

**STATUTORY FINANCIAL
REPORTING SERVICES –
UNLIMITED SCOPE
EXAMINATIONS: Invitation for
provision of services for years
2019 to 2021**

NOVEMBER 2018

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

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1. CONTEXT

The statutory role of the Irish Auditing and Accounting Supervisory Authority ('IAASA') includes examining whether the annual and half-yearly financial reports (collectively referred to as 'periodic financial reports') of certain entities whose securities have been admitted to trading on a regulated market, situated, or operating within the EU ('issuers') have been drawn up in accordance with the requirements of the relevant reporting framework as laid down by the Transparency (Directive 2004/109/EC) Regulations, 2007 (as amended) ('the Transparency Regulations')¹.

IAASA's examination constituency in this regard comprises issuers of equity and debt as well as closed-ended funds². These issuers publish an aggregate of approximately 210 periodic financial reports per annum.

IAASA selects issuers' periodic financial reports for examination based on risk assessment criteria, supplemented by cyclical and random selections. Given the level of IAASA's examination activity, together with the scale and nature of the examination constituency, IAASA anticipates a requirement to supplement its internal professional resources from time to time by engaging the services of a suitably qualified and experienced provider of statutory financial reporting expertise.

IAASA's existing Panel of service providers is refreshed on a triennial basis.

At this time, IAASA is seeking to appoint an individual or firm to provide financial statement review services for a period of three years. Respondents should note that under this selection process a single preferred service provider will be selected for each category of issuer (see Section 4(e) below). An alternate provider will be selected as backup and will be used only in the event that the preferred service provider cannot act due to, for example, unavailability or independence issues.

2. NATURE OF ENGAGEMENTS

2.1 Scope of engagements

In broad terms, engagements will involve:

- (a) full scope examination of selected issuers' periodic financial reports for the purpose of determining whether same have been prepared in accordance with the relevant reporting framework; and
- (b) the provision of detailed findings and conclusions in written report format in respect of each examination, with such reports to be provided within agreed timeframes.

The selected individual/firm for each category may also be invited from time to time to tender for the provision of additional services, including, for example, research, advice and/or examination of selected aspects of issuers' periodic financial reports. Such bespoke projects will be subject to separate restricted tendering procedures where considered appropriate.

2.2 Annual financial reports

In accordance with the provisions of the Transparency Regulations, issuers' annual financial reports shall include:

- (a) audited financial statements;
- (b) a Management Report; and

¹ The EU Transparency Directive, under which IAASA conducts financial statement examinations, has been implemented in Ireland through a combination of:

- (a) primary legislation (sections 1379 to 1384 of the Companies Act 2014); and
- (b) secondary legislation (Transparency (Directive 2004/109/EC) Regulations 2007 (S.I. 277 /2007) as amended by:
 - (i) Transparency (Directive 2004/109/EC) (Amendment) Regulations 2010 (S.I. 102/2010);
 - (ii) Transparency (Directive 2004/109/EC) (Amendment) Regulations 2012 (S.I. 238/2012);
 - (iii) Transparency (Directive 2004/109/EC) (Amendment) (No. 2) Regulations 2012 (S.I. 316/2012);
 - (iv) Transparency (Directive 2004/109/EC) (Amendment) Regulations 2015 (S.I. 44/2015); and
 - (v) Transparency (Directive 2004/109/EC) (Amendment) (No. 2) Regulations 2015 (S.I. 541/2015).

² At 31 December 2017, IAASA's known financial reporting examination constituency comprised 107 issuers made up of 31 equity issuers, 15 closed-ended fund issuers and 61 debt issuers. The list of individual issuers falling within remit is available at <http://iaasa.ie/FAQs/FRS>

- (c) a Responsibility Statement.

2.3 Half-yearly financial reports

In accordance with the provisions of the Transparency Regulations, issuers' half-yearly financial reports shall include:

- (a) a condensed set of financial statements;
- (b) an Interim Management Report; and
- (c) a Responsibility Statement.

2.4 Relevant reporting framework

The relevant reporting framework can include:

- (a) the financial reporting standards (and related interpretations) under which the financial statements or condensed financial statements, as applicable, are required to have been prepared;
- (b) the Transparency Regulations;
- (c) the Companies Acts³, including associated secondary legislation, insofar as they relate to periodic financial reports;
- (d) the [Transparency Rules of the Central Bank of Ireland](#), insofar as they relate to periodic financial reports⁴; and
- (e) any other law or regulation, insofar as it relates to periodic financial reports generally or to the periodic financial report(s) of a specific issuer.

