



9

GOVERNANCE AND STRUCTURE

Chapter 9: Governance and Structure

Legal structure

IAASA is a company limited by guarantee with the following 10 members at 31 December 2022:

- ◆ Association of Chartered Certified Accountants*
- ◆ Association of International Accountants*
- ◆ Chartered Institute of Management Accountants*
- ◆ Chartered Institute of Public Finance and Accountancy*
- ◆ Central Bank of Ireland
- ◆ Corporate Enforcement Authority
- ◆ Institute of Certified Public Accountants in Ireland*
- ◆ Institute of Chartered Accountants in Ireland*
- ◆ Irish Stock Exchange
- ◆ Revenue Commissioners

* Means a PAB

Organisational structure

Overview

By year end, IAASA had 30 (2021:32) staff, structured into seven units as follows:

- ◆ **Audit Quality Unit** inspects the quality of audits of PIEs;
- ◆ **Financial Reporting Supervision Unit** examines certain entities' financial reports for compliance with the relevant financial reporting framework;
- ◆ **Regulatory & Monitoring Supervision Unit** supervises the PABs' regulation of their members;
- ◆ **Standards & Policy Unit** is responsible for the adoption of auditing standards and guidance in Ireland;
- ◆ **Organisational Development Unit** oversees the implementation of staff-led innovation projects, supports the Authority's various staff-led committees, and manages IAASA's internal communications and social media presence;

◆ **Enforcement Unit** undertakes the Authority's statutory investigations and enquiries; and

◆ **Corporate Services Unit** provides finance, administration, HR, ICT and facilities management support to IAASA, and a secretariat to the board and to certain of its committees.

Approved staff complement

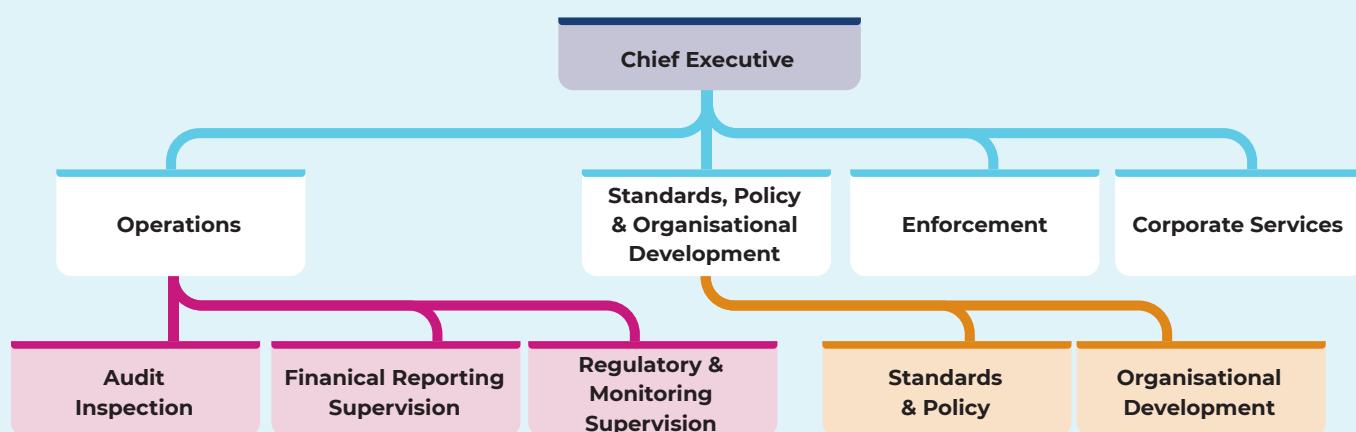
The numbers, grades, and terms and conditions of IAASA's staff are determined by IAASA with the approval of the Minister, given with the consent of the Minister for Public Expenditure and Reform. This means that any amendments to IAASA's approved staff complement require both Ministers' prior approval. IAASA's approved staff complement at year end, and its actual staff complement, are set out below.

