

CHAPTER 6

Ensuring the Authority's adherence to its legal and governance obligations as a Body established under statute and providing a high quality service to internal and external stakeholders

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1. Authority's adherence to its legal and governance obligations as a Body established under statute

1.1 Introduction

The Board is principally assisted in ensuring the Authority's compliance with its legal and governance obligations by the Secretary & Head of Legal Services and the Head of Finance & Administration respectively. Where applicable, other members of the Authority's staff and management contribute as required to the Authority's ongoing compliance with its obligations.

1.2 Legal requirements under the Companies Acts

As a company limited by guarantee, the Authority and its directors have a range of legal obligations and responsibilities under the Companies Acts⁸². During the year, in compliance with the Authority's obligations as a company, the directors:

- held the Authority's third Annual General Meeting on 16 June, 2009; and
- filed the company's Annual Return with the Registrar of Companies on 2 July, 2009.

As detailed further in the Report of the Directors, the Authority has taken the steps necessary to ensure that, in compliance with section 202 of the 1990 Act, proper books and accounting records are maintained. Similarly, the Secretary is charged with maintaining the Authority's statutory Registers and ensuring that all filings are made to the Registrar of Companies within prescribed timeframes.

1.3 Principal legal requirements under other legislation

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

- health and safety legislation (the Authority

adopted a revised Safety Statement in December, 2008);

- employment and related legislation;
- tax law, including those provisions relating to the necessity for certain service providers to the Authority to furnish valid Tax Clearance Certificates in advance of payments being made;
- the Ethics in Public Office Acts; and
- the European Communities (Late Payments in Commercial Transactions) Regulations 2002.

Certain other requirements typically applicable to statutory bodies such as the Freedom of Information Acts and the Official Languages Act do not currently apply to the Authority by virtue of its not having been designated for such purposes at this time.

1.4 Adherence to the Code of Practice for the Governance of State Bodies

As a Body established under statute, the Authority is subject to the Code of Practice for the Governance of State Bodies ('the Code'), as issued by the Department of Finance. The Authority has, amongst others, taken the following steps to ensure its ongoing compliance with the Code:

- adopted a Schedule of Matters Reserved to the Board (which is reviewed by the Board from time to time);
- documented the Chief Executive's and Chairperson's respective roles;
- adopted formal and documented delegations of authority to Board Committees and to the Chief Executive (which are reviewed from time to time);
- put in place measures whereby directors have access to the advice and services of the Secretary;

- implemented measures whereby directors have access to independent legal advice where considered necessary;
 - put in place mechanisms by which the Board is regularly apprised of significant matters pertaining to the Authority's supervisory and enforcement remits and to its finances;
 - put in place measures to ensure that the Board receives regular, high quality information on which to base its decision making;
 - implemented measures to ensure that new directors are provided with an orientation briefing upon appointment to the Board;
 - adopted Codes of Conduct for both directors and employees⁸³;
 - appointed an Audit Committee comprising of non-executive directors, appointed an external provider of internal audit services and developed and approved Charters for both the Audit Committee and internal auditors which reflect both best practice and the Code's requirements;
 - appointed a Remuneration Committee comprising of non-executive directors for the purposes of assessing the performance of the Chief Executive, making recommendations to the Board regarding the Chief Executive's and directors' remuneration and ensuring the Authority's compliance with the Code's provisions regarding the Chief Executive's and directors' remuneration;
 - developed risk management policies and procedures designed to identify and quantify key business risks and to assist the Authority in the management of those risks; and
 - put in place a system of documented internal controls and related procedures, which addresses, amongst other things, the Authority's obligations under public sector procurement requirements.
- During the year under review the Department of Finance issued a revised Code, which altered the governance obligations previously applying to the Authority. The Board considered the revised Code at its September meeting and took the following steps to ensure the Authority's continuing compliance with its governance responsibilities:
- effected certain amendments to the Schedule of Matters Reserved to the Board necessary to ensure continuing compliance;
 - adopted a whistleblowing procedure, i.e. whereby employees of the Authority can, in strict confidence, raise any concerns that they might have regarding possible irregularities in financial reporting or other matters directly with the Chairperson of the Audit Committee;
 - introduced formal procedures for addressing any instances in which Board members have a concern that cannot be resolved, the registering of such concerns and the bringing of such concerns to the Board's attention;
 - effected certain amendments to the Authority's Codes of Conduct for directors and employees (to include references therein to the requirement for each member of the Board and each person holding a designated position of employment with the Authority to ensure his/her compliance

⁸² Those of the directors' responsibilities relating to the maintenance of proper books of account, preparation of financial statements and related obligations are dealt with in the Report of the Directors and the Statement of Directors' Responsibilities respectively (see the section of this Report entitled Financial & Related Statements).