2.5 Examination output

The output of each examination will be a written report that, at a minimum, shall:

- (a) set out the scope of the work undertaken, including details of the methodology applied;
- (b) clearly set out the issues identified;
- (c) rank issues identified in descending order of significance;
- (d) provide sufficient detail to enable IAASA to understand:
 - the nature of each issue;
 - the basis for the examiner's identification of each issue as:
 - (i) an apparent/actual instance of non-compliance with the relevant reporting framework (e.g. by reference to a financial reporting standard requirement/principle, a specific statutory/regulatory requirement or industry practice); or
 - (ii) one in respect of which further information from the issuer and/or its directors is considered necessary or desirable;
 - the basis for the examiner's assessment of the significance of the issue; and
 - where possible/practicable, the monetary value of the potential/actual instance of non-compliance involved;

³ The text of companies legislation is available at <http://www.iaasa.ie/Legislation/Companies-Act,-2014-related-Statutory-Instruments>

⁴ Respondents may wish to refer also to [https://centralbank.ie/docs/default-source/publications/Consultation-Papers/cp121/cp121---consultation-on-amendments-to-central-bank-market-abuse-and-transparency-rules-and-consolidation-into-central-bank-\(investment-market-conduct\)-rules.pdf](https://centralbank.ie/docs/default-source/publications/Consultation-Papers/cp121/cp121---consultation-on-amendments-to-central-bank-market-abuse-and-transparency-rules-and-consolidation-into-central-bank-(investment-market-conduct)-rules.pdf)

- (e) set out, where applicable, the examiner’s recommendations regarding, amongst other matters, any additional information and/or clarification considered necessary (i.e. from the issuer’s directors) in order to enable the examiner to form a conclusion regarding an identified issue;
- (f) provide details of any other matters occurring to the service provider regarding compliance or otherwise with the relevant reporting framework; and
- (g) include a detailed record of the procedures performed on the periodic financial report (e.g. a completed checklist of each requirement and an indication of compliance or otherwise with that requirement by the issuer).

Respondents should note that IAASA reserves the right to specify the format in which the service provider’s written report is submitted.

3. OTHER RELEVANT CONSIDERATIONS

In addition to the foregoing, the following considerations are also of relevance:

- (a) assignments are likely to be time sensitive and, accordingly, the service provider will need to possess the necessary capacity to deliver within such timeframes;
- (b) given the nature of the profile of issuers coming within scope of the Transparency Regulations, the majority of assignments are likely to relate to issuers reporting under International Financial Reporting Standards as endorsed by the EU (‘IFRS-EU’). Accordingly, a very high standard of expertise in the provisions and practical application of IFRS-EU is a prerequisite;
- (c) in view of certain provisions adopted by the EU Commission, certain third country issuers coming within scope are permitted to prepare their periodic financial reports in accordance with certain codes of third country GAAP (primarily US GAAP). Accordingly, expressions of interest are welcome from parties possessing a very high standard of expertise in the provisions and practical application of relevant third country GAAP.

As part of European audit reform measures, including in particular [Regulation \(EU\) No 537/2014](#), effective since June 2016, IAASA assumed responsibility for inspecting the quality of audit work performed by the auditors of Public Interest Entities (‘PIEs’). As a consequence, PIE auditors which are subject to IAASA audit inspection are deemed ineligible to be appointed service providers as any such appointment could lead to potential conflicts of interest.

4. INFORMATION REQUESTED FROM RESPONDENTS

Individuals and/or firms who consider that they possess the requisite expertise and experience to meet IAASA’s requirements are invited to register their interest and, in addition, to provide the preliminary information set out hereunder:

- (a) name, business address, email address and telephone contact details;
- (b) details of the individual(s), including any internal and external experts, that it is proposed would lead the provision of services and of those other individuals (where applicable) that it is proposed would have a role in the provision of the services concerned, together with details of those individuals’ qualifications and relevant academic and practical experience;
- (c) an indication of the range and extent of resources and relevant skills available to the respondent and how, in the respondent’s assessment, they meet the expertise requirement in order to fulfil the role (see also Section 5.1 below);
- (d) details setting out specific relevant experience, if any, the respondent has in providing similar services, either to IAASA or to other parties;
- (e) the category or categories of issuer for which the respondent wishes to be considered. The categories of issuer in respect of which respondents may express interest are as follows:
 - equity issuers (excluding banking and insurance entities);
 - debt issuers (excluding banking and insurance entities);
 - banking and insurance entities; and

- closed-ended funds.

Respondents may elect to be considered for one or more categories.

