

EISNERAMPER AUDIT LIMITED

TRANSPARENCY REPORT 2019



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Message from Alastair MacDonald, Managing Partner

As Managing Partner, I would like to welcome you to the Transparency Report of EisnerAmper Audit Limited (“the Firm”) for the year ended 1 January 2020. Audit quality and audit firm choice are critical to the improvement of public confidence in the audit market and we continue to invest in technical resources and in attracting and developing the best people. This report affords us the opportunity to demonstrate to our stakeholders how we ensure high quality audit deliverables.



Having acted as an Irish statutory auditor of public interest entities (PIEs), we are required to publish an annual transparency report in accordance with the requirements of the EU Audit Regulation (EU Regulation 537/2014).

Embedding audit quality

Consistent delivery of high audit quality is central to the Firm’s strategy of providing innovative solutions and specialist services to Ireland’s financial services, international business and government sectors. Our focus on these markets, combined with our multidisciplinary and diverse teams, is what makes us unique. Through membership of the EisnerAmper Global network, the Firm brings global connectivity and perspective to how it works.

The Firm’s leadership and the example it sets influence the internal culture of the Firm. A key driver of audit quality in the Firm is an appropriate ‘tone at the top’. We continue to enhance the policies and procedures we have established to promote an internal culture of accountability at all levels, recognising that the Firm’s business strategy incorporates the overriding requirement for the Firm to achieve quality in all the engagements that the Firm performs.

We are committed to providing a comprehensive range of competency development and business and technical training throughout the year. Our proprietary practitioner development model, called the Integrated Personal Development Framework (IPDF), is based upon the Art of Practice, the conceptual framework that underpins our strategy to develop the next generation of accounting and advisory practitioners. It is a key tenet of the Firm’s operating model - we develop practitioners, not just accountants.

We also differentiate via leveraging our Quality Management System (the Firm is certified to ISO 9001: 2015 by the National Standards Authority of Ireland (NSAI)) to deliver an exceptional and consistent quality of client service.

The future

Looking forward, we will leverage our current strong position to continue our focus on delivering an exceptional quality of client service across an expanding base of clients.

Alastair MacDonald
Managing Partner
EisnerAmper Audit Limited
April 2020



Structure & governance

We bring global connectivity and perspective to how we work. We are a member of the EisnerAmper Global network, a highly collegiate specialist network of independent Member Firms operating across key global financial services and international trading hubs.

Legal structure and ownership of EisnerAmper Audit Limited

Legal structure

EisnerAmper Audit Limited, an Irish resident limited company registered for audit with Chartered Accountants Ireland (CAI), is the vehicle through which audit services are provided. A related entity, MKO Partners, is an Irish general partnership formed under the Partnership Act 1890 that is wholly owned by its partners - this entity ceased providing services during the prior year and is no longer registered for audit. EisnerAmper Audit Limited is regulated by CAI - further details are available at <https://www.charteredaccountants.ie>. The regulatory and disciplinary functions of CAI are overseen independently by the Chartered Accountants Regulatory Board (CARB). Having carried out audits of PIEs, EisnerAmper Audit Limited is subject to the regulatory remit of the Irish Auditing & Accounting Supervisory Authority (IAASA) - further details are available at <http://www.iaasa.ie/>. A list of the PIEs in respect of which EisnerAmper Audit Limited has issued an audit opinion during the year ended 1 January 2020 is set out in Appendix 1.

Ownership

EisnerAmper Audit Limited is owned by EisnerAmperMKO Partners Limited, an Irish resident limited company regulated by CAI. EisnerAmperMKO Partners Limited in turn is owned by EisnerAmperMKO, an Irish general partnership formed under the Partnership Act 1890, wholly owned by its partners and regulated by CAI.

Network legal and structural arrangements

Structure of global network

The EisnerAmper Global network of independent Member Firms consists of firms that are separate and independent legal entities. Member Firms in the EisnerAmper Global network are members in EisnerAmper Global Limited (“EisnerAmper Global”), a company limited by guarantee incorporated in the United Kingdom under the Companies Act 2006. The firms that make up the network also include legal entities that are directly or indirectly controlled by, controlling or under common control with any Member Firm. These firms are committed to working together to provide quality service offerings for clients throughout the world. Further details are available at www.eisneramperglobal.com.