Approved and actual staff complements at year end

Grade	Approved	Actual
Chief Executive	1	1
Heads of Function	5	3
Senior Managers	6	6
Inspectors and Project Managers	11	9
Executive and Administrative	16	11
Total	39	30

Organisational chart

IAASA's organisational structure at 31 December 2022 was as set out in the organisation chart below.



Financial overview

IAASA is mainly funded through a combination of exchequer grant, a statutory levy on the PABs, a statutory levy on the PIE audit firms, and by fees charged for registration services. All funding sources are governed by the provisions of the Act. As a company limited by guarantee, IAASA produces financial statements in accordance with the Companies Act, which are in turn audited by the Comptroller and Auditor General and lodged with the Companies Registration Office.

Total expenditure in 2022 amounted to €4.3m (2021: €4.4m) from a budget of €5.6m (2021: €6.0m). The principal variations from budget were:

- ◆ a significant underspend in both travel & subsistence and office expenditure costs due to the impact of COVID-19; and
- ◆ savings in consultancy, which is largely a contingency amount to enable the Authority fund statutory investigation and enquiries should the need arise.

Governance

Board of directors

IAASA is governed by a board of nine directors, eight of whom are non-executive. These are appointed by the Minister having been nominated by those entities set out below. The remaining director is the Chief Executive, who is appointed by the board.

Board of directors – nominating bodies

Nominating body	Nominees
Minister	2
PABs (jointly by agreement)	2
Central Bank of Ireland	1
Corporate Enforcement Authority	1
Irish Stock Exchange	1
Revenue Commissioners	1
Total	8

A maximum of three of these eight directors may be members of a PAB.

Directors' biographies



Martin Sisk, Chairperson, has life-long regulatory and business related experience. A qualified solicitor, he started his career in the Revenue Commissioners, served as Registrar of Friendly Societies 1985–2003, Deputy Registrar of Credit Unions 2003–2006, Deputy Head of Consumer Protection Codes

2007–2008 and as Head of the Anti-Money Laundering, Terrorist Finance and Financial Sanctions Unit of the Central Bank 2008–2010. He retired from the Central Bank in July 2010. Martin was elected to the board of Malahide and District Credit Union in December 2010 and continues to be a Director. He has served as a commissioner of the State Examinations Commission since 2017, and as a board member of the National Treatment Purchase Fund since 2021. Martin is a former board member (2011–2021), vice president (2011–2013) and president (2013–2015) of the Irish League of Credit Unions, director and chairperson of VHI Healthcare (2012–2015), and board member of the Health Information & Quality Authority (2015–2020).



Kevin Prendergast, Chief Executive, joined IAASA in November 2016 from his role as Head of Enforcement with the Corporate Enforcement Authority, having been employed there since 2005. Prior to that he worked in the Large Cases Division of the Revenue Commissioners and also

has several years' experience in the private sector including a number of years working in an audit firm. Kevin is a Fellow of Chartered Accountants Ireland. As well as a holding a Bachelor's Degree and a Masters in Accounting from University College Dublin, he also holds an MSc in Executive Leadership from the University of Ulster.



Sandra Davey is a Principal Solicitor in the Revenue Solicitor's Division of the Revenue Commissioners, heading up the Indirect Taxes Team and the Divisional Office. Sandra holds a Masters of Law (LLM) in Criminology and Criminal Justice from the London School of Economics as well as a Bachelor of Laws (LLB) and Bachelor of Corporate Law from the National University of Ireland, Galway. Sandra qualified as a Solicitor in 2010 and after training in criminal defence work, worked in the Chief State Solicitor's Office before commencing her position in Revenue in 2012.



Clodagh Hegarty is a Lecturer in Accounting and Course Director at Ulster University Business School, Magee Campus, where she lectures extensively in audit and financial reporting. She holds a Bachelor of Commerce from University of Galway and a Master of Arts in Accounting from Ulster University.

She is currently researching service innovation in small medium accountancy practices as part of her PhD at Ulster University. She is a Fellow of the Association of Chartered Certified Accountants and a Chartered Tax Adviser. She is a past Chair of the ACCA Ireland Committee. Prior to academia, Clodagh spent 15 years' working in practice with EY, Dublin and in general practice in the North West.



