

Governance

1. Legal structure

Pursuant to the provisions of section 5 of the Companies (Auditing and Accounting) Act 2003 ('the Act')¹, the Irish Auditing and Accounting Supervisory Authority ('the Authority' / 'IAASA') discharges its functions and exercises its powers through a company limited by guarantee designated for that purpose by the Minister for Trade & Commerce ('the Minister')².

2. Company membership

In accordance with the Act, the following are members of the company:

Table 1: Members of the Authority

Members of the Authority	
Association of Chartered Certified Accountants*	Institute of Chartered Accountants of Scotland*
Association of International Accountants*	Institute of Incorporated Public Accountants*
Chartered Institute of Management Accountants*	Irish Association of Investment Managers
Chartered Institute of Public Finance & Accountancy*	Irish Business & Employers' Confederation
Director of Corporate Enforcement	Irish Congress of Trade Unions
Financial Regulator	Irish Stock Exchange
Institute of Certified Public Accountants in Ireland*	Law Society of Ireland
Institute of Chartered Accountants in England & Wales*	Pensions Board
Institute of Chartered Accountants in Ireland*	Revenue Commissioners

* Denotes a Prescribed Accountancy Body

¹ A copy of the Act can be accessed on the Authority's website at <http://www.iaasa.ie/legislation/index.htm>

² While the Act refers to the Minister for Enterprise, Trade & Employment, during the year under review the Government had delegated all Ministerial functions provided for by the Act to the Minister. This delegation was effected by the (i) Department of Enterprise, Trade & Employment (Delegation of Ministerial Functions)(No. 2) Order 2008 (S.I. No. 290 of 2008) (in respect of Mr. John McGuinness, TD); and (ii) Department of Enterprise, Trade & Employment (Delegation of Ministerial Functions)(No. 3) Order 2009 (S.I. No. 248 of 2009) (in respect of Mr. Billy Kelleher, TD). The text of both Statutory Instruments can be accessed at www.iaasa.ie/legislation/index.htm

3. Governance

3.1 Board of Directors – method of appointment

In accordance with the provisions of section 11 of the Act, the Authority is governed by a Board of 15

directors, 14 of whom are appointed by the Minister having been nominated by those entities set out in the Table below. The remaining director is the Chief Executive, who is appointed by the aforementioned 14 directors.

Table 2: Board of Directors – nominating bodies

Nominating bodies	Nominees
Minister	2 ³
Prescribed Accountancy Bodies (jointly by agreement)	3
Director of Corporate Enforcement	1
Financial Regulator	1
Irish Association of Investment Managers	1
Irish Business & Employers’ Confederation	1
Irish Congress of Trade Unions	1
Irish Stock Exchange	1
Law Society of Ireland	1
Pensions Board	1
Revenue Commissioners	1
Total	14

As further stipulated by the Act, a maximum of five directors, including the Chief Executive, may be members of the PABs.

³ The Minister’s nominees include the Chairperson of the Authority.

3.2 Appointment/reappointment of Board members during the year

During the year the following directors were appointed (or reappointed) to the Board:

Table 3: Details of appointments and reappointments to the Board during the year

Director	Date appointed	Nominating body	Reason for vacancy	Term
Marie Daly	3 January, 2009	Irish Business & Employers' Confederation	Expiration of Ms. Daly's previous term of office	3 years
Sean Hawkshaw	3 January, 2009	Irish Association of Investment Managers	Expiration of Mr. Hawkshaw's previous term of office	3 years
Brendan Kennedy	3 January, 2009	Pensions Board	Expiration of Mr. Kennedy's previous term of office	3 years
Tadhg O'Connell	3 January, 2009	Revenue Commissioners	Expiration of Mr. Jim Kelly's term of office	3 years
Brian Shiels	3 January, 2009	n/a – Ministerial nominee	Expiration of Mr. Pat Houlihan's term of office	3 years

3.3 Board of Directors as at 31 December, 2009

As at 31 December, 2009 the composition of the Authority's Board of Directors was as follows:

Table 4: Composition of Board at year end

Board member	Occupation	Nominating body
Ms. Karen Erwin (Chairperson)	Founder & Principal, Erwin Mediation Services	Minister for Trade & Commerce
Mr. Ian Drennan*	Chief Executive, IAASA	Other directors
Mr. Paul Appleby	Director of Corporate Enforcement	Director of Corporate Enforcement
Ms. Helene Coffey	Principal, Coffey & Associates, Solicitors	Law Society of Ireland
Ms. Marie Daly	Head of Legal & Regulatory Affairs, Irish Business & Employers' Confederation ('IBEC')	IBEC
Mr. Michael Deasy*	Senior Advisor, Financial Regulator	Financial Regulator
Mr. Sean Hawkshaw	Managing Director, KBC Asset Management Limited	Irish Association of Investment Managers
Mr. Tony Kelly*	Partner, Byrne Curtin Kelly, Certified Public Accountants & Registered Auditors	Prescribed Accountancy Bodies
Mr. Brendan Kennedy	Chief Executive, Pensions Board	Pensions Board
Mr. Tadhg O'Connell	Principal Officer, Revenue Commissioners	Revenue Commissioners
Senator Joe O'Toole	Member of Seanad Éireann (Upper House of Parliament)	Irish Congress of Trade Unions
Mr. Gerard Scully	Director of International Primary Markets, Irish Stock Exchange	Irish Stock Exchange
Mr. Brian Shiels	Company director	Minister for Trade & Commerce
Vacant ⁴	n/a	Prescribed Accountancy Bodies
Vacant ⁴	n/a	Prescribed Accountancy Bodies

* Denotes membership of a Prescribed Accountancy Body

⁴ The vacant PAB nominee positions on the Board arose as a consequence of (i) the expiration of Mr. David Martin's term of office on 2 January, 2009; and (ii) Mr. Donal O'Connor's resignation from the Board on 21 January, 2009. The nomination of replacement PAB directors is a matter for the PABs.