EisnerAmper Global does not provide accountancy services to clients. Rather its purpose is to act as a coordinating entity for Member Firms within the EisnerAmper Global network. Focusing on key areas such as global strategy and quality, the board and network leadership team of EisnerAmper Global develop and implement protocols and standards to achieve common standards and a coordinated approach among individual firms where appropriate. Member Firms of EisnerAmper Global can use the EisnerAmper Global name and draw on the resources and methodologies of the EisnerAmper Global network. In addition, Member Firms may draw upon the resources of other Member Firms and/or secure the provision of professional services by other Member Firms and/or other entities.

In return, Member Firms are bound to abide by certain common policies and to maintain the standards of the EisnerAmper Global network as put forward by the board and network leadership team.



The EisnerAmper Global network is not an international partnership and EisnerAmper Global Member Firms are not otherwise legal partners with each other. Many of the firms in the network have legally registered names which contain “EisnerAmper”; however, there is no ownership by EisnerAmper Global. A Member Firm cannot act as agent of EisnerAmper Global or any other Member Firm, cannot obligate EisnerAmper Global or any other Member Firm, and is liable only for its own acts or omissions and not those of EisnerAmper Global or any other Member Firm. Similarly, EisnerAmper Global cannot act as an agent of any Member Firm, cannot obligate any Member Firm, and is liable only for its own acts or omissions.

The Firm’s participation in the global network

EisnerAmper Audit Limited is part of the EisnerAmper Global network with a related company (i.e. EisnerAmperMKO Limited) being the independent Irish Member Firm. EisnerAmper is the registered trademark of EisnerAmper Global and is the name by which its Member Firms are commonly known. The rights of Member Firms to use the EisnerAmper name are contained within agreements with EisnerAmper Global.

Audit firms in the global network

Registered audit firms in the global network operating in the European Union or European Economic Area member states comprise EisnerAmper Audit Limited, EisnerAmperMKO Partners Limited and EisnerAmperMKO. These entities are registered for audit and have their principal place of business in Ireland. The total turnover achieved by EisnerAmper Audit Limited for the year ended 1 January 2020 from the audit of financial statements amounted to €2,853,000. EisnerAmperMKO Partners Limited and EisnerAmperMKO did not provide audit services in the year ended 1 January 2020.

Governance

The board of directors of EisnerAmper Audit Limited is appointed to run the day to day affairs of the Firm. The board has delegated to the Executive Committee the administration and management of the Firm.

The Managing Partner is a member of the Executive Committee. The committee, in addition to the Managing Partner, includes two members. The Managing Partner (currently Alastair MacDonald) and one committee member (currently Frank Keane) serve four-year terms. A third committee member, drawn from the partner group, is appointed on a three-month rotational basis. The Executive Committee meets weekly, under the chairmanship of Frank Keane. Other partners regularly attend Executive Committee meetings.

Biographies of all current directors of EisnerAmper Audit Limited are set out in Appendix 2.



Quality & risk management

As globally connected specialist auditors, we combine our subject matter expertise with best in class technology platforms to ensure the highest levels of audit quality.

Quality and risk management

Our focus on quality and risk management is embedded in all parts of our practice, bringing a rigorous approach across all of our service offerings in areas such as client and engagement acceptance, partner portfolios, engagement risk and assessment of existing and new service offerings. This focus underpins our commitment to quality, integrity and ethical behaviour throughout the Firm and in the delivery of services to our clients.

Risk & quality function

Supporting our client serving professionals is the Firm's Risk & Quality function with responsibility for improving and embedding quality throughout the Firm and for managing risks associated with operating in complex and highly regulated markets.

