

Chartered Accountants Regulatory Board

Annual Report 2008

The Chartered Accountants Regulatory Board is a body established by the Institute of Chartered Accountants in Ireland to regulate its members in accordance with the provisions of the Institute's Bye-Laws independently, openly and in the public interest.

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Purpose, Mission and Values

Our Purpose

To regulate members of the Institute of Chartered Accountants in Ireland independently, openly and in the public interest.

Our Mission

To deliver a regulatory system of the highest quality thereby enhancing the confidence of all stakeholders.

Our Values

We:

- Act in the public interest;
- Apply the highest standards of integrity and objectivity in all actions and decisions;
- Conduct our business in an open, transparent and courteous manner;
- Respect the rights of all stakeholders;
- Operate in an efficient and effective manner;
- Respect and value each other as colleagues.

Regulating members of the Institute of Chartered Accountants in Ireland independently, openly and in the public interest

Chairman's Statement



Liam O'Reilly,
Chairman

I am pleased to present the second Annual Report of the Chartered Accountants Regulatory Board (CARB).

In our Strategic Plan 2008-2010 the Board set out its aspirations for CARB. In particular, our commitment is to develop a strong, credible and supportive regulatory regime which is capable of responding to changes in the regulatory environment. We also emphasise the need to adopt a risk based approach to ensure the efficient targeting of resources whilst maintaining our requirement for a high quality regulatory regime. Also, we need to build relationships of mutual trust and respect with our stakeholders; the public, our oversight bodies, the ICAI and those we regulate.

To secure the mutual trust and respect of stakeholders, the Board, its committees and staff must operate to the highest standards of governance and ensure that CARB's functions are carried out fairly, independently and with integrity. In the 2007 Annual Report, we commented on progress made in this regard. We have continued with these efforts in 2008.

Last year the global economy and the Irish economy was impacted by a major financial crisis which has undermined public confidence in financial reporting. CARB, the statutory regulators and oversight bodies must play their part in restoring and maintaining confidence in the accounting profession and in financial statements of companies within their sphere of influence.

Next year, 2009, will be difficult, particularly in relation to the challenges posed for monitoring and in the investigation of complaints. We are fortunate that for a number of years CARB has operated a flexible, prioritised, risk based approach to monitoring with a credibility review of the financial statements and an emphasis on themes. While this leaves us well placed to respond to new and emerging critical risk issues, we must be ready to adapt and meet the challenges facing us. In this regard, it is important that we have the resources necessary for this task. Whilst we believe we have the right team in place to do this, we intend to continually review and assess the adequacy of our resources to meet future challenges.

In mid year I will have completed my three year contract with ICAI to set up CARB and act as the first Chairman. I have long signalled to the Board and ICAI that I do not intend to proceed for a second term. This is my last opportunity to address our stakeholders. I would like to thank particularly the ICAI Council and members for their proactive work in establishing and accepting CARB on an independent basis. I wish to extend my warm thanks and appreciation to our Board members for their strong and helpful support during my tenure. Finally, I would particularly wish to thank warmly Heather Briers and her team for their continued support in adapting and working hard to achieve this new more independent environment, the successful establishment of CARB is largely due to their hard work and dedication. It is a privilege to have been involved in this enterprise.

In conclusion, I believe we have continued to make progress in establishing our credentials as an independent regulator of high standing and this must continue in 2009 and beyond.

*All abbreviations are listed in appendix G.

Acting in the public interest

Director's Review



Heather Briers,
Director

In 2008 the Board published its Strategic Plan 2008-2010 in which it set out its medium term strategy and high level objectives. The Board in mid 2008 reaffirmed its strategic direction and the high level objectives which are set out later in this report. As Director of CARB, it is my responsibility, through leadership and the direction of my management team and staff to deliver the strategic objectives set by the Board.

In relation to the Board's operational goals for 2008 the Strategic Plan stated that its overarching objective was to continue to establish the Board's reputation within the existing underlying regulatory framework. In 2008 we concentrated on continuing to apply the fundamental underlying regulatory structure in accordance with the values of the CARB. We have introduced such new Standards of Professional Conduct and procedures where a need was identified or where our procedures could be streamlined to assist members of the ICAI to comply with the Standards.

During 2007 we made a solid start to building relationships with our stakeholders and this remained a high priority for 2008. We have continued to actively participate in joint regulatory committees with other accountancy bodies nationally and internationally. This is essential to ensure that we remain at the forefront of regulation both in the development of Standards of Professional Conduct that are clear, easily understood and in the public interest and in our monitoring and inspection programmes.

The Chairman has commented on the global economic crisis; this will of course influence our plans in 2009. In order to deliver the Board's objectives and goals we must attract and retain the highest quality of staff. In 2008, we devoted significant effort to filling vacant positions and increasing our resources, and by engaging in an extensive programme of professional development for all staff.

We continued to bring information to the attention of stakeholders on our website (www.carb.ie). This provides information not only on the various Standards but also guidance on the key functions of the Board as a way to inform the public of our role and functions and to assist members of ICAI to comply with existing and new Standards.

The review of 2008 contains more detailed information on our regulatory activities.

Some key points for 2008 include:

- Publishing our Strategic Plan 2008-2010 and our 2007 Annual Report;
- Completing our Corporate Governance Framework and Risk Management Policy;
- Developing web based compliance tools with the completion of the firms on-line Annual Return and CPD Annual Declaration of Compliance effective from January 2009;
- Completing phase 1 of the review of the Disciplinary Bye-laws which will be presented to members in the summer of 2009;
- Completing and issuing new updated Audit Regulations for the UK, developing new General Affiliate Regulations and completing a revised Part D of the Code of Ethics for Insolvency Practitioners which will be issued early in 2009;
- Completing and issuing new CPD Regulations supported by Guidance and Frequently Asked Questions;
- Contributing to the regulatory debate with submissions to IAASA, AADB, The Minister for Finance on the Insurance Mediation Directive, the Insolvency Service and the Office of Fair Trading.

I would like to thank the Chairman and the Board for their support during the year, and my colleagues for their continuing commitment, endeavour and professionalism.

Governance

Legal Structure

The Chartered Accountants Regulatory Board (CARB) was established in accordance with the provisions of the Bye-Laws of the Institute of Chartered Accountants in Ireland (ICAI). Specifically, Bye-Law 41 sets out the functions to be carried out by the CARB on behalf of ICAI.

CARB is mandated by the members of ICAI. The Council of ICAI is charged, on behalf of the members, with ensuring the Board achieves its objectives as set out in the CARB Regulations issued by the Council in accordance with the provisions of the Bye-Laws.

Board Details

The Board has 11 members, six of whom are not members of any recognised accountancy body. On 1 November 2008, the CARB Regulations were amended to allow the Board to consist of 12 persons, 7 of whom should not be members of any recognised accountancy body.

Details of the members of the Board during 2008 are included in Appendix A.

The Board



Appointment and Reappointment

The first Board was appointed by the Council of ICAI under the provisions of Bye-Law 41 and the associated regulations. Subsequently the Board is responsible for appointments and reappointments including the appointment of a Chairman.

At its annual appointment meeting held on 7 May 2008 in accordance with the CARB Regulations the following members resigned and as eligible for reappointment where so reappointed by the Board:

Roderick Ryan
James Hunt
Chris Gibson

The Chairman's appointment was for a three year term and continued.

In December 2008, Ms Angela Paisley and in January 2009, Mr Laurence Shields resigned from the Board. The Board wishes to express its warm appreciation to both for their significant contribution to the development of CARB.

The members of the Board are:

Liam O'Reilly*, Chairman
Don Thornhill*, Deputy Chairman
Eileen Fitzpatrick*
Chris Gibson*
James Hunt
Leo Martin
Terence O'Rourke
Angela Paisley
Roddy Ryan
Laurence K Shields*
Noel Whelan*

**The six persons who are not members of a recognised accountancy body*

Board Procedures

The Board has ultimate responsibility for leading CARB. It sets strategic and operational goals, develops policies and procedures to ensure its objectives are achieved, and ensures that the committees and executive are operating efficiently and effectively and in accordance with the policies and procedures set by the Board. The Board has four formal meetings and one strategic planning meeting per year. The Board also has systems in place to ensure that its members, committees and staff act independently and with integrity and that any conflicts of interest are identified and managed.

The Board has delegated regulatory functions to a number of committees. Clear terms of reference for these committees are included in the Corporate Governance Framework. The terms of reference set out the authority under which they act, their overall responsibilities, their specific functions and the policies and processes they follow.

The Board and committees are supported by a full time executive headed by a Director. The Director reports to the Board on policy and strategic issues, operational matters and performance against strategic objectives. The Director is responsible for staff recruitment, performance management and ensuring the policies agreed by the Board and the decisions of its committees are carried out effectively and efficiently.

Internal Control

CARB is committed to applying best practice in corporate governance, ensuring that there is proper accountability between the Board, the committees and the executive and that the inter-relationships between the Board, ICAI and oversight bodies are clearly understood.