David Hegarty is a barrister and is Director of Legal & Policy in the Corporate Enforcement Authority. He was called to the Bar in 2006, practising primarily in the area of criminal defence and administrative law. Prior to joining the CEA he was Advisory Counsel in the Office of the Parliamentary Legal Adviser advising the Houses of the Oireachtas Commission and

Service and parliamentary committees on constitutional, parliamentary and administrative law matters. He has also worked as a legal officer in the European Union Rule of Law Mission in Kosovo (EULEX) and at the Special Tribunal for Lebanon in The Hague, working in Judges' Chambers with international judges trying economic crime, corruption, abuse of public office, war crimes and conspiracy to commit terrorism cases.



Aisling Kennedy is a full-time independent non-executive director, serving on the boards of a number of regulated financial service entities in Ireland and the UK. She chairs the Audit Committee at Athora Ireland plc and State Street Fund Services (Ireland) Ltd and is Chair of ECCU Assurance DAC and MABS Support CLG. Prior to March 2020, she worked at Swiss Re as Head of Pricing – Life & Health – UK, Ireland and Israel. Other prior roles include: Client Director at Mercer Ireland, Director of Professional Affairs at the Society of Actuaries in Ireland and Director – Business Development at VHI. Aisling is a Fellow and former Council Member of the Society of Actuaries in Ireland and an Affiliate of the UK Actuarial Profession.



Aisling McArdle is the Group Head of Admissions at Euronext and is responsible for the admission to listing and trading of financial instruments on Euronext markets for Equity, Debt and Funds asset classes. She is also a member of the global Euronext regulation team with regulatory responsibilities

for Euronext Dublin. She joined the Irish Stock Exchange in 2002 and has held a variety of regulatory roles within the company. She became Head of Admissions in January 2021, having previously held the role of Head of Regulation, Dublin & London. Leading a large cross jurisdictional team, Aisling is responsible for the regulatory engagement with issuers and market participants. She participates on the European Corporate Governance Network and is a Licentiate of the Association of Compliance Officers in Ireland.

Eida Mullins has worked in financial services for over twenty five years spanning both the public and private sector. In her current role at the Central Bank of Ireland she is Head of Function: Banking, Investment and Payment Firms Policy in the Financial Regulation, Policy & Risk Directorate. She

previously held a number of prudential regulation roles in the Central Bank as Head of Function: Inspections Division and Head of Function: Financial Risk Division in the Prudential Analytics and Inspections Directorate. She has extensive policy experience, most notably in the Single Supervisory Mechanism (SSM)/ECB where she was Head of European Supervisory Policy. During the 2013 Irish Presidency of the Council of Member States she was the lead expert providing advice to the Department of Finance on the negotiations of the Capital Requirements Directive & Regulation. She has been a member of a number of European/International committees, including two European Banking Authority (EBA) Standing Committees and the European Commission Expert Group on Banking Payments & Insurance. Eida's work in the private sector included auditor/examiner in Bank of Ireland Commercial Finance and manager in the Regulatory Advisory Services Unit in KPMG. She holds a Diploma in Business Studies (Banking & Finance) from UCD and Masters in Business Studies (Financial Services) from the Michael Smurfit Graduate School of Business.

Ronan Nolan is a Chartered Accountant, and was President of Chartered Accountants Ireland in 2014/2015. He retired as a partner in Deloitte in May 2015 having been a senior advisory partner and chairman of the firm.



The board composition at year end and changes in directors since the last Annual Report are set out in Appendix I.

Board procedures

The board holds regular meetings and can hold unscheduled meetings should the need arise. Board members receive information sufficiently prior to these meetings to allow them consider and digest it.

The board has put in place a formal schedule of matters reserved specifically to it for decision, which covers the key areas of governance, finance, risk and oversight. Certain matters are delegated to board committees, as outlined below. The board has also put in place a system of formal delegations of authority to the Chief Executive.

Members of the board are nominated as directors of IAASA to act in accordance with the relevant legislation and to act in, and protect and promote, the best interests of IAASA. 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.

