review</b>	Impact of new financial reporting standard in first period of implementation

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### Training

IFRS 9 and IFRS 15 are applicable to issuers' 2018 reports and, therefore, will be subject to enforcement in 2019. IFRS 16 Leases is effective for 2019 reports and therefore will be enforceable in issuers' 2019 half-yearly reports. To meet these challenges, IAASA has taken a number of steps to be prepared for their adoption including:

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

### 3.2.3. Activities arising from Business Plan

Business Plan Objectives	Outcomes
<b>Conduct annual programme of examinations of financial reports</b>	IAASA completed 39 (2017: 34) examinations of annual and half-yearly financial reports in 2018. It also undertook four thematic examinations and seven ESMA topical surveys
<b>Engage with directors to secure improvements, and take action where warranted</b>	18 (2017: 13) issuers provided 134 (2017: 53) undertakings in respect of future financial reports
<b>Develop best practice methodologies for review process</b>	IAASA re-evaluated the operation and suitability of the risk scoring matrix and further developed the determination of risk factors used in that matrix to assign risk scores to issuers to aid in our allocating limited resources to those areas meriting greatest focus
<b>Engage effectively with the Authority's regulatory stakeholders</b>	<p>IAASA submitted two emerging issues and four decisions to the EECS decisions database. It presented all six issues for discussion</p> <p>IAASA presented three 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"> <li>• CRSC Narrative Reporting Working Group</li> <li>• Financial Institutions Task Force</li> <li>• IAS 12 <i>Deferred Tax Asset</i> sub-group; and</li> <li>• Task Force on ESMA Guidelines on Enforcement of Financial Information</li> </ul> <p>IAASA also attends the quarterly meetings of ESMA's CRSC 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>
<b>Engage in advocacy activities with IAASA's wider stakeholders</b>	<p>IAASA published 14 (2017: 21) financial reporting decisions on its website</p> <p>IAASA published 9 (2017: 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>Authority staff held face-to-face meetings with representatives of all of Big 4 audit firms on financial reporting issues during the year</p>

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### 3.3. Supervision of Audit Quality

#### 3.3.1. Purpose

IAASA's Audit Quality Unit is responsible for the quality assurance of PIE auditors. At 31 December 2018, there were nine (2017: nine) PIE auditors, auditing approximately 750 (2017: 850) PIEs.

A PIE for the purposes of quality assurance is defined by Part 27 of the Act 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 PIEs.

IAASA has implemented the Common Audit Inspection Methodology ('CAIM') for assessing the internal quality control systems of PIE audit firms. The CEAOB is responsible for the maintenance and development of CAIM. IAASA has also developed a suite of working papers for the assessment of individual audits of PIEs.

#### 3.3.2. Significant developments

##### *Inspections*

The Authority commenced its inspection regime under the Audit Reform legislation in late 2016 and continued the first round of inspections in 2017 and 2018. As noted above, there were nine PIE audit firms in Ireland in 2017 and 2018. These include what are commonly known as the Big 4 auditors; Deloitte, EY, KPMG and PwC. The Big 4 audit approximately 84% (2017: 95%) of the PIEs in Ireland, earning approximately 95% (2017: 98%) of the PIE audit fees. Given that one of the aims of the European Audit Reform legislation is to increase competition in the audit market, this reduction in concentration is a positive development.

The Authority noted in 2017 that, based on the inspections carried out on Big Four firms in 2016 and 2017, the standard was generally high. By comparison, the Authority identified a notably higher number of findings in audit inspections carried out in 2018. These findings were noted both in the internal quality control systems of the firms and in the individual audit inspections. In the majority of cases, these matters can be resolved by the implementation of recommendations issued by IAASA. Furthermore, in the majority of cases, the firms have engaged well with

the process and are fully committed to implement the recommendations. In these cases, the Authority is not concerned about the sufficiency of audit work and evidence supporting the audit opinions.

Two audits completed by the same audit firm were referred for investigation during 2018. IAASA highlights that the Authority does not re-perform audit procedures or seek to determine whether there are issues with the financial statements. As such, there should be no inference that the financial statements of these entities are misstated. For these audits, the inspection team issues recommendations in the usual manner, which are required to be implemented within twelve months. The inspection team will perform follow-up visits to review implementation. In the case of one firm, the Authority expanded the number of audits inspected in response to issues identified. Finally, audit firms with matters referred for investigation are given a higher risk weighting and visit schedules and sample sizes will be impacted accordingly.