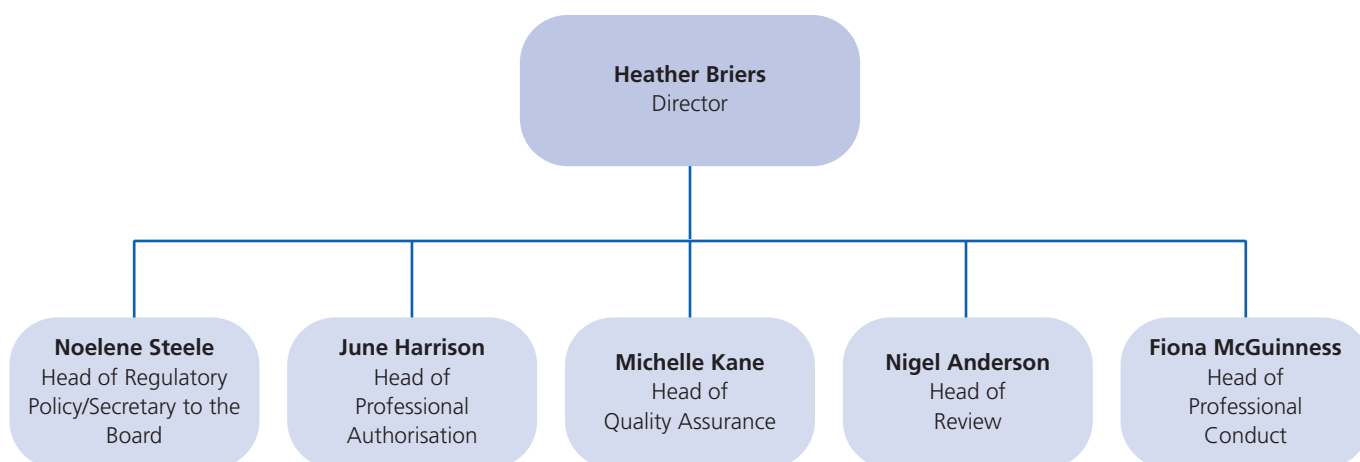
The Board has established a Governance, Risk & Audit Committee with responsibility for overseeing and advising the Board on its effective governance and audit arrangements, monitoring and evaluating the risks facing the Board, establishing and reviewing the Board's systems of internal controls and reporting to the Board on the operation of the Board, its committees and staff in relation to their relevant mandates.

Summary Report of the Governance, Risk and Audit Committee

The Governance, Risk and Audit Committee met on four occasions during 2008. The Committee has delegated authority from the Board to carry out the duties and responsibilities as set out in its Terms of Reference. In particular, the Committee has a responsibility to secure an annual review of the effectiveness of the internal control systems including any operational and compliance controls not covered by any other Committee reporting to the Board and to develop, keep under review, and assure the Board of the effectiveness of the Corporate Governance of CARB.

The Internal Auditor carried out a review of the effectiveness of the internal control systems and concluded that the internal control measures in place within CARB are sufficient and effective. The Internal Auditor also reviewed the Corporate Governance Framework and concluded that it is of good quality and meets, where applicable, the requirements of the Combined Code.

In conclusion, the Committee, through the development and implementation of the Corporate Governance Framework and the review by the Internal Auditor, can assure the Board of the effectiveness of the governance procedures within CARB.



The Committees

The committees to which the Board has delegated specified functions are divided into policy and compliance committees. The Policy Committees work on behalf of the Board and include members of the Board. The Compliance Committees operate under the provisions of the relevant Standards of Professional Conduct and for reasons of natural justice operate and reach their decisions independently in relation to individual cases. Details of the committees are included in Appendix B.

The Executive

In order to efficiently and effectively deliver its functions and achieve its objectives, CARB has an executive team of 29 people (see Appendix C). The executive team operates under the direction of the Director and her management team. The management team is committed to working with the Board in delivering its goals and objectives and ensuring its vision is achieved.

Oversight

CARB is responsible for the regulation of Chartered Accountants.

ICAI is a recognised professional body under the relevant Companies Acts in the Republic of Ireland, Great Britain and Northern Ireland, the Financial Services and Markets Act, 2000 in the UK, the Investment Intermediaries Act, 1995 in the Republic of Ireland, and insolvency law in Great Britain and Northern Ireland.

The Standards of Professional Conduct set by the Board and the manner in which the Board ensures compliance with the Standards is subject to independent oversight by the following statutory bodies and agencies.

- The Financial Services Authority - www.fsa.co.uk
- The Irish Auditing and Accounting Supervisory Authority - www.iaasa.ie
- The Irish Financial Services Regulatory Authority - www.financialregulator.ie
- The Financial Reporting Council's Professional Oversight Board - www.frc.co.uk and www.frc-pob.co.uk
- The Insolvency Service (GB) - www.insolvency.gov.uk
- The Insolvency Service (NI) - www.insolvencyservice.detini.gov.uk



Front Row: Nigel Anderson, Head of Review; Heather Briers, Director
Back Row: Fiona McGuinness, Head of Professional Conduct; June Harrison, Head of Professional Conduct; Michelle Kane, Head of Quality Assurance; Noelene Steele, Head of Regulatory Policy

Profile of Regulated Persons

CARB is charged with setting Standards of Professional Conduct and ensuring compliance with the standards by members, member firms, affiliates and students. Consequently CARB's regulatory responsibility is extremely wide.

This section provides a statistical profile of ICAI members, member firms, affiliates and students to which the Board's regulatory responsibilities extend.

ICAI Membership Statistics at 31 December 2008

	ROI	UK	Europe	Rest of World	Total 2008	Total 2007
Employed in Business	7,161	2,294	202	959	10,616	9,998
Employed in Practice	2,358	890	26	218	3,492	3,140
Principals in Practice	1,695	613	17	74	2,399	2,328
Retired	454	263	13	34	764	794
Other	381	128	19	44	572	431
	12,049	4,188	277	1,329	17,843	16,691

In addition at 31 December 2008 there were 6,529 (5,958) students registered with ICAI.

Members in Practice

At 31 December 2008 there were 5,891 (5,468) members in practice. This included all members employed by member firms and principals in those firms. At 31 December 2008 there were 2,399 (2,328) principals in member firms of whom 2,279 (2,210) were principals in firms based in Ireland and/or the UK and consequently hold Practising Certificates issued by CARB. Of the remaining 120, 31 were also members of another recognised accountancy body with responsibility for issuing that persons practising certificate and 89 were overseas members.

A total of 45 (46) members in practice held individual insolvency licences required under the provisions of the Insolvency Act (GB) and the Insolvency (NI) Order.

Member Firms

At 31 December 2008 there were 1,573 (1,683) member firms. In order to provide services to the public in the areas of audit and investment business, firms must apply for and be granted a registration, authorisation or licence to do so. At 31 December 2008, 991 (1,006) firms held audit registration granted in accordance with the provisions of the Irish and UK Companies Acts, 718 (720) held investment business authorisation in accordance with the provisions of the Investment Intermediaries Act, 1995 (as amended) and 141 (151) held a Designated Professional Body (DPB) licence issued in accordance with the provisions of the Financial Services and Markets Act, 2000.

Registered Auditors

There were firms registered for audit at 31 December 2008. The size of the firms and number of offices is shown below.

As at 31 December 2008	Registered Auditors Total
Total number of registered auditors at 31 December 2008	991
Analysis, by number of principals, of the total number of registered auditors	
• 1 principal	630
• 2-5 principals	332
• 6-10 principals	19
• 11-25 principals	3
• 26-50 principals	5
• More than 50 principals	2
Analysis, by number of offices, of the total number of registered auditors	
• 1 office	914
• 2 offices	56
• 3 offices	17
• 4-5 offices	3
• 6-10 offices	1

Investment Business Firms

At 31 December 2008, 718 firms were authorised for investment business in the categories shown below.

Category	Number
IA1	385
IA2	14
IB1	313
IB2	6
Total	718

Firms holding investment business authorisations do so for a range of specific activities included within a category of authorisation. The lowest category of authorisation is IA1 and the highest IB2.

The range of activities included within category IA1 are very low risk and include referring clients to another authorised adviser. The higher categories allow an authorised firm to undertake additional activities. Firms authorised in category IA2 are permitted to hold client premiums for onward transmission to insurance product providers, firms authorised in category IB1 are allowed to provide a wide range of investment business advice and services and firms authorised in category IB2 can, in addition to providing a wide range of advice and services, handle investment business clients' money and assets.

Further information on investment business authorisation is contained in the Investment Business Regulations and Guidance.

Review of 2008

Functions and Objectives for 2008

Functions

CARB is committed to delivering a fair and proportionate regulatory system whilst acting in the public interest. This is achieved by delivering its functions objectively, competently and with integrity. The functions of CARB are to:

- Develop Standards of Professional Conduct, including standards relating to practice rights, ethics and discipline, for adoption by the Council of ICAI, which are fair, proportionate and in the public interest;
- Ensure that Chartered Accountants, firms and affiliates providing services to the public are eligible to do so by granting and renewing licences to practice, to act as an auditor, to provide investment business advice, and to accept insolvency appointments and removing those licences when it is deemed necessary;
- Ensure professional services provided by Chartered Accountants, firms and affiliates are of appropriately high standards by monitoring compliance with the Standards of Professional Conduct through a system of returns and inspections and taking regulatory action when necessary;
- Ensure the thorough investigation of complaints against Chartered Accountants, firms, affiliates and students and take disciplinary action when there is evidence that professional performance has fallen short of the reasonable expectations of the public and other stakeholders.

In delivering its functions CARB participates in the national and international development of regulatory policy and professional standards for accountants and in doing so liaises with government, regulators, supervisory authorities, other member bodies and other third parties as deemed appropriate.

Objectives

In delivering its functions as part of the Strategic Plan 2008-2010, the Board set the following high level objectives:

High Level Objective 1: Professional Standards

We will set Standards of Professional Conduct which are straightforward and clear; capable of being complied with and enforced; and are fair, proportionate and in the public interest.

High Level Objective 2: Professional Authorisations

We will ensure that Chartered Accountants comply with their responsibilities to hold appropriate authorisations and registrations by operating an efficient and effective system of professional authorisation.

High Level Objective 3: Quality Assurance

We will ensure Chartered Accountants provide services of the highest quality, competently, honestly and with integrity by operating a risk based approach to monitoring through the annual assessment of information and periodic on site inspections.

High Level Objective 4: Discipline

We will ensure the thorough investigation of complaints against Chartered Accountants in a fair and proportionate manner to determine if any misconduct has occurred and take disciplinary action when required.

