

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 professional.

Chapter 4

Governance and Structure

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4.1. Legal structure

IAASA is a company limited by guarantee with the following 12 members at 31 December 2019:

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

* Denotes a PAB

4.2. Organisational structure

4.2.1. Overview

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

- Statutory Reporting Quality, which was concerned principally with:
 - quality assurance of audits of PIEs; and
 - examination of certain entities' financial reports for compliance with the relevant financial reporting framework;
 - Regulatory & Monitoring Supervision, which was concerned principally with:
 - supervision of the PABs' regulation of their members; and
 - the adoption of auditing standards in Ireland.
- Enforcement, which coordinates the Authority's statutory investigations and enquiries; and
- Finance & 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 for Business Enterprise & Innovation ('the Minister'), given with the consent of the Minister for Public Expenditure & 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.

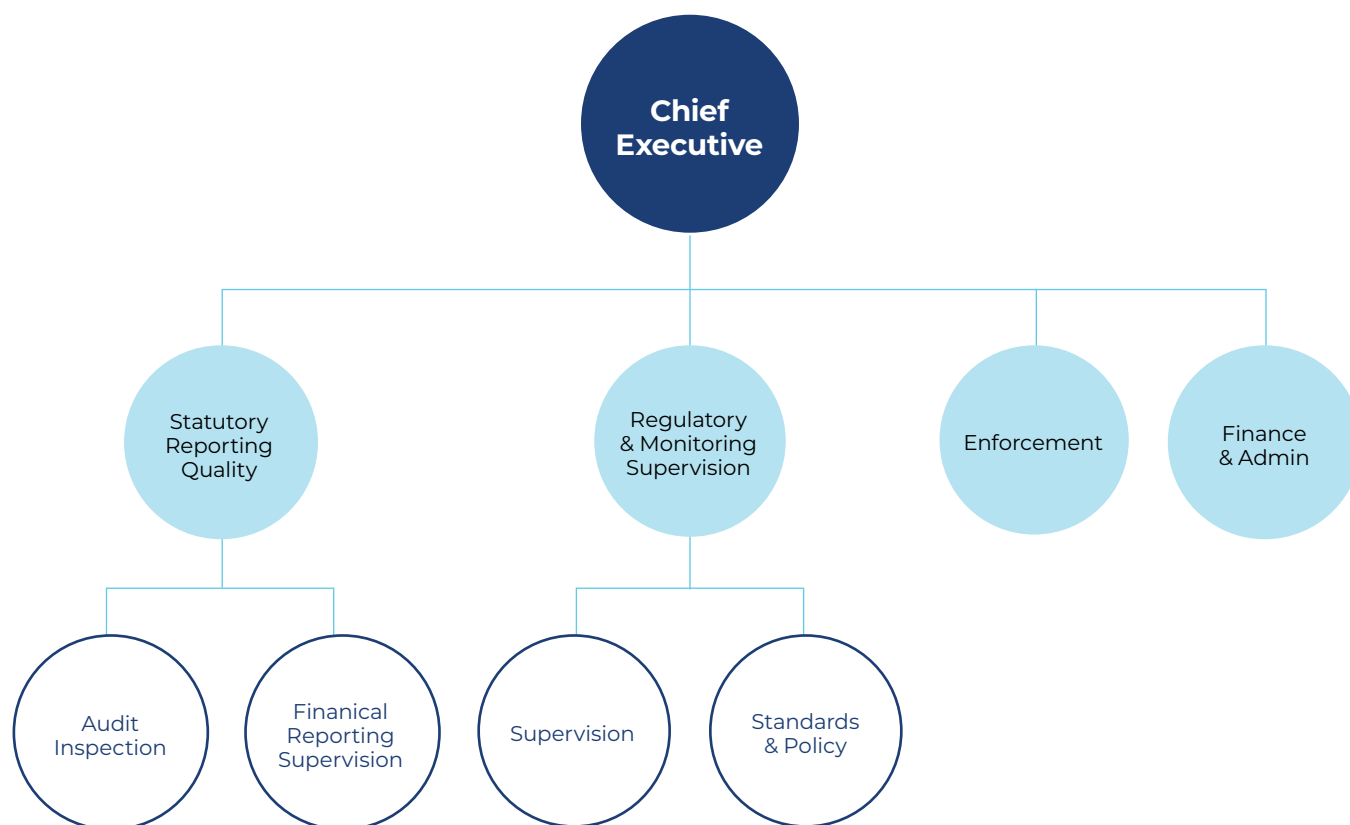
Table 4.1: Approved and actual staff complements at year end