- (f) respondents should provide detailed cost proposals, which should be all inclusive and detail all amounts and expenses chargeable. A separate cost may be proposed for each category of issuer as set out above, and for half-yearly and full-year reviews. In accordance with Department of Public Expenditure & Reform procurement stipulations, respondents will be required to provide a fixed fee per engagement per category. Rates on a daily basis (or variations thereon, e.g., hourly rates) are not permissible. The quoted fixed fee per engagement should factor in that having considered an examiner's report, IAASA may require an examiner to clarify certain aspects of their report.
- (g) respondents should provide details of their general availability and any considerations that might impact on same (e.g. periods of the year during which other work or commitments would impact upon their capacity to deliver within tight timeframes).
- (h) submissions should also include a statement confirming that none of the circumstances set out in the [European Communities \(Award of Public Authorities' Contracts\) Regulations 2006](#) (S.I. No. 329 of 2006) apply to the respondent.

5. SELECTION CRITERIA

5.1 Shortlisting

Dependent upon the number of expressions of interest received, IAASA may consider it necessary or otherwise appropriate to shortlist respondents. In the event that this is the case, shortlisting will be based solely on the material submitted by respondents. Accordingly, in supplying the information requested above, respondents should ensure that they fully set out the basis upon which they consider themselves to satisfy each of the following prerequisites:

- (a) professional accountancy qualification or other relevant qualification;
- (b) high level of expertise in the application of IFRS and/or relevant third country GAAPs;
- (c) knowledge of law and regulation as it applies to issuers' periodic financial reports;
- (d) sufficient capacity and resources to enable delivery on IAASA's requirements; and
- (e) one or more of the following:
 - recent significant experience at a suitably senior level (e.g. senior manager level) in the practical application of IFRS and/or third country GAAP or the audit or examination of same in the context of the periodic financial reporting of issuers or other economically significant entities;
 - practical experience in undertaking similar work for IAASA in previous years or for other accounting enforcement or similar authorities;
 - recent significant experience at a senior level in a relevant financial reporting standard setting environment or other demonstrably similar and relevant experience; or
 - demonstrable practical expertise relating to the periodic financial reporting of at least one category of issuer (as set out in paragraph 4.4 above).

5.2 Interview

Respondents or, in the event of shortlisting, those respondents that have been shortlisted shall be invited for interview. The purpose of the interview will be to:

- (a) verify insofar as possible, and obtain any clarifications considered necessary regarding, assertions made by respondents in their initial submission;
- (b) assess respondents' overall understanding of, and operational capacity to deliver on, IAASA's service requirements;

- (c) assess respondents' expertise as it relates to IAASA's financial reporting supervisory and enforcement role and their relevant experience in preparing, auditing and/or examining financial reports in that context;
- (d) assess respondents' proposals to bring added-value to the engagements; and
- (e) respond to any clarifications sought by respondents.

Those invited to interview (and those existing Panelists electing to attend interview will be requested to make a presentation at the outset of the interview outlining the following:

- (a) their experience of preparing, auditing and/or examining IFRS and/or relevant third country GAAP financial reports and preparing examination output to the level detailed at section 2.5 above;
- (b) their expertise and practical experience of IFRS and/or other reporting frameworks relevant to IAASA's examination constituency;
- (c) their practical experience in undertaking similar work for IAASA in previous years or for other accounting enforcement or similar authorities;
- (d) the background and relevant experience of the proposed person/team to provide the service, including the availability of specialist expertise in key areas (e.g. relevant industries, GAAPs, accounting topics, type of issuer, etc);
- (e) their understanding of IAASA's financial reporting supervisory and enforcement role and its associated requirements;
- (f) their proposed methodology for delivery of the service;
- (g) their capacity to deliver within tight deadlines and to provide on-going support in a flexible and responsive manner while a examination is underway;
- (h) quality assurance processes built into their internal processes;
- (i) whether they consider that there may be any constraints or limitations on the services which can be provided (e.g. category or categories of issuer, third country GAAP, specific financial reporting matters/issues, etc);
- (j) specific proposals for added-value that the respondent considers that they can bring to the process;
- (k) their processes for identifying and managing potential conflicts of interest; and
- (l) any other issues which are considered to be relevant to their expression of interest.

5.3 Sample examination of financial statements

Following the interview, respondents (other than those included on the existing Panel) reaching the required minimum standard at interview will be requested to undertake a sample examination of an extract from a financial report. Further details of this sample examination will be provided to respondents progressing to this stage of the process following the interview.

5.4 Cost

A score will be extrapolated for each respondent based on their proposed charges vis-à-vis other eligible respondents.