⁸³ A copy of the Authority's Codes of Business Conduct can be accessed on the Authority's website at http://www.iaasa.ie/about/business_codes.htm

with relevant provisions of the Ethics in Public Office Act, 1995 and the Standards in Public Office Act, 2001). The revised Codes are available on the Authority's website;

- adopted the revised requirements regarding the disclosure of interests by directors;
- resolved that the topic of risk management should become a standing agenda item at Board meetings, conferred responsibility for monitoring risk management on the Audit Committee and appointed a Chief Risk Officer; and
- adopted a policy whereby the Authority shall comply with all Department of Finance circulars regarding travel and subsistence (requirements in this regard were previously reflected in the Authority's internal financial procedures and the adoption of the above policy was merely to reflect the Code's requirements).

1.5 Review of Board effectiveness

During the year the Board commissioned the Institute of Public Administration to conduct an independent review of its effectiveness. While identifying some measures that might further serve to enhance the Board's effectiveness, the Report concluded that the Board operates in an effective manner, with its key strengths being the high levels of experience, knowledge and expertise possessed by its individual members.

2. Provision of high quality services to internal and external stakeholders

2.1 Customer Charter

The Authority's Customer Charter⁸⁴ provides information on:

- the standards of service that stakeholders can expect from the Authority (relating to, amongst other things, timely responses, courtesy and respect) and to which the Authority is committed;

- how to make a complaint regarding the level of service received from the Authority;
- the applicability of the Charter to internal customers; and
- what the Authority expects in return from its stakeholders, for example, to be treated with courtesy and respect.

2.2 Website and regular updates to website registrants

The Authority maintains a website, www.iaasa.ie⁸⁵, on which members of the public can access:

- details of the Authority's statutory remit, including the Authority's principal statutory functions and powers;
- all primary and secondary legislation relating to the Authority, including relevant EU Directives, Regulations and Recommendations (as well as all of the Companies Acts);
- all of the Authority's publications, including reports, consultations and presentations made by Authority representatives;
- third party publications likely to be of interest to website users;
- a Frequently Asked Questions section, which includes details of how to lodge a complaint with the Authority (for example, relating to a PAB or to an issuer's periodic financial reporting);
- directors' and employees' Codes of Conduct and the Authority's Customer Charter;
- links to other websites of relevance to the Authority's remit or otherwise likely to be of interest to website users, including links to the websites of:

- ❑ the PABs;
 - ❑ member bodies of the Authority;
 - ❑ other EU audit oversight bodies;
 - ❑ other EU financial reporting enforcement bodies;
 - ❑ auditing, ethical and accounting standard setters, both UK/Irish and international;
 - ❑ EU and international representative bodies for the accountancy profession;
 - ❑ links to other relevant bodies/agencies; and
- company particulars, as required by S.I. No. 49 of 2007 (European Communities (Companies) (Amendment) Regulations 2007).

In addition to the foregoing, the Authority's website also provides regular news updates to users. The latter feature is accompanied by a service whereby website users can register for email updates, which are issued to accompany the uploading of news items to the website.

2.3 Queries received

The Authority welcomes queries from members of the public and, to the extent practicable, endeavours to assist enquirers to the fullest extent possible subject to the caveat that the Authority is unable to provide advice to members of the public.

The Authority received a total of 186 queries from members of the public during the year, 95 relating to its remit over the PABs, 47 relating to its financial reporting supervisory role and 44 of a general nature. Details of the nature of queries received during the year are provided in the Table below.

Table 25: Nature of queries received – 2009

	2009	2008
<i>Queries relating to the auditing and accountancy profession</i>		
Relating to PABs or individual accountants/auditors	28	23
Regarding the Authority's role or the Authority's and the PABs' respective roles	27	15
Regarding how to lodge a complaint with the Authority and/or a PAB	26	10
Regarding third country audit registration	14	-
<i>Queries relating to financial reporting</i>		
Relating to the provisions of the Transparency Regulations	14	21
Relating to the provisions of IFRS	18	10
Relating to other financial reporting issues	15	9
<i>Queries of a general nature</i>		
Regarding the Companies (Auditing and Accounting) Act 2003 and/or the Companies Acts generally	32	33
Relating to the functions of other regulatory bodies	7	2
Miscellaneous	5	8
Total	186	131

⁸⁴ A copy of the Authority's Customer Charter can be accessed on the Authority's website at http://www.iaasa.ie/about/Customer_Charter.pdf

⁸⁵ The Authority's website is also accessible at www.iaasa.eu.

2.4 Consultation & feedback

In the case of major policy decisions or where the Authority otherwise wishes to obtain interested parties' views, the Authority generally communicates with the public by means of Consultation Papers. In addition to being placed on the Authority's website, the publication of Consultation Papers is generally advertised in the national press with a view to gaining maximum stakeholder interest and participation.

Following the completion of consultation processes, the Authority generally (particularly in respect of complex issues) publishes feedback for the purpose of providing summary details of respondents' views on certain key issues, together with details of whether the Authority has accepted comments/proposed amendments etc. and, where this is not the case, the Authority's reasons for not so doing. During the year, the Authority published a Feedback Paper on its procedures governing the conduct of statutory investigations under section 24 of the Act (published in September, 2009).