3.4 Board procedures

The Board holds regular meetings and its procedures further provide for the convening of unscheduled meetings should the need arise in order to conduct the Authority's business. 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 the Authority's statutory functions and powers. Certain matters are delegated to Board Committees, as outlined in section 4 below, 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 the Authority's 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 the Authority is to act in accordance with the relevant legislation and to act in, and protect and promote, the best interests of the Authority. 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.

3.5 Board meetings

During the year, the Board held 10 scheduled meetings and one unscheduled meeting. The membership of the Authority's Board of Directors during the year, together with details of the number of meetings attended by each director, is set out in the Table below.

Table 5: Directors' attendance at Board meetings

Director	Meetings attended/ Meetings eligible to attend
Ms. Karen Erwin (Chairperson)	11/11
Mr. Ian Drennan (Chief Executive)	11/11
Mr. Paul Appleby	10/11
Ms. Helene Coffey	8/11
Ms. Marie Daly	10/11
Mr. Michael Deasy	10/11
Mr. Sean Hawkshaw	8/11
Mr. Brendan Kennedy	8/11
Mr. Tony Kelly	8/11
Mr. Tadhg O'Connell	9/11
Senator Joe O'Toole	8/11
Mr. Gerard Scully	8/11
Mr. Brian Shiels	9/11

Board members



Ms. Karen Erwin
(Chairperson)



Mr. Ian Drennan
(Chief Executive)



Mr. Paul Appleby



Ms. Helene Coffey



Ms. Marie Daly



Mr. Michael Deasy



Mr. Sean Hawkshaw



Mr. Tony Kelly



Mr. Brendan Kennedy



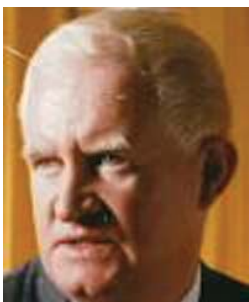
Mr. Tadhg O'Connell



Senator Joe O'Toole



Mr. Gerard Scully



Mr. Brian Shiels



Secretary:
John O'Malley

4. 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 the Table below.

Table 6: Board Committees – mandates and membership

Committee	Mandate	Membership
Audit	Monitoring the integrity of the Authority's financial statements, the effectiveness of the Authority's internal control and risk management systems and monitoring and reviewing the effectiveness of the internal and external audit processes.	Michael Deasy (Chair) ⁵ Helene Coffey Tadhg O'Connell ⁶
Remuneration	Assessing the performance of the Chief Executive and making recommendations to the Board regarding the Chief Executive's and directors' remuneration.	Brendan Kennedy (Chair) ⁷ Paul Appleby Karen Erwin Brian Shiels
Section 23 Committees	In accordance with the provisions of section 23 of the Act and the Companies (Auditing and Accounting) Act, 2003 (Procedures Governing the Conduct of Section 23 Enquiries) Regulations, 2007 ('the Section 23 Regulations' ⁸ , the Authority from time to time establishes Preliminary Enquiry Committees and Enquiry Committees for the purpose of determining whether a Prescribed Accountancy Body has complied with its approved investigation and disciplinary procedures. Whilst section 23 Committees report to the Board on a regular basis, such reporting is concerned mainly with the progress of Enquiries and other important issues relevant to the overall governance of the Authority (e.g. matters pertaining to litigation risk etc.). The Board does not receive reports regarding the subject matter of Enquiries as Committees operate independently of the Board and Executive in discharging their investigative mandates.	See Chapter 3 for further detail on the Authority's section 23 enquiry activities during the year.

⁵ Following Mr. Donal O'Connor's resignation from the Board in January, 2009, Mr. Michael Deasy was appointed as Chair of the Committee (in March 2009).

⁶ Following the expiration of Mr. Jim Kelly's term of office as a member of the Board in January, 2009, Mr. Tadhg O'Connell was appointed to the Committee (in March 2009).

⁷ Following the expiration of Senator Joe O'Toole's term of office as a Committee member, Mr. Brendan Kennedy was appointed as Chair of the Committee. Further, Mr. Brian Shiels was appointed to the Committee (in March 2009).

⁸ The Section 23 Regulations can be accessed on the Authority's website at http://www.iaasa.ie/legislation/si667_2007.pdf

5. Public sector governance obligations

The Board is committed to operating and maintaining the highest standards of corporate governance and to ensuring compliance with the Authority's various legal and other obligations. As a Body established under statute, the Authority is subject to the provisions of the Code of Practice for the Governance of State Bodies ('the Code'), as issued by the Department of Finance and revised during the year under review. The Code sets out the principles of corporate governance applicable to State bodies. The Authority's directors and senior management are also subject to the provisions of the Ethics in Public Office Acts, which require, amongst other things, the annual disclosure of any interests that could materially influence them in relation to the performance of their official functions. Further information regarding the steps taken by the Authority to comply with its governance obligations is provided in Chapter 6 of this Report.