Grade	Approved	Actual
Chief Executive	1	1
Heads of Function	5	3
Senior Managers	8	6
Inspectors and Project Managers	13	10
Executive and Administrative	16	9
Total	43	29

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4.2.3 Organisational chart

IAASA's organisational structure at 31 December 2019 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 Act, which are in turn audited by the Comptroller and Auditor General ('C&AG') and lodged with the CRO.

Total expenditure in 2019 amounted to €4.2m (2018: €3.8m) from a budget of €6.1m (2018: €5.9m). 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 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.

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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 biographies of those persons who were members of the Board at the date of issue of this Report. 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 35 years regulatory and business related experience. A qualified solicitor, he started his career in the Revenue Commissioners, served as Registrar of Friendly Societies 1985–2003, Deputy Registrar of Credit Unions 2003–2006, Deputy Head of Consumer Protection Codes 2007–2008 and as Head of the Anti-Money Laundering, Terrorist Finance and Financial Sanctions Unit of the Central Bank 2008–2010. He retired from the Central Bank in July 2010. Martin was elected to the Board of Malahide and District Credit Union in December 2010 and continues to be a Director. He was elected to the Board of the Irish League of Credit Unions in February 2011 and was subsequently elected as Vice President 2011–2013 and President 2013–2015. He continues to be a Director. Martin was appointed a Director of VHI Healthcare in March 2012 for a three year term (2012–2015) and was subsequently appointed as Chairman in September 2012 for the remainder of his term. Martin was appointed to the Board of the Health Information and Quality Authority in July 2015.

Kevin Prendergast, Chief Executive, joined IAASA in November 2016 from his role as Head of Enforcement with the Office of the Director of Corporate Enforcement, having been employed there since 2005. Prior to that he worked in the Large Cases Division of the Revenue Commissioners and also has several years' experience in the private sector including a number of years working in an audit firm. Kevin is a Fellow of Chartered Accountants Ireland. As well as a holding a Bachelor's Degree and a Masters in Accounting from University College Dublin, he also holds an MSc in Executive Leadership from the University of Ulster.

Mary Burke is Head of the Governance and Operational Resilience Division of the Central Bank of Ireland. The Division is responsible for the provision of specialist expertise

in areas of non-financial risk (including claims underwriting, governance, culture, operation, cyber and information technology) for inspections and ongoing supervision in order to support and challenge the regulation/supervision of financial services firms. 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 Financial Risks and Governance Policy and Head of Banking Supervision. Mary is a Fellow of the ACCA.

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 European Commission's European Corporate Governance Forum from 2005 to 2011. He is a past President of FEE (now Accountancy Europe), 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 was 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 European Commission, and of the Urgent Issues Task Force of the United Kingdom Accounting Standards Board (now Corporate Reporting Council of the FRC). David is a Chartered Accountant who 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 a Board member 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. She is a member of the IoD with extensive governance experience. Apart from Board membership of IAASA, she chairs the Technology Committee of ACCA Ireland which seeks to encourage members and provide opportunities for them to keep up to date on technology. She was ACCA Accountant of the Year in 2018 for this work. She is also Chairperson of the Audit Committee of the NCCA.

David Hegarty is a barrister working as a Principal Officer in the Office of the Director of Corporate Enforcement. He qualified as a solicitor in 2002 and transferred to the Bar in 2006, practising primarily in the area of criminal defence and advocacy. He is registered on the LSRA Roll of Practising Barristers in the full-time service of the State. Prior to joining the ODCE he was Advisory Counsel in the Office of the Parliamentary Legal Adviser advising the Houses of the Oireachtas Commission and Service and parliamentary committees on constitutional, parliamentary and administrative law matters. He has also worked as a legal officer in the European Union Rule of Law Mission in Kosovo (EULEX) and at the Special Tribunal for Lebanon in The Hague, working in Judges' Chambers with international

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

Nicole Lappin qualified as a barrister from King's Inns. Along with colleagues on the board of the Education Authority in Northern Ireland she oversaw the transition of five Education and Library Boards into a single organisation without loss of or reduction to services. 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. Since July 2018 she has served as the chair of the Northern Ireland Ambulance Service Health and Social Care Trust. Through her role as Trust chair Nicole is also a non-executive member of the Paediatric Clinical Workstream for the Department of Health (NI); a Council member of the Association of Ambulance Chief Executives, (UK and Ireland); and a committee member of the Public Sector Chairs Forum (NI). In August 2019, Nicole was appointed as the Chief Commissioner of the Charity Commission in Northern Ireland.

