

Irish Auditing & Accounting Supervisory Authority
Annual Report 2009



TABLE OF CONTENTS

CHAIRPERSON'S STATEMENT	4
CHIEF EXECUTIVE'S REVIEW	12
2009 AT A GLANCE	16
CHAPTER 1	
<i>Governance</i>	19
1. Legal structure	20
2. Company membership	20
3. Governance	21
4. Committees	25
5. Public sector governance obligations	26
CHAPTER 2	
<i>Principal goals & organisational structure</i>	27
1. Principal goals	28
2. Organisational structure	29
CHAPTER 3	
<i>Supervision of the Prescribed Accountancy Bodies' regulation and monitoring of their members and the registration of third country auditors and audit entities</i>	31
1. Introduction	32
2. Overview of supervisory activities	32
3. Statutory Enquiries	33
4. Attachment of Conditions to the recognition of RABs	35
5. Supervision of the Institute of Chartered Accountants in Ireland's response to events at Anglo Irish Bank Corporation Limited and Irish Life & Permanent plc	36
6. Approval related activities	39
7. Complaints handling	42
8. Supervisory reviews	44
9. PABs' annual return process	44
10. Registration of third country auditors and audit entities	44
11. Other activities	46
CHAPTER 4	
<i>Monitoring the compliance of certain issuers' periodic financial reporting with relevant reporting frameworks</i>	49
1. Introduction	50
2. Monitoring the compliance of issuers' periodic financial reporting with relevant reporting frameworks	50
3. Matters arising from the Authority's 2009 reviews	57
3.1 Preface	57
3.2 Selected Case Studies	58
3.3 Summary of certain other issues arising from reviews conducted during the year	64
4. Review activity in respect of the financial reporting of financial institutions and other issuers primarily engaging in financial services	69
4.1 Background and associated risk considerations	69
4.2 Specific matters of relevance to Anglo and IL&P	69
4.3 Inter-institutional transactions	70
4.4 Temporary refinancing of loans	72
4.5 Loans secured on Anglo shares	73
4.6 Co-operation with third parties	74
4.7 Other matters relating to the financial reporting of financial institutions and other issuers primarily engaging in financial services	74
4.8 Impairments	75
4.9 Valuations	77

TABLE OF CONTENTS *cont.*

4.10	Related party disclosures	78
4.11	Other financial reporting matters	79
5.	Enforcement of IFRS across the European Union - EECS	79
6.	Accounting Standards Board	82
CHAPTER 5		
	<i>Promotion of adherence to high professional standards in the auditing and accountancy profession and acting as a specialist source of advice to the Minister on auditing and accounting matters</i>	83
1.	Promotion of adherence to high professional standards in the auditing and accountancy profession	84
2.	Acting as a specialist source of advice to the Minister on auditing and accounting matters	90
3.	Other advisory inputs	92
CHAPTER 6		
	<i>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</i>	93
1.	Authority's adherence to its legal and governance obligations as a Body established under statute	94
2.	Provision of high quality services to internal and external stakeholders	96
CHAPTER 7		
	<i>Profile of the Prescribed Accountancy Bodies</i>	101
1.	Introduction	102
2.	Provision of information by the Prescribed Accountancy Bodies	102
3.	Considerations regarding the comparability of data presented	102
4.	Definitions used throughout this Chapter	103
5.	Further information regarding the Prescribed Accountancy Bodies	103
6.	Structure of the remainder of this Chapter	103
	Part A: Membership	104
	Part B: Investigation and disciplinary activities	112
	Part C: Student population and education	120
	Part D: Practising authorisation	128
	Part E: Registered Auditors	131
	Part F: Individually Authorised Auditors	136
	Part G: Recognised Accountancy Bodies' monitoring of Registered Auditors	137
FINANCIAL & RELATED STATEMENTS		
	Report of the Directors	142
	Statement on Internal Financial Control	144
	Statement of Directors' Responsibilities	146
	Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas	147
	Financial Statements	149
APPENDIX		
		167
SCHEDULE OF TABLES		
		169
GLOSSARY OF TERMS		
		173