High Level Objective 5: Governance

We will operate to the highest levels of corporate governance thus ensuring the efficient and effective operation of the Board, its committees and executive. We will ensure that in all our decisions we act objectively and with integrity.

High Level Objective 6: Relationships with Stakeholders

We will build relationships of mutual trust and respect with all our stakeholders by behaving objectively, competently and with integrity. We will co-operate with legislators, oversight bodies and other professional organisations to enable the Board to contribute and influence the development of national and international regulatory policy.

In support of these objectives, the Board set a range of operational goals. We have reported on governance earlier in the report. The report on our other 2008 activities and achievement of objectives and goals follows; the report has been compiled under the following headings:

- Relationships and Communication;
- Standards of Professional Conduct;
- Professional Authorisations;
- Quality Assurance;
- Professional Conduct.

Relationships and Communication

The Board is committed to developing effective mechanisms which will enable it to build relationships with all its stakeholders including ICAI (its Council and members), government and oversight bodies, other professional bodies and the public. We are continuing to implement the provisions of our 2007 Communications Plan which we will review and update during 2009.

In order to bring our work to the attention of the public and provide helpful advice and support for those we regulate we have continued to use our website (www.carb.ie) as a major means of communication. We also, in co-operation with ICAI's Representation and Technical Policy Department, continue to publish our joint Professional Update Bulletin. This publication keeps members and firms informed of technical and regulatory developments.

Our relationship with ICAI continues to be of great importance. The Bye-Laws of ICAI, whilst clearly devolving regulatory functions to CARB, anticipate a continuing close working relationship between CARB and the Council of ICAI which has issued CARB Regulations to support the Bye-Laws. To ensure the efficiency of the working relationship, a Memorandum of Understanding (MOU) was agreed by the Council and the Board. This MOU sets out clear lines of communication between the Board and the Council and establishes a Liaison Committee which includes the Chairman, the Director of the Board, the Officer Group and the Chief Executive of ICAI.

We believe it is essential to develop new and enhance existing relationships with our oversight bodies, details of which are included in the earlier section on governance. During 2008 we continued to interact with IAASA, FRC/POB, the Financial Regulator, the FSA and the Great Britain and Northern Ireland Insolvency Services.

Strong co-operative relationships between the professional accountancy bodies have existed for many years and since its establishment the Board has sought to build on these relationships. During 2008, members of the Board, the committees and executive continued to actively participate in joint regulatory committees, addressing issues such as:

- Implementation of the European Commissions 8th Company Law Directive in Ireland;
- Revision of the Accounting and Actuarial Disciplinary Board (UK) scheme;
- Revision of the Code of Ethics for Insolvency Practitioners;
- Commenting on regulations implementing the Insurance Mediation Directive in Ireland;
- Developing guidance on the UK Anti Money Laundering Regulations.

All of the above resulted in revisions to our Standards of Professional Conduct or the submission of responses to consultation papers.

Building relationships of mutual trust and respect with all stakeholders

Standards of Professional Conduct

CARB is responsible for setting Standards of Professional Conduct including standards relating to practice rights, ethics, continuing professional development and discipline for adoption by the Council of ICAI. The Board is committed to setting standards that are fair, proportionate and in the public interest.

The Standards of Professional Conduct currently in force are listed in Appendix F.

In order to remain at the forefront of regulatory development, the Board has continued its involvement in external committees including working co-operatively with ICAI and with legislators in Ireland and the UK in regulatory areas. We have also made submissions on a number of important regulatory matters to bodies such as IAASA, the International Ethics Standards Board, the Accounting and Actuarial Disciplinary Board, the Minister of Finance and the Insolvency Services.

The Board is aware that Chartered Accountants face an ever increasing regulatory burden. The Board is committed to promoting quality and improving compliance where this is necessary. The Board believes that it can aid this by developing Standards of Professional Conduct which are written clearly and are supported by guidance which assists members and firms to comply.

In 2008 the major activity comprised:

Review of Disciplinary Bye-Laws

In 2007, the Board commissioned a review of its disciplinary processes. As part of the implementation of recommendations made, the Board undertook a review of the Disciplinary Bye-Laws. As a result the Disciplinary Bye-Laws have undergone significant revision to reflect current best practice and fair procedure. The revised Bye-Laws, once approved by the Board and adopted by the ICAI Council, will be presented to the members of the ICAI at a Special General Meeting to be held in late spring 2009.

Audit Regulations and Guidance (UK)

Following on from amendments to the Companies Act in the UK implementing the provisions of the EC 8th Company Law Directive, the Audit Regulations and Guidance 2008 relating to the audit of UK companies were finalised and issued. Guidance on the changes to the regulations was provided on the CARB website and in the Professional Update Bulletin. In 2009, we hope to complete this project by issuing revised Regulations which will extend to the audit of Irish companies; this is dependent on the Irish Companies Act being revised in 2009.

Continuing Professional Development (CPD) Regulations

As part of our obligation to implement standards issued by the International Federation of Accountants, the Board undertook a review of the procedures relating to continuing professional development. In July 2008, its new CPD Regulations came into effect, introducing a new monitoring regime for all Irish Chartered Accountants. To assist members in complying with the new Regulations we also published, on our website, extensive guidance and helpful questions and answers. In early 2009 we will commence monitoring members compliance with the Regulations using a new on-line declaration of compliance developed during 2008.

Professional Indemnity Insurance Regulations (PII)

In 2008, we reviewed and updated the PII Regulations primarily to increase the minimum levels of cover member firms must have in place but also to make a number of simplifications.

General Affiliate Regulations

In 2008, we developed new General Affiliate Regulations which will allow CARB to monitor any firm which calls itself Chartered Accountants in accordance with the provisions of the Bye-laws by requiring partners who are not Chartered Accountants to become general affiliates. These Regulations will be commenced when approved by IAASA.

Code of Ethics for Insolvency Practitioners

In 2008, all of the bodies recognised as insolvency regulators agreed a new Code of Ethics for Insolvency Practitioners. For members of ICAI, the Board brought this into effect by revising Part D of the existing Code of Ethics for Members. The revised provisions, in so far as they relate to UK appointments, came into effect on the 1 January 2009, the revised provisions relating to insolvency practitioners acting under Irish law will come into effect when approved by IAASA.

Professional Authorisations

CARB is responsible for ensuring that members, member firms and affiliates providing services to the public are eligible to do so by granting and renewing licences to practice, to act as an auditor, to provide investment business advice and to accept insolvency appointments and restricting or removing those licences when it is deemed necessary.

Practising Certificates

All members providing services to the public as a principal in a firm in the UK and Ireland must hold a practising certificate (PC). Members must apply for an initial grant of a PC before commencing to practice as a principal and the PC must be renewed annually for each calendar year thereafter.

The movement in practising certificate holders in 2008 is explained in the table below.

	Total
Total number of Practising Certificate holders at 31 December 2007	2,210
Practising Certificates granted	136
Practising Certificates ceased voluntarily	(59)
Practising Certificates withdrawn:	(5)
<i>Non payment of fees</i>	0
<i>Failure to provide evidence of PII</i>	1
<i>Failure to submit PC renewal application</i>	1
<i>Failure to co-operate with the Committee</i>	3
Deceased	(2)
Excluded from membership	(1)
Total number of Practising Certificate holders at 31 December 2008	2,279

In 2008, 2,210 practising certificate renewal applications were received and approved and practising certificates issued. As part of the practising certificate renewal process, members' compliance with the Continuing Professional Development Regulations is assessed. In 2008, 2,211 returns received were assessed; in 1 case a member indicated that he had not complied with the required amount of CPD for 2008, however the member provided suitable undertakings for 2009.

Audit Registration

Any person or firm wishing to act as an auditor in accordance with the provisions of the Companies Acts in Ireland, Great Britain or Northern Ireland must be registered with one of the bodies recognised under the Companies Acts. ICAI is a body recognised under the Republic of Ireland, Great Britain and Northern Ireland legislation and under the provisions of the Bye-Laws, CARB grants audit registration to firms meeting its eligibility criteria.

The movement in registered auditors in 2008 is explained in the table below.

	Total
Total number of registered auditors at 31 December 2007	1,006
Audit registration approved	34
Audit registration ceased voluntarily	(38)
Audit registration withdrawn:	(11)
<i>Non payment of fees</i>	2
<i>Failure to submit an Annual Return</i>	1
<i>Failure to provide evidence of PII</i>	1
<i>Failure to submit PC renewal application</i>	1
<i>Quality review visit issues</i>	6
Total number of registered auditors at 31 December 2008	991

Investment Business Authorisation

All firms wishing to act as an investment or insurance intermediary in accordance with the provisions of the Irish Investment Intermediaries Act 1995 (as amended) must be approved by the Irish Financial Regulator or an approved professional body. ICAI is an approved professional body and under the provisions of the Bye-Laws, CARB grants Investment Business authorisation to firms meeting its eligibility criteria.

The movement in Investment Business authorisations in 2008 is explained in the table below.

	Total
Total number of investment business authorisations at 31 December 2007	720
Applications approved	26
Authorisations ceased voluntarily	(27)
Authorisations withdrawn:	(1)
<i>Quality review visit issues</i>	1
Total number of investment business authorisations at 31 December 2008	718

All firms wishing to provide any of a range of services set out in the UK Financial Services and Markets Act, 2000 must be approved by the FSA or a Designated Professional Body (DPB). ICAI is a designated professional body and under the provisions of the Bye-Laws, CARB grants DPB licences to firms meeting its eligibility criteria.

The movement in DPB licences in 2008 is explained in the table below.

	Total
Total number of DPB licences at 31 December 2007	151
Applications approved	2
Licences ceased voluntarily	(11)
Licences withdrawn:	(1)
<i>Quality review visit issues</i>	1
Total number of DPB licences at 31 December 2008	141

Insolvency Licensing

Any person wishing to accept an insolvency appointment under the provisions of the Insolvency Act, 1986 and Insolvency (Northern Ireland) Order, 1989 must hold a licence from a recognised professional body. ICAI is a recognised professional body and under the provisions of the Bye-Laws, CARB grants insolvency licences to person meeting its eligibility criteria.