Aisling McArdle is Head of Regulation at Euronext Dublin and is a member of the Euronext global regulation team. She joined the Irish Stock Exchange in 2002 and has held a variety of regulatory roles within the company over the past 17 years. She became Head of Regulation, Dublin in September 2018, and is responsible for regulation and operations relating to the listing of financial instruments on Euronext Dublin's markets, across a variety of asset classes and a number of jurisdictions. Aisling is responsible for the regulatory engagement with issuers and market participants as well as domestic and EU regulatory authorities. She participates on the European Corporate Governance Network and is a former member of the Company Law Review Group and the International Markets Surveillance Group. She is a Licentiate of the Association of Compliance Officers in Ireland.

Kathleen Redmond is a Principal Officer with the Office of the Revenue Commissioners. She is currently responsible for compliance policy. Prior to this she served as the Customer Engagement Strategy Manager (2015 – 2018), PAYE Manager (2012 – 2014) and District Manager for the Revenue Fingal Tax District (2010 – 2012). As well as holding a Bachelor of Arts Degree in Applied Taxation, she also completed an Executive Leadership Programme with Harvard University.

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 the key areas of governance, finance, risk and oversight. 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.

4.5. Governance Statement

IAASA was established under the Companies (Auditing & Accounting) Act 2003, and operates as a company limited by guarantee under the provisions of the Companies Act 2014. The functions of the Board are set out in section 905 of the Act. The Board is 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 leadership team. The Chief Executive and the leadership team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. While members of the leadership team routinely attend Board meetings, the Chief Executive, who is a director, acts as a direct liaison between the Board and executive of IAASA.

4.5.1. 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 Act requires IAASA to keep, in such form as may be approved by the Minister (with consent of the Minister for Public Expenditure & Reform), all proper and

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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 Act, and as a company limited by guarantee, section 281 of the Act. The maintenance and integrity of the corporate and financial information on 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 2019 at its meeting on 17 September 2018. Financial information including management accounts detailing actual and budgeted expenditure were considered by the Board at each scheduled meeting in 2019. 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.

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 2019.

4.5.2. Board composition

As detailed above, IAASA is governed by a Board of nine directors. 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 Act provides that members may be appointed for a period of three to five years. Generally members are appointed for three year periods, and the Chairperson for five years. The composition of the Board at 31 December 2019, and movements since that date, are set out in Appendix 1.

The Board commenced a process of external evaluation of its own performance in early January 2020, which concluded at its meeting of 10 March 2020.

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4.5.3. 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 4.3.

Table 4.3: Board Committees – mandates and membership

Committee	Mandate	Membership at 31 December 2019
Section 933 committees	In accordance with the section 933 Regulations which were in effect until November 2019, from time to time IAASA established Preliminary Enquiry Committees ('PECs') and Enquiry Committees for the purpose of determining whether a PAB has complied with its approved investigation and disciplinary procedures or whether a RAB had complied with its obligations under Part 27 of the Act. From November 2019, revised Regulations provide only for the establishment of Enquiry Committees so no further PECs will arise.	There were no PECs or Enquiry Committees in existence at year end.
Section 934 committees	In accordance with the section 934 Regulations which were in effect in 2019, from time to time IAASA established Preliminary Investigation Committees ('PICs') and Investigation Committees ('ICs') for the purpose of determining whether there was a possible breach of standards by a PAB member, or into possible contraventions of part 27 of the Act or the EU Audit Regulation by a statutory auditor or audit firm.	At year end, there was 1 PIC and 1 IC in existence. PIC members: Mr Paul Appleby (Chairperson) Mrs Nicole Lappin Mr Pat O'Connor IC members: Ms Aisling McArdle (Chairperson) Mr John Geary Mr Shane McCarthy
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.	Mr Conor O'Mahony (Chairperson) Mr David Devlin Mrs Nicole Lappin

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 (for example, matters pertaining to litigation risk). 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.

