

Embargo
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**Press Release to accompany publication of the
first Annual Report of the
Irish Auditing & Accounting Supervisory Authority**

The Irish Auditing & Accounting Supervisory Authority ('IAASA') has today published its first Annual Report. Marking the publication of the Report, IAASA Chairperson, Ms. Karen Erwin said:

'In the relatively short period since February 2006, when the majority of its statutory functions and powers were conferred, IAASA has made substantial progress in delivering on its statutory mandate. By the end of our first year of operations on a statutory footing, IAASA had initiated detailed reviews of four of the nine prescribed accountancy bodies coming within our supervisory remit - which includes the performance of detailed on-site reviews of selected aspects of the bodies' regulatory and monitoring processes and practices - and had given detailed consideration to a number of proposed amendments to the prescribed accountancy bodies' constitutions, bye-laws and regulations, which now require IAASA's approval. IAASA will be undertaking similar reviews of the remaining prescribed accountancy bodies over the remainder of the Authority's 2006/08 Work Programme.

Based on our supervisory activities to date, IAASA is satisfied that, in the main, the regulatory and monitoring processes of those bodies that have been reviewed are operating in a manner that provides a sound basis for the discharge of their public interest remits. That having been said, our work to date has identified a range of issues, including some of significance from a public interest perspective. In response to our findings, IAASA has taken a range of actions, including having required amendments to current practices where deemed necessary. In addition, certain of the issues identified in the course of the Authority's review activity continue to be under active consideration.

The foregoing, in IAASA's view, underscores the importance of, and benefits deriving from, having in place a regime of independent oversight of the profession. In addition to serving IAASA's core objective of providing the public with an authoritative source of assurance regarding the operation of the prescribed accountancy bodies' regulatory processes, the professional bodies and their members equally stand to benefit from the enhanced standing and reputation accruing to their profession by virtue of the existence of such a system of independent oversight.'

Looking to the challenges that lie ahead, IAASA Chief Executive, Mr. Ian Drennan commented:

'In addition to our ongoing supervisory responsibilities, IAASA is facing major new challenges arising from two key pieces of EU legislation. In the area of financial reporting supervision, the Authority has recently been designated as a competent authority for the purposes of the financial reporting aspects of the EU Transparency Directive. This designation means that, with effect from 13 June, 2007, IAASA is responsible for monitoring the half-yearly and annual financial statements of listed issuers whose home Member State is Ireland, for compliance with relevant financial reporting frameworks. While IAASA does not underestimate the challenges that a task of this magnitude poses for a small organisation, we look forward to discharging this role and to continuing to contribute to EU-wide efforts to ensure the consistent application and enforcement of international accounting standards on an ongoing basis.

In the context of oversight of the auditing profession, the EU 8th Company Law Directive on Statutory Audit, which must be transposed into Member States' domestic legislation by June 2008, will introduce a range of provisions that will impact on the Authority's operations. Key provisions of the Directive in that context include the requirements that Member States:

- *establish systems of public oversight that have ultimate responsibility for the oversight of the approval of statutory auditors and audit firms, quality assurance and investigative and disciplinary systems;*
- *ensure the ability of oversight systems to co-operate effectively with each other;*
- *register 3rd country auditors wishing to provide audit reports on the statutory financial statements of 3rd country issuers listed in the EU; and*
- *submit 3rd country auditors to their systems of oversight, quality assurance, investigations and penalties.*

In addition to continuing to work with the EU Commission and other Member States' oversight authorities in preparing for the EU-wide transposition of the Directive, given that the manner in which the Directive is transposed will, in large measure, shape how Ireland's oversight and regulatory regime will be perceived by our EU and international counterparts into the future, IAASA looks forward to engaging with the Minister, the Department of Enterprise, Trade & Employment and the profession as the transposition process gathers momentum and to sharing its perspective on these important issues.'