At the 31 December 2008, the total number of insolvency licences was 45 (2007, 46), no new licences were issued and none were withdrawn during 2008.

Delivering a regulatory system of the highest quality thereby enhancing the confidence of all stakeholders

Quality Assurance

CARB is responsible for ensuring that professional services provided by members, member firms and affiliates are of the highest possible standard by monitoring compliance with the Standards of Professional Conduct through a system of returns and inspections and taking regulatory action when necessary.

To achieve this, the CARB operates a system of Quality Review which comprises:

- The assessment of an Annual Return submitted by all member firms; and
- Quality Review monitoring visits to firms.

The supervision of the system on behalf of the Board has been delegated to the Quality Assurance Committee (QAC).

At 31 December 2008 there were 2,279 practising certificate holders and 1,573 member firms. This included 991 firms holding audit registration, 718 firms authorised for investment business, 141 DPB licence holders and 45 insolvency licence holders.

Annual Returns

An important part of the risk based Quality Review programme is the system of Annual Returns and Desk Top Monitoring (DTM). The main purpose of the DTM process is to allow us to identify possible risks as soon as possible and, in the vast majority of cases, close these down promptly and without the need for a visit.

In 2008, we completed a significant project to allow firms to complete their Annual Return on-line; this was launched for all returns due from January 2009.

In 2008, Annual Returns were issued to firms over the course of the year and were generated in accordance with each firm's PII renewal date. Firms are expected to submit the completed return within two months of the PII renewal date consequently the number of returns issued in any one year will not be the same as the number of returns received and processed.

Once received, Annual Returns are validated to ensure completeness and accuracy. Of the 1,447 returns submitted in 2008, 789 (54.5%) were incomplete and a query letter or call had to be made to the firm to collect the outstanding information.

Once the validation process is complete the Annual Return is subject to the DTM process. A summary of the action taken on the Annual Returns subject to the DTM process in 2008 is included in the table below.

		Total
Annual Returns issued by CARB in 2008		1,466
Annual Returns submitted by firms in 2008		1,447
Validation Process (on returns submitted)		
Validation Process complete at the year end	1,072	
Validation Process ongoing at the year end	375	
Desk Top Monitoring Process (on validated returns)		
<i>DTM process completed:</i>		1,028
No further action	873	
Closed by correspondence	155	
<i>DTM Process Ongoing:</i>		44
Firms response outstanding	17	
Visits selected following correspondence	3	
In progress	24	

Quality Review Visits

All member firms are subject to a Quality Review visit to assess the firm's compliance with the Standards of Professional Conduct. All visits result in a report which is considered by the QAC.

Quality Review serves a number of purposes. It allows the QAC to check that members and firms have complied with the Standards of Professional Conduct. The inspection process itself assists in raising standards through reviewers meeting practitioners and discussing aspects of best practice and how they can improve the standard of their work. Finally, it provides information to help the Board advise ICAI on areas in which it should develop and improve support to firms in the areas of training, education and technical issues.

A Quality Review visit includes monitoring the activities of member firms registered for audit and authorised for investment business.

A key part of the monitoring aspect of Quality Review visits is the importance that the Board attaches to high risk work such as the audit of quoted companies and the holding of investment business clients' money. In this regard firms that audit listed companies have a visit every two or three years; the largest four firms are visited every two years and the other seven firms that audit listed clients are visited every three years. In 2008, two of the largest firms were due and received monitoring visits. Firms that hold investment business clients money have this monitored every two years.

The monitoring process has a number of elements including a review of a firm's systems and procedures and a review of files to check that the work was carried out in accordance with the relevant Standards and the firm's own procedures.

In relation to audit monitoring, our risk based approach involves credibility reviews of financial statements and audit reports. This allows us to focus the review of audit work on potentially difficult or contentious areas. We have also use a themed approach where emphasis is placed on reviewing sectors of work that are new or that are particularly complex. This approach enables the

monitoring process to respond to current events and potential future areas of risk. During the past three years the review of going concern has been a recurring theme on visits and the majority of firms visited will have been subject to detailed monitoring in this area. Other current themes include the auditor's responsibilities in relation to corporate governance and compliance with the Transparency Directive.

In relation to investment business monitoring, visits have been targeted at firms that are involved in higher risk work including, for example, the promotion of Business Expansion Schemes and advising clients on investment in property companies. Where issues arise we engage in discussions with the firms and, if necessary, the Financial Regulator.

Resources

Fully resourced, the review team consists of ten persons; the Head of Review, a Senior Reviewer and eight reviewers. In 2008, we had nine reviewers with the one vacant position to be filled in March 2009.

The Board is committed to ensuring that we have suitably qualified people in place to meet our monitoring goals. In 2008, we fully reviewed all our obligations to determine the optimum number of reviewers required. In the meantime, it has agreed that for 2009 the team should be increased from nine to ten.

Visits Undertaken in 2008

A full risk based approach was adopted for the selection of visits in 2008, with the focus being on firms auditing listed or large numbers of other regulated clients. We also continued our visits to high risk investment business authorised firms. In 2008, we carried out 186 visits (compared with 127 in 2007).

An analysis of the basis of the visits is set out below.

	Visits requested by the QAC	Visits auditors of quoted companies	Visits to IB2 firms*	Risk Indicator	Random/Cyclical	Total
Audit	12	7	-	39	37	95
Investment Business ROI	4	-	2	6	6	18
Investment Business UK	-	-	-	-	3	3
Other	8	-	-	1	61	70
Total	24	7	2	46	107	186

* Firms authorised for investment business are authorised to conduct business in specific categories. Firms authorised in category IB2 are authorised to hold investment business clients' money and/or assets.

Regulatory Action

Visits occur throughout the year and take time to complete so there will always be partly completed visits. This section therefore describes the action arising from visits where the review section has completed its work and a registration committee has considered this or the reviewer has concluded the visit under delegated authority.

In 2008, the QAC considered 199 reports and was pleased to note that in the vast majority of cases (83.9%) no action was required.

The following table summarises the regulatory action taken by the QAC during 2008.

	Total
Matters requiring no further action	116
Firms have appropriate plans for improvement	51
No further action required by QAC	167
Conditions, restrictions, suspensions imposed	14
Application for Audit Registration refused	6
Audit Registration surrendered	2
Audit Registration withdrawn	2
Investment Business Authorisation withdrawn	0
Application for Investment Business refused	0
Total	199

The figures above show that the vast majority of firms visited are carrying out their professional activities in accordance with the relevant Standards or have appropriate plans to make improvements. It is unlikely that there could ever be a 100% achievement at this level given the risk based selection process we adopt.

Many matters raised on a visit are of a procedural nature and would not be critical to either the audit or other opinion or advice given by the firm. Raising these issues with the firm contributes to the educational element of the visit. A firm will develop an improvement plan which is acceptable to a committee which will monitor the implementation. Usually a firm will have to send further information to the committee. This could be information about attendance at a course to address specified areas of improvement, or a firm might have an independent review of its work and report the results to the committee.

It is important that feedback on issues arising during inspection visits are brought to the attention of members and firms as this will assist in improving standards, this has been achieved through road shows, guidance on the website and in articles in Professional Update Bulletin.

Action does not only occur through monitoring visits. A further 16 firms had conditions, restrictions and/or suspensions imposed by QAC for other regulatory issues.

Restrictions, Conditions and Suspensions

In most cases any issues that arise on visits can be addressed by the firms implementing appropriate plans for improvement. In certain circumstances, and to protect the public interest, the committee may attach conditions and/or restrictions to a firm's registration or authorisations. The conditions which the committee could impose include, for example, a requirement to undergo additional training, to introduce new procedures or to have another registered/ authorised firm or training organisation conduct a review of the firm's procedures and compliance with the procedures, in some circumstances the committee could require the firm to make a report to another statutory regulator or may require the firm to

revise an audit report. Restrictions can include a restriction on an audit firm barring it from conducting certain types of audit work or from accepting new audit appointments or restricting the firm from conducting certain investment business activities.

In certain cases, QAC may impose a suspension on a firm. This can apply to any or all licences, registrations or authorisations granted by QAC and will remain in place until it is satisfied that necessary improvements have been made.

Regulatory Penalties

The QAC can also agree regulatory penalties with members and firms. These are offered where there has been agreed non-compliance, the matter has been resolved by the QAC and there is no matter to refer to the disciplinary committee. In 2008, the following regulatory penalties were offered and accepted.

	Total
Failure to respond in a timely manner	3
Practising Certificates	0
Investment Business	4
Audit	24
Professional Indemnity Insurance	4
Total	35

Regulatory Penalties range from €250 to €2,000. More than one regulatory penalty may have been offered to a firm.

Review of Decisions

A member or firm may request a review of a decision of the QAC in circumstances as set out in the Standards. Such reviews are conducted by the Quality Assurance Review Committee (QARC) which will consider the matter afresh and has all the powers of the QAC. In such cases the member or firm will be able to present its case to the QARC, including the provision of additional information not available to the QAC, and, if it wishes, be legally represented.

A summary of review hearings for 2008 is included below.

	Total
Cases on hand at 1 January 2008	4
Reviews requested in 2008	9
Reviews concluded in 2008:	(12)
<i>Decision of QAC upheld</i>	4
<i>Decision of QAC varied</i>	2
<i>Decision of QAC overturned</i>	2
<i>Request for review of withdrawal</i>	4
Cases on hand at 31 December 2008	1

In specific circumstances as set out in the relevant Standards, a member or firm can appeal the decision of the QARC. No appeal hearings were held in 2008; 4 cases have been carried forward for hearing in 2009.