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4.5.4. Audit & Risk Committee

The Audit & Risk Committee ('ARC') 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 ARC and Table 4.4 sets out how these roles were discharged in 2019.

Table 4.4: Audit & Risk Committee activities

Charter Requirement	Actions taken during 2018
Internal controls and risk management systems (section 6.1)	<ul style="list-style-type: none"> The committee reviewed the Authority's risk register at each meeting in consultation with the Chief Risk Officer, who attended each meeting. The committee made recommendations on risk mitigation in areas including Brexit, GDPR, ICT vulnerabilities and compliance with legal obligations. The committee reviewed the System of Internal Control ('SIC') for 2018 in conjunction with the internal auditor.
Financial reporting (section 6.2)	<ul style="list-style-type: none"> The committee considered the 2020 Programme of Expenditure, and directed a revised approach to the process resulting in a more accurate estimate of future payroll costs. The committee reviewed the 2018 Annual Report to the Minister, and considered the Report understandable, consistent and unbiased.
Whistle-blowing (section 6.3)	<ul style="list-style-type: none"> No relevant disclosures arose during the year.
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"> IAASA's internal auditor completed a detailed audit of the SIC, 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 Corporate Procurement Plan 2019 – 2021 and expressed its satisfaction with it. The committee undertook an evaluation of its own performance.
Internal audit (section 6.5)	<ul style="list-style-type: none"> The committee considered a report on risk management processes compiled by the Authority's internal auditors, CrowleysDFK. The Committee recommended the appointment of CrowleysDFK's as internal auditors for the period 2020 – 2022 on foot of a tender process coordinated by the Office for Government Procurement.
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 met with the C&AG Deputy Director of Audit in the absence of the executive. The committee considered the C&AG's report on its 2018 audit. The C&AG carried out its audit of the 2018 Financial Statements and cleared them for approval by the directors.
Reporting responsibilities (section 6.7)	<ul style="list-style-type: none"> A report from the Chairperson of the ARC to the Board was given at each scheduled Board meeting in 2019.
Other matters (section 6.8)	<ul style="list-style-type: none"> The committee monitored the impact of GDPR, and the ongoing efforts to conclude an appropriate statutory instrument relating to its implementation.

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

The ARC will review the 2019 Financial Statements prior to their consideration and approval by the Board.

4.5.5. Schedule of Attendance, Fees and Expenses

Details of fees and expenses paid to members are disclosed in the Authority's Financial Statements, and have been provided to the Minister.

4.5.6. 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.

Ms Aileen O'Donoghue resigned from the Board on 25 April 2019 for personal reasons. She was replaced on 29 August 2019 by Ms Aisling McArdle on the nomination of the Irish Stock Exchange.

Ms Caitriona Crowley resigned from the Board on 23 December 2019, and a nomination from the Revenue Commissioners was awaited at year end.

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4.5.7. Disclosures required by Code of Practice for the Governance of State Bodies

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

- An analysis of total employee remuneration (including salaries and other benefits, but excluding employer superannuation contributions) for those earning over €60,000 is set out in Note 14 of the Authority's Financial Statements;
- An analysis of travel and subsistence is set out in Note 16 of the Authority's Financial Statements;
- An analysis of consultancy expenditure is set out in Note 17 of the Authority's Financial Statements;
- The Authority did not incur costs under the 'Legal Costs and Settlements' heading in 2019. All legal costs incurred relate to general legal advice; and
- An analysis of hospitality expenditure is set out in Note 18 of the Authority's Financial Statements.

4.5.8. Statement of Compliance

IAASA is satisfied that it has complied with all of the requirements of the Code.

4.6. Other governance and public sector 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 & Administration, 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 thirteenth Annual General Meeting on 9 July 2019;
- filed the company's Annual Return with the Registrar of Companies on 11 July 2019; and
- completed its registration on the Register of Beneficial

Ownership.

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 CRO 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;
- Data Protection Acts;
- Ethics in Public Office law; and
- the European Communities (Late Payments in Commercial Transactions) Regulations, 2012.

Certain other requirements typically applicable to statutory bodies such as the Freedom of Information Acts, Disability Acts, the Irish Human Rights & Equality Commission Act 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. GDPR

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

4.6.5. 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.