##### *International Agreements*

On 5 June 2018, the Authority announced that it had entered into a memorandum of Understanding ('MOU') with the Jersey Financial Services Commission ('JFSC'). The purpose of the MOU was to facilitate mutual cooperation between IAASA and the JFSC, to the extent permitted by their respective national laws, in the area of public oversight, inspections and investigations of auditors subject to the oversight of both Bodies. IAASA conducted one referred audit engagement review from the JFSC in 2018.

Further to the agreement entered into with the United States audit regulator in 2017, a joint inspection of one audit firm took place with the PCAOB in late 2018.

##### *International Cooperation*

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

IAASA actively participates in both 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 continued to act as chair for the CEAOB Market Monitoring sub-group and in 2018 also became a member of the organising committee of the inspections sub-group.

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### 3.3.3. Activities arising from Business Plan

Business Plan Objectives	Outcomes
<b>Carry out inspection regime</b>	<p>Fieldwork on the first round of inspections was completed in 2018. In addition, a joint inspection was carried out with the PCAOB and an inspection was completed following referral from the JFSC.</p> <p>A consultation was issued in late 2018 regarding the proposed system for grading and publication of the results of audit inspections for round two of the inspections.</p>
<b>Develop and refine inspection methodology</b>	<p>IAASA has implemented the CAIM for assessing the internal quality control systems of PIE audit firms.</p> <p>In addition, IAASA has developed and continues to refine a suite of work papers for the assessment of individual audits, taking into account the specificities of particular auditing standards as well as any relevant matters relating to the entity type or industry.</p>
<b>Engage effectively with our peers and stakeholders</b>	<p>IAASA actively participated in the CEAOB market monitoring, equivalence and adequacy, enforcement, standards and inspections sub-groups during 2018 and is now a member of the CEAOB organising committee.</p> <p>Presentations were made to a number of stakeholders including audit firms, industry forums, PIE audit committee chairpersons.</p> <p>IAASA issued a number of consultations during the year and continues to engage informally with stakeholders on matters as requested.</p> <p>IAASA issued responses to various audit related consultations both individually and contributed to development of responses by CEAOB.</p>

## 3.4. Supervision of the Auditing and Accountancy 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 prescribed accountancy bodies' regulatory activities.

A PAB is an accountancy body that comes within IAASA's supervisory remit. At 31 December 2018, there were eight PABs:

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

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

At 31 December 2018, five of the eight PABs were also recognised as RABs i.e. ACCA, CPA, ICAEW, ICAI and ICAS. 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 2018*, which will be available on the IAASA website.

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### 3.4.2. Significant developments

#### *Brexit*

In March 2018, following extensive engagement with stakeholders and analysis of the relevant legislation, the Authority published *Brexit and its potential impact on Audit and Accountancy*. This paper set out the challenges that the profession were perceived at that time to be facing as a result of the decision of the United Kingdom to exit the European Union on 29 March 2019. The purpose of the paper was to stimulate both discussion and preparation for that event. During 2018 the Authority continued to engage with all stakeholders, including the Department, the RABs, the larger audit firms and its UK counterpart, the FRC.

Following on from this engagement, and in the context in particular of a request for clarification of the legal implications of Brexit addressed to the Department, the Authority hosted a Brexit conference in October. The keynote speaker at the conference was Heather Humphreys TD, Minister for Business, Enterprise & Innovation. At that event the Chief Executive informed those in attendance of the advice communicated by the Department, following engagement with the Attorney General, that UK based auditors regardless of their RAB's location would cease to be Irish statutory auditors after the United Kingdom left the EU. Following this announcement the Authority has continued to engage with stakeholders to clarify how this withdrawal will operate in practice.

Throughout 2018 the Chief Executive also participated in Brexit coordination meetings held by the Department to which all relevant Agencies were invited.

#### *Revocation of the recognition of IIPA*

As explained in the Authority's 2017 Annual Report, CPA and the Institute of Incorporated Public Accountants ('IIPA') entered into an arrangement whereby most members of IIPA transferred to CPA on 1 September 2017 and came under CPA's regulation and supervision with effect from that date.

The IIPA subsequently made an application to the Authority for revocation of its recognition as a RAB. Having satisfied itself as to the orderly transfer of IIPA members to CPA and that the IIPA was no longer discharging any regulatory tasks in respect of accountants or auditors, the Authority revoked the recognition of the IIPA with effect from 16 March 2018.

This means that IIPA cannot authorise individuals or firms as statutory auditors in Ireland or undertake any audit related regulatory functions. By virtue of the revocation of its recognition, IIPA is no longer a prescribed accountancy body under the Act and therefore, no longer comes under the remit of the Authority.