2.5 Prescribed Accountancy Bodies' Contact Group

In addition to engaging with the PABs bilaterally on a regular and ongoing basis, the Authority has also established a standing Contact Group, which provides a forum for the Authority and the nine PABs to meet during the year to discuss matters of interest to all concerned and to share perspectives on topical issues. The Authority hosted one such meeting during the year, on 24 November, at which representatives of seven of the PABs were in attendance.

In addition to the foregoing, the Authority's Chief Executive was invited to meet with the Board of the Consultative Committee of Accountancy Bodies – Ireland ('CCAB-I')⁸⁶ in December 2009. This meeting, the first such meeting to take place, was a useful opportunity for dialogue on matters of mutual interest. Amongst the matters discussed at the meeting were:

- the Authority's approval activities and approach towards supervisory reviews;
- the section 23 Enquiry process;
- transposition of the Statutory Audit Directive;
- the extant arrangements for funding statutory investigations; and
- topical issues relating to the credit crisis and its impact on the profession and the Authority.

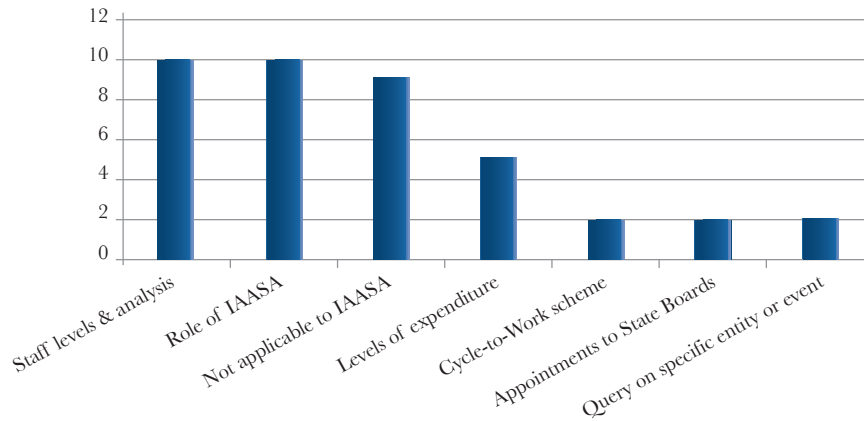
2.6 Provision of responses to Parliamentary Questions

The parliamentary procedure of tabling Parliamentary Questions (PQs) is one whereby Deputies⁸⁷ have an opportunity to table questions to Ministers on matters of relevance to Ministers' portfolios. PQs can be tabled for written or oral response by Ministers.

While the responsibility for answering PQs resides with the relevant Minister's Department, frequently Deputies' questions are constructed in a manner such that the required responses relate not only to the Minister's Department but also to Offices and/or Agencies coming within that Department's aegis. In that context, the Authority is regularly requested by the Department of Enterprise, Trade & Employment to provide material for inclusion in responses to be provided by the Minister.

During the year the Authority received 40 requests for PQ response material from the Department of Enterprise, Trade & Employment. The Table across provides an analysis of those questions by subject matter.

Table 26: Analysis of subject the matter of Parliamentary Questions referred to the Authority - 2009



Staff levels & analysis	Questions under this heading included requests for information on topics such as staff contracts, staff numbers, remuneration etc., and on the effects of the Government’s recruitment restrictions.
Role of IAASA	These questions related to powers devolved from the Minister to the Authority, whether the Authority issues licences, processes payments, carries out inspections and/or produces reports.
Not applicable to IAASA	These questions generally related to matters directly within the Minister’s remit and were not, therefore, relevant to the Authority.
Levels of expenditure	Questions under this heading included requests for information relating to the Authority’s overall budget levels and more detailed queries regarding expenditure under headings such as consultancy, advertising, etc.
Cycle-to-Work scheme	These questions related to queries regarding the Authority’s participation in the scheme and the take-up therein.
Appointments to State Boards	Questions in this category related to issues surrounding Ministerial appointments to State Boards.
Query on specific entity or event	Questions under this heading related to interactions (if any) with specified individuals/organisations or representation at specific events.

2.7 Staff training and development

The highly specialised nature of the Authority’s remit is such that its success is in large measure dependent on a highly skilled and motivated team of staff that are supported in maintaining their professional competencies against the backdrop of a fast changing and highly technically demanding environment. In that context the Authority actively encourages and supports ongoing staff training and development.

During the year the Authority supported staff in:

- undertaking continuing professional development;
- the attainment of further formal educational qualifications of relevance to the Authority’s remit (i.e. in the area of IFRS); and
- undergoing training in other areas of relevance

⁸⁶ CCAB-I comprises ACCA, CIMA, ICAI and the ICPAI.
⁸⁷ Members of Dáil Eireann, which is the lower House of the Irish Parliament.

to the administration and management of the Authority, including in the areas of:

- ❑ EU legislation;
- ❑ information technology;
- ❑ personal development; and
- ❑ statutory bodies' duties and obligations.