Monitoring of Insolvency Licence Holders

Insolvency licence holders who take appointments are visited on a three year cycle. In 2008, 9 visits were undertaken.

Visits occur throughout the year and take time to complete so there will always be partly completed visits. This section therefore describes the action arising from visits where the inspector has completed the visit and the Insolvency Licensing Committee has considered the report.

In the 6 visits concluded by the Insolvency Licensing Committee 3 required confirmations and 3 required no further action.

Applying the highest standards of integrity and objectivity in all decisions and actions

Professional Conduct

CARB is responsible for ensuring the proper investigation of complaints against Irish Chartered Accountants, member firms, affiliates and students and taking disciplinary action when there is evidence that their professional performance has fallen short of the reasonable expectations of the public and other stakeholders.

The procedures for the investigation of complaints are contained in Chapter IX of ICAI's Bye-Laws. A diagram summarising the Disciplinary Process is included in Appendix D.

The number of complaints received during the year fell from 119 in 2007 to 98 in 2008 and of these 45% were resolved without recourse to the Complaints Committee.

A summary of the movement in cases in 2008 is included below.

		Total
Cases on hand at 1 January 2008		109
New cases in 2008	98	
Cases generated by the Complaints Committee	2	100
<i>Concluded in 2008</i>		
Without recourse to the Complaints Committee	44	
Concluded by the Complaints Committee	32	
Concluded by the Disciplinary Committee	13	
Concluded by the Appeal Panel	4	
Other*	5	
		(98)
Cases on hand at 31 December 2008		111

Complaints Committee

Under the Bye-Laws, the Complaints Committee consists of at least 9 people, the majority of persons who are not members of ICAI. Currently, the Committee comprises five members of ICAI and seven non-members.

In 2008, 98 new cases (15 of which were internally generated) were brought to the attention of the Head of Professional Conduct indicating that a member or member firm may have become liable to disciplinary action.

During 2008, 44 cases were closed without recourse to the Complaints Committee, some of these cases were opened prior to 2008. These cases were closed because matters were resolved to the satisfaction of the complainant, the member took the appropriate corrective action, the complainant withdrew the complaint, or the matters complained of did not come within the scope of disciplinary action. The Complaints Committee at each of its meetings monitored the progress of these cases.

During 2008, the Complaints Committee considered 54 cases, of which 32 were closed by the Complaints Committee, 13 were referred to the Disciplinary Committee and 4 by the Appeal Panel. Five cases (marked as other*) scheduled to go to the Appeal and Disciplinary committees were not heard as in four cases the members were excluded from membership for other reasons and in one case a judgment debt was settled.

A total of 32 cases were concluded by the Complaints Committee in 2008, 4 of these cases having been heard in the previous year. The Complaints Committee found no prima facie case to answer in 13 cases. In the other 19 cases where a prima facie case was

established, 16 Consent Orders were offered and accepted and in the remaining 3 cases no further action was deemed necessary.

The 19 cases concluded by the Complaints Committee where a prima facie case was established related to the following matters:

	Total
Acting without proper authority	0
Bad work/inadequate or unsatisfactory service or professional conduct	16
Breach of Company Law (other than acting without authority)	5
Other audit or IB issues under the Code of Ethics, Standards or Guidance	3
Delay/Failure to respond (external)	4
Criminal conviction	1
Failure to respond to CARB	2
Clients Money/Fraud/ Dishonesty	0
Taxation Matters	3
Professional indemnity insurance	0
Conduct of a liquidation/insolvency	0

In some of these cases, multiple issues were involved, and a failure to respond to correspondence from CARB in relation to the complaint was also a feature.

The following sanctions were imposed by the Complaints Committee in respect of the 19 cases concluded:

	Total
No further action	3
Reprimand	2
Reprimand and Costs	1
Reprimand, Fine and Costs	6
Severe Reprimand, Fine and Costs	7

Fines ranged between €1,500 and €12,500 and costs ranged from €600 to €8,500.

Findings of the Complaints Committee are published in Accountancy Ireland and may include the name of the member. In 2008, member names were published in 5 of the 19 cases where Consent Orders were offered and accepted.

Disciplinary Committee

The Disciplinary Committee consists of not more than 15 persons. A majority of the members of the Disciplinary Committee are not members of ICAI and at least two are lawyers. Not less than four members of the Disciplinary Committee must be members of ICAI. Currently the Committee comprises eight non-members and five members.

A Disciplinary Hearing is heard before a separately constituted Tribunal of three people drawn from the Disciplinary Committee. The Tribunal comprises a lawyer as Chairman, who is not a member of ICAI, one member of ICAI and one other person who is not a member of ICAI.

All Disciplinary Tribunal hearings are held in public, unless the Tribunal determines a public hearing, or any part of it, would be inappropriate. In 2008, all 16 hearings were held in public.

A summary of the movement in cases in 2008 is included below.

	Total
Cases on hand at 1 January 2008	19
Cases referred by the Complaints Committee in 2008	9
Direct referral	5
Consent Orders not accepted	4
Cases concluded by the Disciplinary Tribunal in 2008	(16)
Cases closed for other reasons	(4)
Cases on hand at 31 December 2008	8

There were 16 hearings before a Disciplinary Tribunal in 2008, 13 cases were found proven and one case adjourned until 2009. Of the 13 cases found proven, 8 accepted the finding and order of the Disciplinary Tribunal, the other 5 appealed the finding and order. There were 4 cases referred to the Disciplinary Tribunal and closed before a hearing took place, in 2 cases this was the result of a judgment debt being settled and in 2 cases this was the result of the members being excluded from membership for other reasons.

The 8 cases concluded before a Disciplinary Tribunal in 2008 related to the following matters:

	Total
Bad work/inadequate or unsatisfactory service	1
Breach of Company Law (other than acting without authority)	1
Other audit or IB issues under the Code of Ethics, Standards or Guidance	1
Breach of Code of Ethics	2
Failure to respond to CARB	6

In some cases multiple issues are involved.

The following sanctions were imposed by the Disciplinary Tribunal in respect of these cases:

	Total
No further action	1
Reprimand, fine and costs	1
Severe Reprimand and costs	2
Severe reprimand, fine and costs	3
Censure, fine and cost	1

Fines ranged from €250 to €20,000. Costs ranged from €2,540 to €16,782.

Appeal Panel

The Appeal Panel consists of not more than 11 persons. A majority of the members of the Appeal Panel are not members of ICAI and at least two are lawyers. Not less than three members of the Appeal Panel must be members of ICAI. Currently the committee comprises six non-members and five members.

An appeal is heard before a separately constituted Tribunal of three people drawn from the Appeal Panel. The Tribunal comprises a lawyer as Chairman, who is not a member of ICAI, one member of ICAI and one other person who is not a member of ICAI. All Appeal Tribunal hearings are held in public, unless the Appeal Tribunal determines a public hearing, or any part of it, would be inappropriate.

A summary of the movement in cases in 2008 is included below.

	Total
Cases on hand at 1 January 2008	2
Cases appealed in 2008	5
Cases concluded by the Appeal Tribunal in 2008	(4)
Cases closed for other reasons	(2)
Cases on hand at 31 December 2008	1

Four appeals were heard by an Appeal Tribunal in 2008. The Tribunal concluded 3 cases and one was postponed until 2009. All cases concluded were heard in public.

There were 4 cases closed in 2008, one case was heard in 2007 but closed in 2008. The cases closed related to the following matters:

	Total
Acting without proper authority	2
Bad work/inadequate or unsatisfactory service	1
Other audit or IB issues under the Code of Ethics, Standards or Guidance	2
Professional Indemnity Insurance	1
Failure to respond to CARB	2

In some cases multiple issues are involved.

The following sanctions were imposed by the Appeal Tribunal in respect of the two cases found proven:

	Total
Severe reprimand, fine and costs	3
Suspension, Severe Reprimand, Fine and Costs.	1

Fines ranged from €4,000-€5000 and costs ranged from €15,000 to €35,439

Public Interest Cases

Where the Complaints Committee forms the view that the matter gives rise to or includes questions of public concern, it arranges for the complaint to be investigated by a Special Investigator. On completion of his inquiries, the Special Investigator reports to the Complaints Committee whether, in his opinion, a prima facie case against any member, student, affiliate or member firm exists. If such a report is made, the Complaints Committee refers a formal complaint to the Disciplinary Committee, and the complaint is prosecuted at the suit of the Complaints Committee before the Tribunal appointed to hear the matter.

In 2006, a matter of UK public concern involving four separate cases was referred to the Accounting and Actuarial Disciplinary Board (AADB). In December 2008 the AADB concluded two cases by way of a consent order. In the cases closed, the firm and a partner in the firm were reprimanded, fined £6,000 and ordered to pay costs of £60,000.

In December 2008, as a result of certain matters which came to its attention through the media, CARB issued a press release stating that it would examine the facts surrounding alleged inappropriate loans made to Directors of Anglo Irish Bank plc. On 13 February 2009 following this preliminary examination the Complaints Committee appointed Mr John Purcell as Special Investigator in accordance with the provisions of the Disciplinary Bye-laws.



Financial Results

Financial Results

Introduction

The Board is funded by ICAI and the Board's costs and income are included in the Consolidated Financial Statements of ICAI for the year ended 31 December 2008. These Financial Statements have been subject to audit.

The Board is mindful of the need to operate efficiently and effectively including in the management of the financial resources available to it.

The costs incurred by the Board in 2008 are detailed below. They fall into two main categories, namely the direct costs of regulation and the costs of support services provided by ICAI. The main components of direct costs are the costs of staff directly assigned to the Board, administrative costs incurred directly by them and monitoring and publication costs. Also included in this category is a substantial sum for the fees charged by oversight bodies' compensation schemes and the direct costs of disciplinary cases which can vary substantially depending on the number and complexity of cases.