#### *Companies (Statutory Audits) Act 2018*

The Companies (Statutory Audits) Act 2018 ('the 2018 Act') was commenced on 21 September 2018. The 2018 Act provided the Authority with additional powers in respect of its audit oversight remit. It also deemed the RABs to be recognised by the Authority for the purposes of the Act and continues the model of direct performance of the regulatory tasks by the RABs with oversight by the Authority. Those tasks are licensing and registration, quality assurance, CPD and investigation and discipline of statutory auditors, except those in relation to PIE audits that are performed directly by IAASA.

During the year, IAASA staff liaised with both the Department and RABs to assess the impact of the 2018 Act's provisions on the overall regulatory framework for the oversight of auditors and to plan for enactment. Arising from the commencement of the 2018 Act, during 2018 the Authority:

- wrote to the Chief Executive of each of the RABs setting out the primary obligations on the RABs following the commencement of the 2018 Act and requesting the provision of certain information regarding their compliance with those provisions;
- retained the conditions attached to the RABs' recognitions by the Authority prior to 21 September 2018 and removed the pre-IAASA conditions with effect from 1 November 2018;
- issued General Guidelines to the RABs which are effective from 1 April 2019; and
- Issued Exemptions Guidelines to the RABs which are effective from 1 April 2019.

#### *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 processes is by means of on-site supervisory visits and thematic desktop reviews.

IAASA concluded five (2017: three) supervisory visits during the year (Appendix 3 refers). Four of these visits reviewed the RABs' quality assurance systems for audit firms, two of those also considered audit licensing and one visit focused on a PAB's investigation and disciplinary arrangements.

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

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supervisory visit reports.

### 3.4.3. Activities arising from Business Plan

Business Plan Objectives	Outcomes
<b>Supervision of the PAB's regulatory activities</b>	<ul style="list-style-type: none"> <li>IAASA revoked the recognition of IIPA following the orderly transfer of IIPA members to CPA.</li> <li>Five (2017: four) supervisory visit reports were issued to the PABs in 2018 covering quality assurance systems, investigation and disciplinary arrangements and audit licensing.</li> </ul>
<b>Oversight of the RABs' functions in respect of statutory auditors</b>	<ul style="list-style-type: none"> <li>Supervisory visits noted above covered audit quality assurance as well as licensing.</li> <li>Periodic meetings were held with the RABs on regulatory matters, following which action points were issued and their progress monitored.</li> <li>IAASA had regular engagement with the FRC in relation to the RABs within our common remit.</li> <li>The 2017 Annual Audit Programme and Activity (AAPA) Report was published in April 2018.</li> </ul>
<b>Supervision of the Accounting Profession</b>	<ul style="list-style-type: none"> <li>A total of eight (2017: 17) review meetings with PAB representatives took place during the year.</li> <li>42 (2017: 36) new or revised PAB constitutional documents were approved.</li> <li>22 (2017: 25) complaints relating to PABs and their members were dealt with and responses provided to 184 queries from a range of stakeholders.</li> </ul>
<b>Prepare for revised oversight model and other environmental changes</b>	<ul style="list-style-type: none"> <li>Ongoing engagement with DBEI in respect of the Companies (Statutory Audits) Bill (now an Act).</li> <li>Two sets of guidelines finalised and issued.</li> <li>Engagement with the RABs in respect of the commencement of the 2018 Act.</li> <li>Contribution to the Authority's preparations for Brexit and its audit implications.</li> <li>Engagement with the Department, the FRC and the relevant UK Government Department in relation to Brexit implications for audit.</li> </ul>
<b>Engage effectively with stakeholders and continue to enhance the quality of relationships with them</b>	<ul style="list-style-type: none"> <li>IAASA liaised with the FRC regarding the four RABs within common supervisory remit (ACCA, ICAEW, ICAI, ICAS).</li> <li>Based on information supplied by the PABs, IAASA published the Profile of the Profession 2017.</li> <li>IAASA also engaged with the Department on a regular basis.</li> </ul>

## 3.5. Other Functions

### 3.5.1. Auditing Framework

The Auditing Framework for Ireland is based on the FRC Auditing Framework for the UK, which in turn is based on the international standards issued by the IAASB. This policy is kept under review on an ongoing basis to ensure it remains the most effective and efficient solution for the Irish market. In addition, IAASA issues supplementary standards and guidance relevant to Ireland to support the work of statutory auditors in Ireland.