Risk matters are recorded and ranked in order of urgency on a restricted access tracker, are managed in a timely manner and are escalated as appropriate. Records are kept of any complaints made in writing regarding audits carried out. The principal risks facing the Firm include:

- **Quality** - Risk associated with significant quality deficiencies in the Firm, due to either engaging with an inappropriate client or inadequate delivery of services leading to a potential service failing, litigation and/or regulatory action.
- **Regulatory change & regulatory burden** - Risk associated with inadequate response by the Firm to regulatory changes which will impact our business. Financial and/or reputational impact of regulatory change or actions, particularly having regard to the size and complexity of the Firm.
- **Public perception and reputation** - Risk associated with not responding in a transparent manner to issues raised in 'public interest' debates.

- **People and talent** - Risk associated with not fully engaging with our people, impacting our ability to attract, develop and retain the best talent and provide quality services.
- **Independence and regulatory requirements** - Risk associated with non-compliance with relevant independence, legal, ethical, regulatory or professional requirements.
- **Geopolitical** - Risk associated with not responding to the potential impact of geopolitical developments on the Irish economy and our business.
- **Data compromise** - Risk associated with misuse or loss of confidential client information or personal data as a result of a cybersecurity breach or inappropriate action by staff, potentially exposing the Firm to legal proceedings and/or impacting our reputation.

Audit Process

Our audit process and related training encourage professional scepticism and robust challenge. Our audit technology, CaseWare incorporating the Mercia audit approach ("CaseWare"), provides a comprehensive framework for the planning, performance, documentation, and review of our work, in accordance with auditing standards and applicable professional, regulatory, and legal obligations. CaseWare is used in the audit of financial statements and reflects the requirements of International Standards on Auditing (Ireland) issued by IAASA. CaseWare requires the active involvement of audit partners in audit planning, as well as providing a framework and procedures to obtain sufficient appropriate audit evidence. This structure is the basis for compliance with auditing, ethical and other applicable standards, facilitating an effective and properly evidenced comprehensive review of audit work. This approach and our overarching quality framework support us in our objectives of integrity, objectivity, and independence.



Engagement partners remain fully responsible for the services they provide and for understanding our clients' businesses. Their involvement is required from the very outset of any client relationship and engagement, with partner-led audit planning key to our audit approach.

Professional services we provide that are subject to external regulation are led by practitioners who are individually authorised by the appropriate regulatory body.

We recognise that there is value to our clients and to our wider stakeholders in providing clear and unambiguous reports of the highest quality, in the context of applicable laws and regulations. Our audit reports convey clearly our opinion on the truth and fairness of financial statements. Our communications with audit committees and our clients' boards of directors cover the scope of the audit, a consideration of any threats to independence or objectivity, risk assessment and the judgments made, as well as providing value-added commentary around more qualitative aspects of financial reporting and management of clients' businesses.

The importance of maintaining confidentiality around client and other confidential information is continually emphasised and our approach to training, encryption and server security underpins this commitment.

Compliance and external quality assurance reviews

An Audit Compliance Review (ACR) is carried out annually, assessing the Firm's compliance with the audit regulations. The review covers the Firm's firm-wide procedures such as independence and ethics and also includes an inspection of a sample of audit engagement files. The review is subject to oversight by the Managing Partner and the Risk & Quality Partner. Engagements for review are selected from across our audit practice and are subject to independent inspection. An ACR was carried out in October 2019 by Mercia, an external provider of compliance services to the accountancy profession.

EisnerAmper Audit Limited is regulated for audit by CAI with the most recent periodic review of our work by CAI carried out in 2015.

Having carried out audits of PIEs, EisnerAmper Audit Limited is also subject to the regulatory remit of IAASA who carried out quality assurance reviews in 2018 and 2019, covering firm-wide procedures and PIE audits. While EisnerAmper Audit Limited no longer carries out PIE audits, we remain committed to implementing all of IAASA's recommendations in line with our commitment to pursue the very highest quality standards in all aspects of our work and we continue to engage with IAASA in this regard.

Quality improvement recommendations arising from all external and internal reviews are considered and incorporated, as required, into the Firm's processes.

Quality management system

Our Quality Management System (QMS) assists us in how we differentiate by focusing on, and being committed to, the delivery of an exceptional quality of client service.