5.5 Ranking and allocation

Following the above assessment, the table below will be completed for each respondent. This table shall be used for ranking purposes:

Criterion	Maximum score
<p>General understanding</p> <p>Demonstration of understanding of:</p> <ul style="list-style-type: none"> - objective of financial reporting enforcement across the EU; - IAASA and its function and role in financial reporting enforcement; - service delivery requirements 	10
<p>Relevant experience</p> <ul style="list-style-type: none"> - experience in the preparation, auditing, review or enforcement relating to periodic financial statements; - specific experience in and/or expert knowledge of (a) IFRS financial reports; or (b) Irish GAAP financial reports; or (c) third country financial reports; - specific experience in and/or expert knowledge of specific industry sectors; - specific experience in and/or expert knowledge of specific categories of issuer (e.g. equity, funds, debt, financial institutions); - specialised resources available to respondent (e.g. actuary, property valuers); and - any limitations to experience/expertise (e.g. resource constraints at specific times of the year) 	20
<p>Technical competencies</p> <p>Score will be awarded based on combination of:</p> <ul style="list-style-type: none"> - demonstrated technical knowledge of relevant reporting frameworks; - examination methodologies to be used; - proposed reporting processes and methodologies; and - broader perspectives applied on financial reporting issues (e.g. peer entities practices) 	25
<p>Sample examination</p> <p>A score will be awarded based on the report received in relation to the sample examination referred to in Section 5.3 above</p>	20
<p>Cost (Section 5.4 above refers)</p>	25
<p>Total score awarded</p>	100

5.6 Conflicts of interest

Respondents for whom a conflict of interest, or perceived conflict of interest, would arise were they to undertake a particular assignment will be excluded from that assignment.

Without prejudice to the foregoing, IAASA reserves the absolute right to consult and engage individuals/firms who have not submitted an expression of interest where it deems it appropriate to do so.

6. PAYMENT TERMS AND CONDITIONS

- (a) All proposed fees should be quoted in euro, including VAT at the appropriate rate.
- (b) No fees, outlays or expenses other than those outlined in the respondent's cost proposal shall be paid in respect of any engagements made pursuant to this Invitation.
- (c) Payment will be made in accordance with the provisions of the [European Communities \(Late Payment in Commercial Transactions\) Regulations 2012](#) (S.I. No. 580 of 2012) on receipt by the Authority of a valid invoice from the Service provider.
- (d) The successful respondent will be required to demonstrate his Tax Clearance status.
- (e) In accordance with the Irish Finance Acts, a deduction of tax at the specified rate may have to be made from all payments in respect of professional services (Professional Services Withholding Tax). The successful respondent will be required to submit details of their tax reference number.
- (f) The successful respondent will be required to enter into a written contract reflecting, *inter alia*, the cost of the engagement.

7. RESPONDENTS' COSTS AND EXPENSES

IAASA shall not be liable for any costs or expenses howsoever incurred by respondents in pursuing this invitation.

8. CONFIDENTIALITY

Respondents should note that, as the appointee will be a professional adviser to the Authority, the appointee shall be bound by the statutory obligations with respect to the confidentiality of information imposed by section 940 of the [Companies Act 2014](#) and other relevant legislation. Any successful respondent will be required to sign an acknowledgement that s/he/they is/are aware of the obligations imposed by section 940 and that all information that is obtained by the respondent in acting as advisor to the Authority and that has not otherwise come into the public domain shall not be disclosed except in accordance with law. **A breach of section 940 is an offence and may result in criminal liability.**

In addition, successful respondents will be required to agree not to disclose any such information without the Authority's explicit consent.

9. FURTHER INFORMATION

Relevant legislation, together with further information regarding IAASA and its activities, can be obtained from IAASA's website, www.iaasa.ie

10. SUBMISSION OF EXPRESSIONS OF INTEREST

Expressions of interest, which should be clearly marked '*Expressions of Interest – Financial Reporting Advisor*', should be submitted by **9.00am** on **26 November 2018** to one of the contact points set out below:

**Company Secretary
Irish Auditing & Accounting Supervisory Authority
Willow House,
Millennium Park
Naas
Co Kildare
Ireland W91 C6KT**

or

submissions@iaasa.ie

Expressions of interest received after the above deadline will not be considered. Respondents may wish to note that interviews will be held in the week beginning 10 December 2018.

11. STATUS OF PARTIES EXPRESSING AN INTEREST

IAASA does not guarantee to retain persons or firms applying as the preferred service provider (or alternate provider) but will, where practicable, afford due recognition to individuals/firms who responded to this invitation. IAASA further reserves full discretion to consult and engage firms and/or individuals who are not the preferred service provider (or alternate provider) whenever it considers it advisable to do so.

Irish Auditing & Accounting Supervisory Authority

5 November 2018