IAASA has observer status at the Audit and Assurance Council of the FRC and monitors developments in auditing standards both at FRC and international level on a continuing basis. Revised standards, reflecting Irish requirements, are issued to ensure the Auditing Framework in Ireland continues to reflect international best practice. Where the changes are substantive, a public consultation on the draft standard is issued prior to amendment of the Auditing Framework.

A Technical Advisory Panel was appointed during the year to advise the Authority at various stages of the development process of the Auditing Framework in Ireland, including:

- identifying areas where standards or guidance are needed;
- advising on any Irish specific amendments; and
- drafting of standards and guidance.



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### 3.5.2. Conduct

#### Conduct Unit

The Authority worked extensively on preparations for the new powers of investigation and enquiry that were eventually assigned to it under the 2018 Act. Subsequent to its enactment, work was commenced on the processes and procedures that will be necessary for the Authority's powers. These will need to be legislated for by Statutory Instrument and that drafting process was ongoing at the year end.

#### Statutory Enquiries

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

**Table 3.2:** Summary of Section 933 enquiry activity

	Preliminary Enquiry Stage	Full Enquiry Stage	Total
Enquiries ongoing at 1 January 2018	1	-	1
New enquiries initiated during the year	-	1	1
Enquiries completed during the year	(1)	(1)	(2)
<b>S.933 enquiries ongoing at 31 December 2018</b>	-	-	-

Following the completion of a preliminary enquiry and the subsequent completion of a full enquiry under Section 933 of the Act, the Authority concluded that it was not satisfied that CPA Ireland had complied with its approved investigation and disciplinary procedures. Consequentially, it annulled a decision of CPA Ireland and directed that a fresh investigation be carried out.

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

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**Table 3.3:** Summary of Section 934 investigation activity

	Preliminary Investigation Stage	Full Investigation Stage	Total
Investigations ongoing at 1 January 2018	-	-	-
New investigations initiated during the year	1	-	1
Investigations completed during the year	-	-	-
<b>5,934 investigations ongoing at 31 December 2018</b>	<b>1</b>	<b>-</b>	<b>1</b>

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

### 3.5.3. Liquidators

During 2018 the Authority implemented its process for the registration of certain liquidators under section 633 of the Act (“Category 5 liquidators”). The Authority received 26 applications, of which one was later withdrawn. 21 applications were approved and are listed on a register on the IAASA website. Of the four who were refused, three sought to appeal and those appeals were under review by an appeals committee at the year end.

### 3.5.4. Other activities

#### Training and Development

In 2018 the Authority continued to provide staff with educational opportunities through a range of supports. As well as CPD for all professional staff, the Authority also

funds staff engaging in longer term courses which develop and enhance their skills. There is a particular challenge in accessing training relevant to the Authority’s regulatory activities. Accordingly the Authority carries out much of its learning through in-house sessions. These are now augmented through a learning team made up of staff from across the Authority. Staff are also actively encouraged to participate in international groups and committees as part of their professional development.

#### Finance and Administration

The Authority put in place long overdue support for its Finance and Administration Team in 2018. As well as expanding its finance team, the Authority also now has dedicated internal IT staffing. This will enhance the technical capacity of the Authority.

### 3.5.5. Activities arising from Business Plan

Business Plan Objectives	Outcomes
<b>Develop Auditing Framework</b>	<p>During the year, IAASA published a Statement on Scope and Authority of Audit and Assurance Pronouncements, which provides more detail on the Auditing Framework in Ireland.</p> <p>In addition, a feedback paper outlining IAASA’s response to the views expressed in response to the consultation on guidance and supplementary standards was issued.</p> <p>Through its observer status at the Audit and Assurance Council of the FRC and participation in the International Auditing Standards sub group, IAASA monitors developments in auditing standards. Following public consultation, where appropriate, IAASA issues revised standards reflecting such changes as well as national requirements for use in the Irish market. Appendix 4 lists the publications issued by IAASA in 2018, including revisions to and updating of the Auditing Framework in Ireland.</p>
<b>Establish a system for the conduct of investigations into suspected irregularities</b>	<p>The Authority continued to prepare for the 2018 Act in relation to powers for Conduct. It also carried out preparatory work for its new investigative procedures and these were in the process of being drafted at year end.</p>
<b>Authorise “Category 5” liquidators</b>	<p>26 applications received, of which 21 were approved at the year end. Of the remainder three sought appeals and these were being considered by an appeals committee at the year end</p>
<b>Implement a learning and development strategy for staff</b>	<p>The Authority continued to provide staff support for training and development. Supports ranged from CPD through longer term education as well as in-house training. As part of education support, 84 [2017:89] training days were taken by staff relating to some 47 [2017: 70] training and development courses.</p>