Governance statement

IAASA operates as a company limited by guarantee under the provisions of the Companies Act 2014. The functions of the board are set out in section 905 of the Act. The board is responsible for ensuring good governance. It performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of IAASA are the responsibility of the Chief Executive with the support and assistance of the leadership team. The Chief Executive and the leadership team must follow the broad strategic direction set by the board, and must ensure that all board members have a clear understanding of the key activities and decisions related to the Authority, and of any significant risks likely to arise. While members of the leadership team routinely attend board meetings, the Chief Executive, who is a director, acts as a direct liaison between the board and executive of IAASA.

Board responsibilities

The work and responsibilities of the board are set out in the schedule of matters reserved to the board, the code of conduct for board members, and in related board policies. Standing items considered by the board include

- declaration of conflicts of interests;
- the report of the Chief Executive, which includes details of the work of the various operational units together with ongoing financial information and management accounts;
- matters for board decision;

- ◆ matters for discussion;
- ◆ matters of topical interest;
- ◆ risk management;
- ◆ reports from committees; and
- ◆ the report of the Secretary.

The Authority is required to keep financial records and prepare financial statements in accordance with the Companies Act, as detailed in the financial statements.

The board is responsible for approving the annual plan and budget. Financial information including management accounts detailing actual and budgeted expenditure are considered by the board at each scheduled meeting. The board is responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board considers that the financial statements of IAASA give a true and fair view of the financial performance and the financial position of IAASA at 31 December 2022.

Board appointment

The Authority operates independently of government and the Minister is statutorily precluded from giving directions to the Authority in the discharge of its functions. Members (other than the Chief Executive) are appointed by the Minister for periods of three to five years. Generally ordinary members are appointed for three year periods, and the Chairperson for five years. The composition of the board at 31 December 2022, and movements since that date, are set out in Appendix I.

The board carried out an external evaluation of its own performance as described in the financial statements.

Board committees

The board retains the power to establish committees to assist it in discharging its functions and responsibilities. Under the board's schedule of reserved matters, all committees have written terms of reference and report regularly to the board. The audit and risk committee was the only committee in existence in 2022.

Audit and risk committee

The audit and risk committee (ARC) comprises three non-executive directors:

- ◆ Ms Aisling McArdle (Chairperson)
- ◆ Mr David Hegarty
- ◆ Mr Ronan Nolan

Its terms of reference are set out in its charter, which is available on the Authority's website. The charter sets out specific roles and responsibilities for the ARC, including the review of both the Authority's annual report and its financial

statements before they are considered by the board. Other actions taken by the ARC during 2022 include:

- ◆ reviewing the systems of internal control in place in 2021, and making a positive recommendation to the board;
- ◆ considering the annual budget for 2023, and recommending its adoption to the board;
- ◆ reviewing the Authority's disaster recovery plan, revised on foot of an internal audit review on 2021;
- ◆ reviewing IAASA's section 933 and 934 enquiry and investigation procedures, following significant revisions in 2019/2020;
- ◆ overseeing the selection process for internal auditors for the 2023 – 2025 period; and
- ◆ completing an evaluation of its own performance.

In addition, the ARC considers the full risk register at each meeting, and makes recommendations as appropriate to the chief risk officer and/or board.

Schedule of attendance, fees and expenses

Details of fees and expenses paid to members are disclosed in the Authority's financial statements, and have been provided to the Minister.

Key personnel changes

The responsibility for planning, directing and controlling the activities of IAASA rests exclusively with the board of directors and the Chief Executive, who is also a director. Details of changes in board membership are set out in Appendix I.

Disclosures required by Code of Practice for the Governance of State Bodies

The board is responsible for ensuring that IAASA has complied with the requirements of the Code of Practice for the Governance of State Bodies (the Code), as published by the Department of Public Expenditure & Reform in August 2016. The following disclosures are required by the Code:

- ◆ An analysis of total employee remuneration (including salaries and other benefits, but excluding employer superannuation contributions) for those earning over €60,000 is set out in Note 14 of the Authority's financial statements;
- ◆ An analysis of travel and subsistence is set out in Note 16 of the Authority's financial statements;
- ◆ An analysis of consultancy expenditure is set out in Note 17 of the Authority's financial statements;
- ◆ The Authority did not incur costs under the 'Legal Costs and Settlements' heading in 2022. All legal costs incurred relate to general legal advice; and
- ◆ An analysis of hospitality expenditure is set out in Note 18 of the Authority's financial statements.