The policy of ICAI is that the costs of discipline (not funded by fines and other disciplinary charges) are funded by a charge against members generally and collected by ICAI. For this reason, the tables below show disciplinary costs separately. All other expenditure is funded by invoices issued directly by the Board to practising members and firms.

Overview of Results for 2008

Detailed financial information is included in Appendix E. The total costs of regulation are summarised below

Year to 31 December	2008	2007
	€	€
Staff Costs	2,117,789	2,024,151
Oversight Board Costs	309,994	327,756
CARB Costs	222,984	193,065
Direct Costs of Investigation and Discipline	451,887	221,818
Recruitment Costs	53,048	166,765
Allocated Costs	389,910	390,704
Other Direct Costs	29,770	218,540
Other Administration Costs	555,775	430,908
Total before public concern case	4,131,157	3,973,707
Public Concern Case	1,153,345	299,740
Total	5,284,502	4,273,447

The costs of oversight in 2008 include the total costs of the Financial Regulator and the insolvency oversight authorities; and one third of the costs allocated to ICAI for the FRC and IAASA are charged to CARB.

The basic costs of the FRC are currently shared equally between listed companies (via the Financial Services Authority), DBERR and the profession. The profession's share is allocated between the accountancy bodies.

The costs of IAASA are shared 40% by the government and 60% by the prescribed accountancy bodies, which includes ICAI.

At 31 December 2008, CARB employed 29 staff (2007: 28) of whom nine (2007:8) were reviewers.

All Board members received an annual fee for their membership of the Board. In addition, the non-accountant members of the committees received a fee of €500 for meetings attended. Each committee member spends on average 100 to 150 hours annually on committee affairs.

The actual costs of regulation (before public concern cases costs) for 2008 of €4,131,157 compared favorably with the expected costs of regulation of €4,652,428 (variance of €521,271). The main variances relate to a lower contribution than expected to the costs of IAASA; lower staff costs due to vacant positions and certain exchange rate adjustments.

In relation to public concern case costs at the 31st December 2008 we had established a constructive obligation to investigate, as a public concern case, the conduct of certain members and a member firm in relation to loans to directors of Anglo Irish Bank plc. This arose from matters arising in the public domain. The Chartered Accountants Regulatory Board (CARB) issued a public announcement on 19th December 2008 that such an investigation had been initiated relating to members and a member firm.

Statement by the Auditor

We confirm that the financial information presented on pages 29, 30 and 31 is in accordance with that included in respect of the Chartered Accountants Regulatory Board in the audited financial statements of the Institute of Chartered Accountants in Ireland for the year ended 31 December 2008.

Scott-Moncrieff
17 Melville Street
Edinburgh
EH3 7PH

26th March 2009

Appendices

Appendix A - Board Members

Dr Eileen Fitzpatrick

Dr Eileen Fitzpatrick is a graduate of University College Dublin, (UCD) and completed a PhD in Chemistry in 1986. After a period of Post Doctoral research she joined the Financial Services Industry in 1987 and has extensive experience in Asset Management and Stockbroking. In 1997 she was appointed Chief Investment Officer of AIBIM the Asset Management Subsidiary of Allied Irish Banks (AIB) which is the largest Financial Company in Ireland. She was appointed Chief Executive of the company in 2000.

In 2006 she left AIB to become an Executive Director of the National Treasury Management Agency (NTMA). She has specific responsibility for overseeing the Alternative Asset Investment Programme for the National Pension Reserve Fund which is the State Pension Fund established under the 2000 Act. Eileen was Chairperson of the Irish Association of Investment Managers from 2002-04.

Dr Christopher Gibson

Chris Gibson started his career with Richardsons' Fertilisers and ICI; he was appointed Chairman and MD of ICI Ireland Ltd in 1982. In 1988 he became Commercial Director of Irish Fertiliser Industries Ltd before taking up the position of Managing Director UK of Golden Vale plc. He retired in 1999. He has just completed 9 years as Pro-Chancellor of Queens University, Belfast, where he played a key role in the governance of the University. He was awarded an OBE in 1989 for his contribution to Anglo-Irish relations.

James Hunt

James Hunt started his career after graduating in 1970 and qualified as a Chartered Accountant in 1974 with Coopers & Lybrand. He became the Finance Director of Winemark in 1976 and a partner in a practising firm of Chartered Accountants, Burns Hunt (later Hill Vellacott) in 1978.

James is currently a member of the SME Committee of the Auditing Practices Board. He also engages in voluntary and charity work, having been involved as Chairman and Trustee to the Grand Opera House Trust, a position he held from 1994 until 2008.

James participated as a member and chairman of a number of ICAI committees, was a member of the ICAI Council from 1993 - 2005 and President of the ICAI in 2003/2004.

Leo Martin

Leo Martin started his career after graduating in 1973 and qualified as a Chartered Accountant in 1979 with PriceWaterhouseCoopers in Dublin.

Leo was appointed to the Board of Directors of Grafton Group plc in January 2005 following the acquisition of Heiton Group plc where he was Chief Executive. He was appointed to the position of Chief Operating Officer of the Grafton Group in September 2006.

Leo participated as a member and chairman of a number of ICAI committees and was a member of the ICAI Council from 1988 until 1996.

Leo is a member of the Board of Governors of Sutton Park School.

Dr Liam O'Reilly (Chairman)

Liam O'Reilly was Chief Executive of the Irish Financial Regulator from 2003 to 2006 having previously served at a senior level in the Central Bank in Economic Research, Financial Control, International Relations and Financial Markets. He served on the Review Group on Auditing in Ireland and was a member of the Interim Board of the Irish Auditing and Accounting Supervisory Authority, which prepared the legislation to set up a Statutory Supervisory Body for the Accountancy profession. He also served as a member of the UK Accountancy Foundation. He is currently on the Board of Irish Life and Permanent plc and Merrill Lynch International Bank.

Terence O'Rourke

Terence O'Rourke started his career after graduating in 1975 and qualified as a Chartered Accountant in 1979 with Stokes Kennedy Crowley (now known as KPMG). He became a partner in 1988, Head of Audit in 2004 and was elected Managing Partner of KPMG Ireland in December 2006. He is a member of KPMG's International and EMA Boards.

Terence participated as a member and chairman of a number of ICAI committees, was a member of the ICAI Council from 1993-2006 and President of the ICAI in 2004/05.

He was also a member of the Review Group on Auditing established by the Tánaiste in 2000 whose Report amongst other things, recommended the establishment of the IAASA.

**Angela Paisley
(resigned December 2008)**

Angela Paisley started her career after graduating in 1979 and qualified as Chartered Accountant in 1984 with Deloitte Haskins & Sells (Belfast).

Following a period in the finance section of the Northern Ireland Housing Executive, in 1991 she was appointed to her current position as Finance Director of the Eastern Health & Social Services Board in Northern Ireland.

Angela participated as a member and chairman of a number of ICAI committees and was a member of the ICAI Council from 1990-1993.

Roderick Ryan

Roddy Ryan started his career having graduated in 1976 and qualified as a Chartered Accountant in 1979 with Arthur Andersen. He became a partner in 1987, Head of the Tax Practice in 1989 and Managing Partner from 1995 until 2002. He was a member of Andersen's European Executive Committee from 1998 to 2002.

He was particularly involved in the formation and development of the IFSC, travelling extensively throughout the world to promote the centre. Roddy is currently a Director of Glen Dimplex and Grafton Group plc.

**Laurence K Shields
(resigned January 2009)**

Laurence started his career after graduating in 1970 and was admitted as a Solicitor in Ireland in 1972. He was admitted as a Solicitor in Northern Ireland and in England and Wales in 1998. He is a former President of the Law Society of Ireland (1997-1998), a former member of the Judicial Appointments Advisory Board (2002-2008) and a former alternate director and director of the Irish Takeover Panel Limited (2000-2006).

He formed and is now Chairman of LK Shields Solicitors and is a Fellow of the Institute of Arbitrators and CEDR Accredited Mediator and Notary Public.

Dr Don Thornhill (Deputy Chairman)

A former top Irish civil servant (Secretary General of the Department of Education and Science and Chairman of the Higher Education Authority), Dr. Don Thornhill is now a consultant and adviser on strategy and policy. In addition to his membership of CARB, he is also a board member of a number of organisations in the public and private sectors, including Chairman of the National Competitiveness Council, Chairman of the Irish Payments Services Organisation and a member of the boards of Forfás (Ireland's national policy and advisory board for enterprise, trade, science, technology and innovation), the Irish Taxation Institute and Science Foundation Ireland. Dr. Thornhill is a former president of the Irish Fulbright Commission.

He is a chemistry and economics graduate and was recently awarded an honorary doctorate by the National University of Ireland. During 1987 he was a Fulbright Scholar at the Brookings Institution in Washington DC. He is an elected member of the Royal Irish Academy and a life member of the Royal Dublin Society.

Professor Noel Whelan

A graduate of University College Dublin/National University of Ireland (B. Comm., DPA, M.Econ.Sc., and PhD in Economics). Professor Whelan is a Fellow of the Irish Management Institute.

Currently, Professor Whelan is Vice President and Dean Emeritus, University of Limerick; Honorary Vice President, European Investment Bank (Luxembourg); and Chairman: of St. Vincent's Healthcare Group; of the Caritas Consultative Forum for the Health Sector; and of the State Claims Agency. He is President (Founding) of the European University Foundation (Luxembourg), Chairman (Founding) of the National Adult Learning Council, and Senior Consultant to the UNDP on Governance and Management. He has been Secretary General of the Dept. of the Taoiseach, Chairman of the National Economic and Social Council, and Vice President/Vice Chairman of the European Investment Bank (Luxembourg).