We received certification to ISO 9001:2008 from the National Standards Authority of Ireland (NSAI) in January 2015 and we subsequently received updated certification to ISO 9001: 2015 in January 2018. ISO 9001:2015 is the world's foremost QMS used by organisations in over 170 countries. ISO 9001:2015 involves establishing, documenting, implementing, monitoring, reviewing the performance of, and maintaining and improving the QMS.

We have a dedicated ISO 9001:2015 manager in the Firm who is responsible for supporting the efficient running of the Firm's operations by managing our QMS. The QMS helps to reduce inefficiencies, ensure consistency of approach in relation to service delivery across our business lines, serves as a training tool for new employees, and promotes and encourages a culture of continuous improvement.

The QMS is underpinned by the Quality Policy Statement which describes how the Firm's quality and service delivery is achieved to a consistently high standard through the implementation and ongoing management and maintenance of the QMS.



Statement on the effectiveness of the internal quality control systems

We have reviewed the effectiveness of our internal quality control systems, taking into account the nature of risk events recorded on the risk tracker, findings from our compliance and external quality assurance reviews and QMS performance reviews. We are satisfied that our internal quality control systems are robust, operating effectively and allow us to readily identify and address any areas of potential improvement or enhancement.



Ethics & independence

Our commitment to ethics and independence derives from a “tone at the top” approach. Messaging from the Firm’s leadership and the provision of sufficient resources significantly influence the culture of the Firm. We see “doing the right thing” as being a principle that is fundamental, not just to the public interest and the interests of our clients, but also to the reputation of our Firm, principals and people.

Ethics and values

At EisnerAmper Audit Limited, we seek to create an environment in which high quality is valued, invested in, and rewarded and we foster a culture where our values and attributes are integral to everything we do.

We are guided not only by the terms of the fundamental principles set out in CAI’s Code of Ethics (which is derived from the International Ethics Standards Board of Accountants (IESBA) Code of Ethics) but also strive to operate by the spirit of the code. Our ethical principles are as follows:

- **Honesty and integrity** - “We act with honesty and integrity.”
- **Objectivity** - “We are objective in forming professional opinions and the advice we give.”
- **Competence** - “We bring appropriate skills and capabilities to every client assignment.”
- **Confidentiality** - “We respect the confidentiality of information.”
- **Professional behaviour** - “We operate within the letter and the spirit of applicable laws.”

In delivering an exceptional quality of service to our clients, the traits and attributes that we subscribe to are “can-do, collegiate, connected, commercial, candid, caring, innovative, quality driven, passionate and positive”.

Independence

We have developed systems to enable us to safeguard our independence and integrity and to avoid conflicts of interest in client assignments. We comply with the independence requirements set out in CAI’s Code of Ethics and in IAASA’s Ethical Standard for Auditors (Ireland) 2017. Reviews of independence, including a confirmation from each partner and member of staff, are undertaken annually.

Our policy concerning the rotation of key audit partners and staff is in accordance with the requirements of IAASA’s Ethical Standard For Auditors (Ireland) 2017.



Learning & development

We care about business and we care about the people we work with in business. We strive to nurture and leverage the talent and unique ability of each individual member of our team.

Our approach to development and continuing education of statutory auditors

The Firm has a particular focus on the personal growth and development of our people who are critical to our success. We provide our audit staff with the requisite and appropriate skills and experience through processes for the recruitment, development, promotion and retention of our professionals and robust capacity and resource management processes.

The Art of Practice is the conceptual framework that underpins our strategy to develop specialist professionals with a full practitioner skillset. A core aspect of this framework is the exposure of our trainees to all elements of practice management from day one. From the outset, trainees work closely with partners and senior management to deliver services to our key markets. This approach facilitates our trainees acquiring hands-on experience while also developing the core awareness, knowledge, skills and confidence to succeed in their careers.

We are committed to providing a comprehensive range of competency development and business and technical training throughout the year. Training programmes are specifically designed for professionals to accelerate their “on the job” learning and to ultimately become excellent advisers and practitioners.