Ends -

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EDITORS' NOTE

1. Establishment and conferral of statutory functions

The Irish Auditing & Accounting Supervisory Authority ('IAASA') is an independent statutory body established under the Companies (Auditing and Accounting) Act, 2003. Following establishment in December 2005, the majority of IAASA's statutory functions were conferred on 3 February, 2006.

2. Principal objectives

IAASA's principal objectives are:

- I. To supervise how the prescribed accountancy bodies regulate and monitor their members;
- II. To promote adherence to high professional standards in the auditing and accountancy profession;
- III. To monitor whether the financial statements of certain classes of entities comply with relevant financial reporting frameworks; and
- IV. To act as a specialist source of advice to the Minister on auditing and accounting matters.

3. Scope of IAASA's supervisory remit - summary

3.1 Prescribed Accountancy Bodies

- A total of nine prescribed accountancy bodies ('PABs') come within IAASA's supervisory remit¹. The combined membership of the nine PABs residing within the State is in excess of 24,000 while their combined student numbers resident in the State exceeds 17,500.
- The aggregate number of PAB members located in Ireland that have been granted practising certificates is 3,452.
- The aggregate number of individuals and firms located in Ireland that have been granted audit registration is 1,584.

1. Association of Chartered Certified Accountants (ACCA);
2. Association of International Accountants (AIA);
3. Chartered Institute of Management Accountants (CIMA);
4. Chartered Institute of Public Finance & Accountancy (CIPFA);
5. Institute of Chartered Accountants in England & Wales (ICAEW);
6. Institute of Chartered Accountants in Ireland (ICAI);
7. Institute of Chartered Accountants of Scotland (ICAS);
8. Institute of Certified Public Accountants in Ireland (ICPAI); and
9. Institute of Incorporated Public Accountants (IIPA).

3.2 Financial Statement Review

- IAASA's financial statement review constituency, as provided for by the Companies (Auditing and Accounting) Act, 2003 is in excess of 4,100 companies and other undertakings.
- During 2006, the Minister for Trade & Commerce, Mr. Michael Ahern, T.D., designated IAASA as a competent authority for the purposes of the financial reporting enforcement aspects of the EU Transparency Directive. This development also brings within IAASA's remit certain non-Irish registered entities for the first time.

4. Governance

IAASA's Board of Directors comprises:

Ms. Karen Erwin (Chairperson)	Founder & Principal, Erwin Mediation Services
Mr. Ian Drennan	Chief Executive
Mr. Paul Appleby	Director of Corporate Enforcement
Ms. Helene Coffey	Partner, Coffey & McMahon Solicitors
Ms. Marie Daly	Head of Legal & Regulatory Affairs, IBEC
Mr. Michael Deasy	Head of Authorisations, Financial Regulator
Mr. Sean Hawkshaw	Managing Director, KBC Asset Management Limited
Mr. Tom Healy	Chief Executive, Irish Stock Exchange
Mr. Brendan Kennedy	Chief Executive, Pensions Board (from June 2007)
Mr. Jim Kelly	Principal, Office of the Revenue Commissioners
Mr. Tony Kelly	Partner, Byrne Curtin Kelly, Certified Public Accountants & Registered Auditors
Mr. Pat A. Houlihan	Assistant Principal, Company Law/EU Section, Department of Enterprise, Trade & Employment
Ms. Anne Maher	Company Director (to June 2007)
Mr. David Martin	Company Director
Mr. Donal O'Connor	Senior Partner, PricewaterhouseCoopers, Chartered Accountants & Registered Auditors
Senator Joe O'Toole	Member of Seanad Eireann

5. Finance and funding

IAASA's first audited financial statements, which have been prepared for the period 20 December, 2005 (the date of establishment) to 31 December, 2006 are included in the Annual Report.

In accordance with the provisions of the Companies (Auditing and Accounting) Act, 2003, IAASA derives its funding thus:

- 40% from the Exchequer; and
- 60% from the Prescribed Accountancy Bodies.

6. Further information

Further information on IAASA and its activities can be obtained at the following contact points:

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