Appendix B - Committee Functions and Members

1. Functions of the Governance and Policy Committees

Committee	Summary of Functions
<i>Governance</i>	
Governance, Risk and Audit	Develop and monitor the Board's Corporate Governance and Risk Management Policy.
Planning, Budget and Performance	Develop Strategic Plans and Annual Reports including the associated budget on behalf of the Board and to review the performance of the executive.
<i>Policy</i>	
Professional Standards	Develop and amend professional standards on behalf of, and for the approval by, the Board.
Ethics	Develop and amend the Code of Ethics for approval by the Board.

2. Functions of the Compliance Committees

Committee	Summary of Functions
Quality Assurance Committee	Deliver professional authorisation and monitoring functions.
Insolvency Licensing Committee	Deliver professional authorisation and monitoring functions in relation to insolvency practitioners.
Quality Assurance Review Committee	Hear reviews of decisions of the Quality Assurance Committee and the Insolvency Licensing Committee.
Quality Assurance Appeal Committee	Hear appeals against decisions of the Quality Assurance Review Committee.
Complaints Committee	Investigate complaints against members, member firms, affiliates and students and determine if there are prima facie cases of misconduct.
Disciplinary Committee	Hear cases referred to it by the Complaints Committee.
Appeal Panel	Hear appeals against decisions of Disciplinary Tribunals.

2. Members of the Governance and Policy and Compliance Committees

Governance

Governance Risk and Audit Committee

Liam O'Reilly*
Terence O'Rourke
Angela Paisley
Don Thornhill*
Noel Whelan*

Planning, Budgeting and Performance Committee

Chris Gibson*
James Hunt
Liam O'Reilly*

Policy

Professional Standards Committee

Richard George
Joan Houston
James Hunt
Brian Kearney
Ronan Nolan
Conall O'Halloran
Terence O'Rourke
Timothy Quin
Geoffrey Ruddock (resigned June 2008)

Ethics Committee

Sinead Donovan
Richard George
Gerry McConnell
Jim Stafford
Catherine Vaughan

Compliance Committees

Quality Assurance Committee

Stephen Curragh (joined July 2008)
Mac Dolan
Gerard Duffy*
Brendan Jennings
Angela Lambe*
Michael McClintock
Alastair McDonald (joined July 2008)
Conall O'Halloran
Timothy O'Reilly (resigned June 2008)
John Horan*
Geoffrey Ruddock (resigned June 2008)
Drew Wilkinson
Colin Wills*

Insolvency Licensing Committee

Garth Calow
David Capper*
John Hansen
Joan Houston
Noel Lavery
Stephen Prenter (resigned July 2008)
Tom Reid*
Edward Walsh

Quality Assurance Review Committee

Laurence Brannigan*
David Fleetwood
Alan Gibson
Trevor Griffith
Desmond Lamont*
Cyril Maybury
Bruce McCormack

Quality Assurance Appeal Committee

Clive Brownlee* (resigned December 2008)
Dominic Dowling* (resigned December 2008)
Donal Hampson (joined October 2008)
Donal Hampson (joined October 2008)
Jim Harnett
Larry Martin*
Colm Morrissey
Leo O'Donnell
Moya Quinlan*
Michael Ramsey*
Padraic O'Connor
Kieran Tuite* (joined February 2008)

Complaints Committee

Alvin Bradshaw
Anne Brady (resigned June 2008)
Gus Fitzpatrick*
Colin Gowdy*
Fred Jackson*
Ivan Laird*
Brian McLoughlin*
Tom McMorrow* (joined February 2008)
David Meagher
Seamus O'Tighearnaigh
Timothy Quin
Patricia Quinn*
Sharon Sheehan*
Mervyn Waddell* (joined February 2008)

Disciplinary Committee

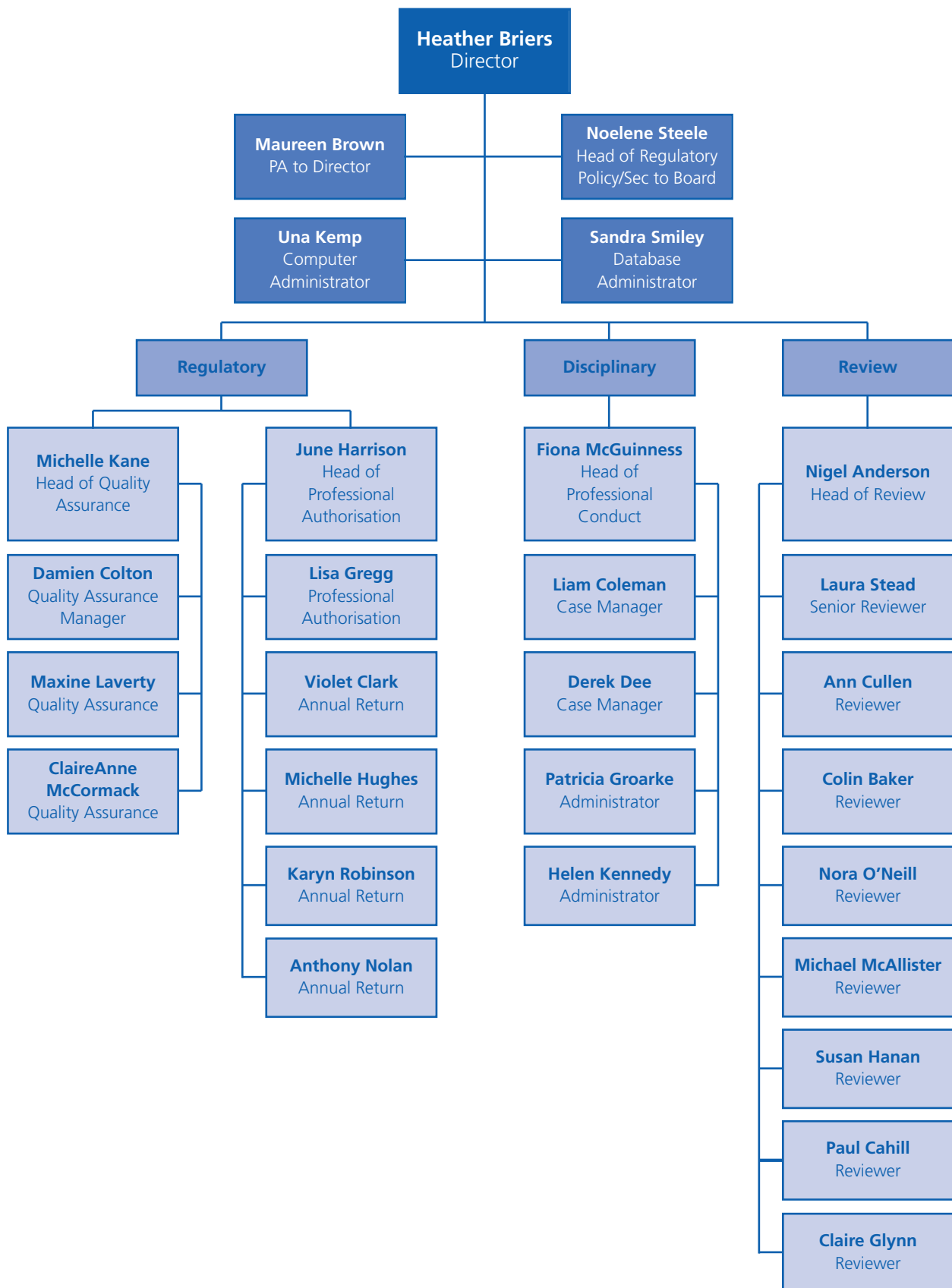
Prof Niamh Breenan
Grainne Clohessy*
Aidan Connaughton
Patrick J Connolly
Margaret Elliott*
Brian Garrett* (resigned December 2008)
Randal Hayes*
Prof Irene Lynch Fannon*
J P McDowell* (joined December 2008)
Ward McEllin*
Aedan McGovern*
Fintan Meagher
Paddy Moore*
Liam Rattigan
Margaret Spence Silcock (resigned January 2008)