These learning programmes support our people in complying with the continuing professional development objectives set by the various professional bodies. Our approach allows us to develop our people not only through structured learning but also by appropriate mentoring, on-the-job training, appraisal and other support activities. Partner leadership of these programs is an important aspect of their value and success.

Industry representation

Industry participation, technical leadership and connectivity are at the core of the Firm’s strategy to deliver market leading specialist services to the Financial Services, International Trade and Government markets. We don’t just advise our markets, we are part of our markets. Our partners are subject-matter experts with multidisciplinary backgrounds and play an active role on various professional and industry committees and work groups – see Appendix 3.



Financial information

EU Regulation 537/2014 requires disclosure of information on firm turnover and partner remuneration.

Turnover

The following turnover information has been extracted from the financial records of EisnerAmper Audit Limited for the year ended 1 January 2020:

SERVICES	EISNERAMPER AUDIT LIMITED €000's
Statutory audit services – PIEs and subsidiaries of PIEs	813
Audit services – Other Entities	2,040
Non-audit services – Audit clients	94
Non-audit services – Other Entities	85
Total turnover	3,032

Remuneration of partners

Our appraisal and reward systems for partners and staff promote the characteristics essential to quality auditing. Quality and ethics form the cornerstone of our appraisal criteria. In particular, audit partners and staff are not evaluated or remunerated by reference to the selling of non-audit services to audit clients.

A partner's share of the Firm's profits is determined by a fixed allocation. In addition, a portion of the annual profits is set aside to be allocated to partners who perform to an exceptional level during the year in question, based on criteria set out in partnership policy. The criteria are centered around contribution to the Art of Practice with a particular focus on the following areas:

- **Quality** - a role model for quality in professional work
- **HR** - contribution to mentoring, leading, recruitment, development and training of our people
- **Clients** - client portfolio managed and roles performed
- **Marketing** - market related activity, including stakeholder relations, thought leadership, innovation, and brand protection roles
- **Revenue generation, growth, business building** - contribution to business development and relationship building
- **Financial success** - overall contribution to the financial success of the firm
- **Leadership and management** - contribution to the Firm's broad success through leadership and management roles

A strong contribution in the areas of quality and talent management is an absolute expectation of all partners at all levels.

Responsibility for preparing financial information

The Firm's Internal Finance function, a component of the Firm's Service Excellence Team, is responsible for preparing financial information and for reporting within agreed defined timelines to facilitate partners in strategic planning and decision making. The Internal Finance function reports to the Firm's Internal Finance Partner.

Going concern

The Executive Committee has formed the view that EisnerAmper Audit Limited has adequate financial resources to meet its operational needs for a period of 12 months from the date of this report and therefore considers it a Going Concern.



Appendices



Appendix 1: Public Interest Entity audit clients

Public interest entities¹ in respect of which an audit opinion was issued during the year ended 1 January 2020 by EisnerAmper Audit Limited are listed below.

During the year ended 1 January 2020, EisnerAmper Audit Limited issued statutory audit opinions on the financial statements of the following public interest entities:

Alectra Finance Public Limited Company
Alexandria Capital Public Limited Company
Aquilae CLO II Public Limited Company
Bliksem Funding Designated Activity Company
Canterbury Insurance Designated Activity Company
Cavendish Square Funding Public Limited Company
Cloverie Public Limited Company
DeCare Dental Insurance Ireland Designated Activity Company
Deco 9 - Pan Europe 3 Public Limited Company
Epic Drummond Designated Activity Company
Libretto Capital Public Limited Company
Lifeguard Insurance (Dublin) Designated Activity Company
Lusitano Mortgages No.2 Public Limited Company
Lusitano Mortgages No.3 Public Limited Company
Lusitano Mortgages No.4 Public Limited Company
Lusitano Mortgages No.5 Public Limited Company
Lusitano Mortgages No.6 Designated Activity Company
Lusitano Mortgages No.7 Designated Activity Company