Statement of compliance

IAASA is satisfied that it has complied with all of the requirements of the Code, including adherence to the Public Spending Code.

Other governance and public sector obligations

Legal and governance obligations as a body established under statute

The board is principally assisted in ensuring IAASA's compliance with its legal and governance obligations by the Secretary & Head of Corporate Services, who is also the Chief Risk Officer. Where applicable, other members of IAASA's staff contribute as required to IAASA's ongoing compliance with its obligations.

Principal legal requirements

The Authority has identified and taken the necessary steps to ensure it complies with its legal obligations. It has identified its principal legal requirements as follows:

- ◆ company law
- ◆ health and safety legislation
- ◆ employment and related legislation
- ◆ tax law, including those provisions relating to certain service providers holding valid tax clearance certificates
- ◆ data protection acts
- ◆ official languages act
- ◆ ethics in public office law and
- ◆ the European Communities (Late Payments In Commercial Transactions) Regulations, 2012.

Certain other requirements typically applicable to statutory bodies such as the freedom of information acts, disability acts, the Irish human rights and equality commission act and the Irish sign language act do not apply to IAASA by virtue of it not having been designated for such purposes at this time.

GDPR

The Authority has a Data Protection Officer who works with the Chief Executive to oversee its ongoing obligations under GDPR.

Protected disclosures

The Authority complies with the Protected Disclosures Act 2014, and details on how to make such disclosures are available on its website. IAASA's annual return under the Act is included at Appendix VI.

Gender balance in the board membership

As at 31 December 2022, the board had five (56%) female and four (44%) male members, with no positions vacant. The board therefore, met the Government target of a minimum of 40% representation of each gender in the membership of state boards.

Given the statutory nature of the appointment process, IAASA has limited influence on the gender balance of its membership. The majority of appointments are made by the Minister on the nomination of third parties, and neither the Authority nor the Minister has discretion in this matter. Nevertheless, as directors' terms come to an end, IAASA considers any particular skills or experiences that might be beneficial, and where arising brings these to the Minister's attention. To maintain and support gender balance on the board, IAASA includes gender among these observations.

Diversity

The board considered the broader issues of diversity, including gender balance and the recognition of the value of difference, as part of its annual evaluation process. The board comprises a broad mix, from public and private sector, industry and academia. At an organisational level, all levels operate within a 40%/60% gender split, with the exception of administrative grades which currently have a greater female majority. Given the highly specialised nature of its work, IAASA is often seeking to recruit and retain from a small cohort of professionals. Notwithstanding this, IAASA employees come from a broad range of backgrounds and from a number of nationalities.

Official Languages Act

The Authority has developed a policy to ensure that it meets the requirements of the Act in terms of advertising. With effect from October 2022, all relevant advertising is concluded in both the English and Irish languages, exceeding the Act's minimum requirement of 20%. Only one such advertisement arose during the period to year end.

Energy use

As stated above, certain statutory requirements typically applicable to state bodies do not apply to IAASA by virtue of it not having been designated for such purposes at this time. These include the requirements of the Sustainable Energy Acts. Notwithstanding, IAASA has elected to report its energy management and performance data to the Sustainable Energy Authority of Ireland (SEAI) on an annual basis from 2022.

IAASA is located in one office location, and has no motor vehicles or other area of energy usage. The Authority's consumption comprises of:

- ◆ space heating via natural-gas-fuelled radiators, which are controlled by the landlord on a shared services basis; and
- ◆ air conditioning, hot water, lighting and office equipment, which are electric and directly controlled by the Authority.

The provisional 2022 data shows that IAASA'S energy usage since the baseline year (2009) has increased by 4%, despite a doubling of accommodation size and a three-fold increase in staff numbers.