Appeal Panel

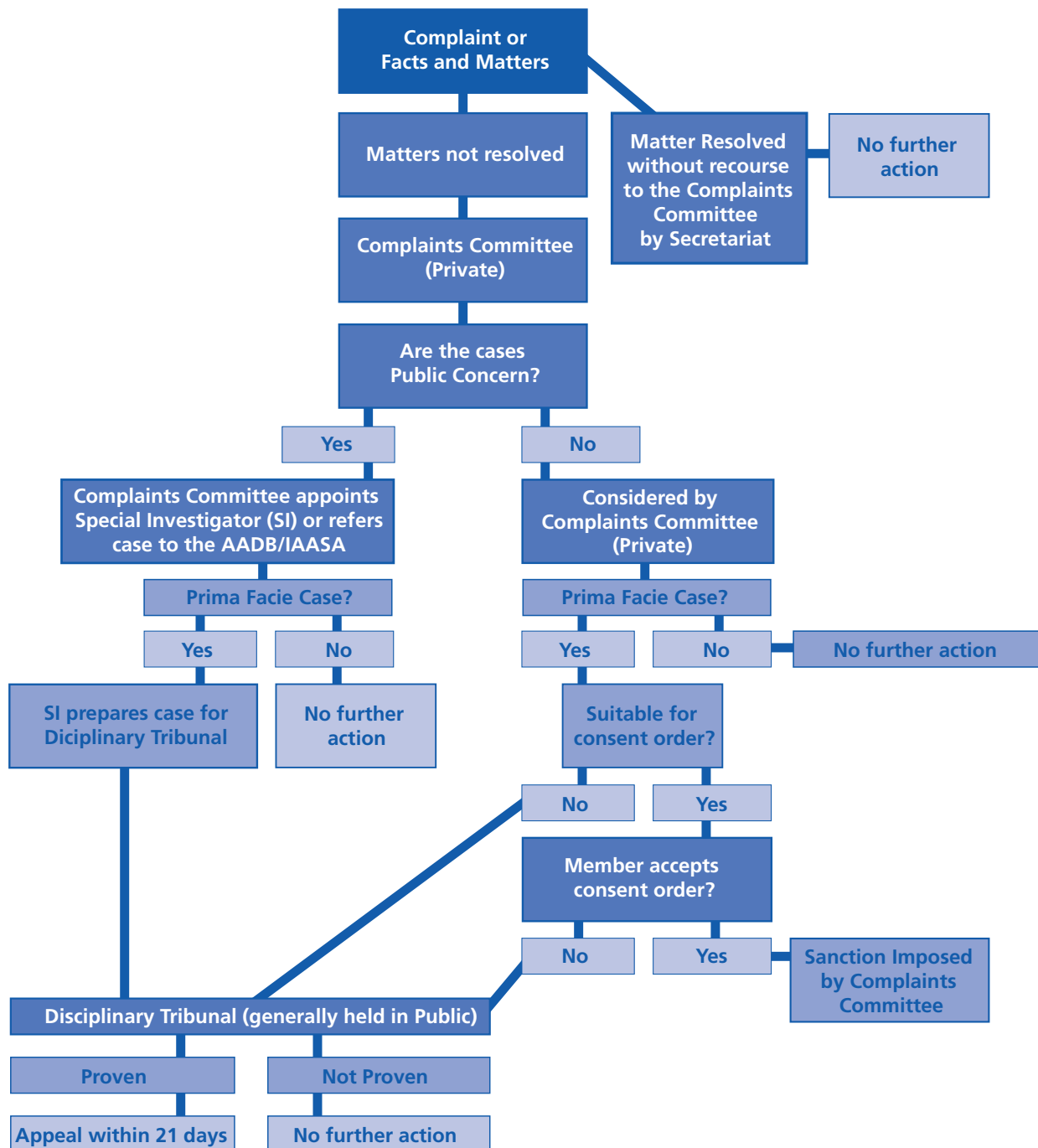
Clive Brownlee* (resigned December 2008)
Dominic Dowling* (resigned December 2008)
Donal Hampson (joined October 2008)
Jim Harnett
Larry Martin*
Colm Morrissey
Leo O'Donnell
Moya Quinlan*
Michael Ramsey*
Padraic O'Connor
Kieran Tuite* (joined February 2008)

* The persons who are not members of a recognised accountancy body

Appendix C - Executive Organisation Chart



Appendix D - Flowchart of the Disciplinary Process



Appendix E - Financial Information

Direct Costs

	Note	Regulation 2008 €	Discipline 2008 €	Total 2008 €	Total 2007 €
Staff Costs		1,801,891	315,898	2,117,789	2,024,151
Fees Charged by Oversight Bodies	1	309,994		309,994	327,756
Compensation Scheme	5	(13,647)	-	(13,647)	55,417
Professional Indemnity Insurance		470	-	470	5,761
Monitoring		34,612	-	34,612	147,174
Publication of Regulations		-	-	-	3,157
Joint Audit Register		8,335	-	8,335	7,031
Investigation and Discipline		-	451,887	451,887	221,818
Administration Costs	2	773,968	57,839	831,807	790,738
Public Concern Case	4		1,153,345	1,153,345	299,740
Total Direct Costs		2,915,623	1,978,969	4,894,592	3,882,743

Allocated Costs - ICAI support services

	Note	Regulation 2008 €	Discipline 2008 €	Total 2008 €	Total 2007 €
Accommodation Costs		202,704	29,004	231,708	232,045
Depreciation		40,378	-	40,378	40,284
Computer Expenses		114,137	-	114,137	114,424
Other		3,687	-	3,687	3,951
Total allocated Costs		360,906	29,004	389,910	390,704

Total Direct and Allocated Costs

		3,276,529	2,007,973	5,284,502	4,273,447
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Funded by

	Note	Regulation 2008 €	Discipline 2008 €	Total 2008 €	Total 2008 €
CARB	3	3,671,464	210,730	3,882,194	4,093,172
ICAI			1,797,243	1,797,243	785,373
Transfer to a designated regulatory fund	6 (i) (ii)	(363,961) (30,974)	- -	(363,961) (30,974)	(605,098)
Total Funding		3,276,529	2,007,973	5,284,502	4,273,447

Appendix E - Financial Information (continued)

Note 1: Fees to Oversight Bodies

	Regulation 2008 €	Discipline 2008 €	Total 2008 €	Total 2007 €
IAASA and FRC	267,274	-	267,274	278,910
Insolvency Oversight BVodies	18,269	-	18,269	20,806
Investment Oversight Bodies	24,451	-	24,451	28,040
Total	309,994	-	309,994	327,756

Note 2: Administration Costs

	Regulation 2008 €	Discipline 2008 €	Total 2008 €	Total 2007 €
Telephone/Postage/Stationary/Photocopying/Publications	128,104	22,414	150,518	130,822
Legal and Professional fees	130,316	20,614	150,930	72,906
Recruitment Costs	53,048	-	53,048	166,765
Travel	203,910	9,461	213,371	200,900
Training	20,354	2,196	22,550	11,125
Sundries	11,154	2,077	13,231	12,519
CARB Costs	222,984	-	222,984	193,065
Functions/Hospitality & Marketing	4,098	1,077	5,175	2,636
Total	773,968	57,839	831,807	790,738

Note 3: Analysis of Funding

	Regulation 2008 €	Discipline 2008 €	Total 2008 €	Total 2007 €
Regulatory Fees –firms	2,444,383	-	2,444,383	2,245,966
Practising Certificate Fees	961,144	-	961,144	935,930
Affiliate Fees	127,895	-	127,895	122,603
Regulatory Penalties etc	26,364	-	26,364	25,967
Insolvency Licence Fees	71,097	-	71,097	67,158
Fines and Costs	-	210,730	210,730	163,891
Compensation Levy	17,327	-	17,327	55,417
Bank Interest	16,000	-	16,000	16,000
Sundry Income	7,254	-	7,254	14,000
Release of amounts held on behalf of regulated firms	-	-	-	446,240
Total	3,671,464	210,730	3,882,194	4,093,172

Appendix E - Financial Information (continued)

Note 4: Public Concern Case Costs

At 31st December 2008 the Institute had a constructive obligation to investigate, as a public concern case, the conduct of certain members and a member firm in relation to loans to directors of Anglo Irish Bank plc. This arose from matters arising in the public domain. The Chartered Accountants Regulatory Board (CARB) issued a public announcement on 19th December 2008 that such an investigation had been initiated relating to members and a member firm. This was formalised on 16th January 2009 when the Complaints Committee of CARB confirmed its conclusion that this was a Public Concern Case. A special investigator, Mr John Purcell, was subsequently appointed by CARB to conduct this investigation. The amount provided for this investigation has taken into account any fee rates already agreed for this investigation together with the history of the costs of public concern cases of similar complexity.

Note 5: Compensation Scheme

Included in the Compensation Scheme credit of €13,647 for 2008 is an overprovision in respect of 2007 of €30,974. The actual charge to the accounts in respect of 2008 is €17,327.

Note 6: Amounts held in designated funds

These amounts represent 2 reserves (i) A reserve for the compensation scheme for members or member firms authorised by CARB on behalf of the ICAI as a Designated Professional Body under the United Kingdom Financial Services and Markets Act, 2000 and the Republic of Ireland Investment Intermediaries Act, 1995. The value of this reserve at 31st December 2008 is €476,974 (2007: €446,000); and (ii) A reserve for surpluses or deficits on certain regulatory activities to be used for the purposes of funding these activities in future periods. The value of this reserve at 31st December 2008 is €1,314,961 (2007:€951,000).

Appendix F - Standards of Professional Conduct

- Rules of Professional Conduct
- Audit Regulations and Guidance
- Client Money Regulations and Guidance
- Continuing Professional Development Regulations
- Designated Professional Body Handbook
- Insolvency Licensing Regulations and Guidance
- Investment Business Regulations and Guidance (RoI)
- Practising Certificate Regulations and Guidance
- Professional Indemnity Insurance Regulations and Guidance
- Quality Review Regulations and Guidance
- Code of Ethics
- Chapter IX of the Bye-Laws: Discipline

Appendix G - Terms Used: Abbreviations

AADB	Auditing and Actuarial Disciplinary Board (UK)
APB	Auditing Practice Board (UK)
ASB	Accounting Standards Board
CARB	Chartered Accountants Regulatory Board
CPD	Continuing Professional Development
DBERR	Department of Business, Enterprise and Regulatory Reform (UK)
DETE	Department of Enterprise, Trade and Employment (ROI)
DETI (NI)	Department of Enterprise, Trade and Employment (NI)
DPB	Designated Professional Body
DTM	Desk Top Monitoring
FRC	Financial Reporting Council
FRRP	Financial Reporting Review Panel
FSA	Financial Services Authority
IAASA	Irish Auditing and Accounting Supervisory Authority
ICAEW	Institute of Chartered Accountants in England and Wales
ICAI	Institute of Chartered Accountants in Ireland
ICAS	Institute of Chartered Accountants of Scotland
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
Financial Regulator	Irish Financial Services Regulatory Authority
MOU	Memorandum of Understanding
PC	Practising Certificate
PII	Professional Indemnity Insurance
POB	Professional Oversight Board
QAC	Quality Assurance Committee

Dublin

Chartered Accountants Regulatory Board, Burlington House, Burlington Road, Dublin 4

Phone: +353 1 637 7336 Fax: +353 1 637 7369 Email: carb@carb.ie Website: www.carb.ie

Belfast

Chartered Accountants Regulatory Board, The Linenhall, 32-38 Linenhall Street, Belfast, BT1 5JE

Phone: +44 28 9031 5666 Fax: +44 28 9031 9320 Email: carb@carb.ie Website: www.carb.ie