Newell Insurance Designated Activity Company
Novatek Finance Designated Activity Company
Orchard Funds Public Limited Company
Orkney Re II Public Limited Company
Pine Indemnity Designated Activity Company
Scottish Re (Dublin) Designated Activity Company
Silver Elms CDO II Designated Activity Company
Small Business Origination Loan Trust 2016-1 Designated Activity Company
Starling Finance Public Limited Company
Talisman-6 Finance Public Limited Company
Talisman-7 Finance Designated Activity Company
Taurus CMBS (Germany) 2006-1 Public Limited Company
Taurus CMBS (Pan-Europe) 2007-1 Designated Activity Company
Taurus CMBS (UK) 2006-2 Public Limited Company
Titanium Secured Obligations Designated Activity Company
Turbo Aero International Designated Activity Company

¹ "Public-interest entities" means:

- (a) entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC
- (b) credit institutions as defined in point 1 of Article 3(1) of Directive 2013/36/EU of the European Parliament and of the Council, other than those referred to in Article 2 of that Directive; and
- (c) insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC.



Appendix 2: Our people

Alastair MacDonald
Managing Partner



Alastair is the Firm's Managing Partner. Alastair also sits on the Regulatory Policy Board of Chartered Accountants Ireland (CAI) and is Vice-Chairman of CAI's Quality Assurance Committee (QAC). The QAC is responsible for ensuring compliance with regulations applicable to Chartered Accountants. Alastair is also a former member of Chartered Accountants Regulatory Board's (CARB) Professional Standards Committee.

Diarmaid O'Keeffe
Partner, Head of Audit



Diarmaid is a Partner and Head of the Firm's Audit Department. Diarmaid provides audit and assurance services to the Firm's domestic and international Financial Services clients, including aircraft leasing vehicles, credit unions, structured finance vehicles and investment funds. Diarmaid is a member of CAI's Audit & Assurance Committee (AAC) and an affiliate member of the Institute of Internal Auditors and the Irish Debt Securities Association's (IDSA) Audit Committee.

Pat Cloran
Partner, Head of Risk & Quality



Pat is a Partner in the Firm and the Head of the Firm's Risk & Quality function. Pat is also a member of the Technical Advisory Panel of IAASA. The purpose of the panel is to advise IAASA at various stages of the development process of the Irish Auditing Framework.

Frank Keane
Partner, Head of HR



Frank is a Partner in the Firm and Head of the Firm's HR function. Frank is also a long time lecturer on the CAI's Final Admitting Exams (FAE) program specialising in the delivery of the "Core" (multidisciplinary) papers.

Ronan Murphy
Partner, Audit Department



Ronan is a member of The Institute of Certified Public Accountants in Ireland (CPA) and is a Partner in the Firm's Audit Department. Ronan manages a portfolio of clients including securitisation companies, special purpose vehicles, Section 110 companies, aircraft leasing companies, banking and other financial services entities. Ronan is also a member of the CPA Education & Training Committee.

Alan Garry
Partner, Audit Department



As a Partner in the Firm's Audit Department, Alan provides audit and assurance services to a wide variety of clients from leading Irish corporates to international companies doing business in and through Ireland. Alan is also a member of CAI's Accounting Committee (AC). The AC is responsible for providing guidance to members on accounting matters.



Appendix 3 – Industry participation

Our partners and senior personnel play an active role on various professional and industry committees and work groups.

Chartered Accountants Ireland

- Audit & Assurance Committee
- Audit & Assurance Committee - Ethics & Independence Sub Group
- Regulatory Policy Board
- Quality Assurance Committee
- Accounting Committee

Certified Public Accountants Ireland

- Education & Training Committee

Irish Auditing & Accounting Supervisory Authority

- IAASA Technical Advisory Panel
- Credit Union Guidance Note Working Party

Irish Debt Securities Association

- Audit Committee
- Tax Working Group

Irish Funds Industry Association

- Asset Management Regulation Working Group
- Financial Reporting Working Group
- Internal Audit Working Group

Insurance Ireland

- Corporate Membership

Department of Finance

- Credit Union Advisory Committee

Association of Compliance Officers of Ireland

- Funds Working Group

Payroll Service Providers Association

- Payroll Committee



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