



Points to Note:

- 1. Care should be taken to ensure that the text is tailored according to the particular circumstances of the agreement with your client.**
- 2. Please refer to ISA 210 “Agreeing the terms of audit engagements”.**

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Any issues arising out of the above will be governed by and construed in accordance with the laws of the Republic of Ireland and the courts of the Republic of Ireland shall have exclusive jurisdiction to deal with all such issues.

Dear X,

Thank you for our appointment as auditors to.....

(Use alternative wording if this is the renewal of an existing professional appointment)

The purpose of this letter is to set out the basis on which we will carry out the functions of auditor of the credit union and the respective responsibilities of the directors and of ourselves.

This letter shall apply in respect of the statutory audit and services for the year/ period ended and to subsequent periods unless otherwise agreed in writing and to other work associated with or incidental to any of the services performed under this letter.

Duties and Responsibilities of Directors

Our audit will be conducted on the basis that [management and, where appropriate, those charged with governance] acknowledge and understand that they have responsibility:

- a) For keeping proper accounting records which disclose with reasonable accuracy the financial position of the Credit Union and which enables them to ensure that the financial statements give a true and fair view and comply with the Credit Union Acts 1997 as amended.
- b) For the preparation of the financial statements in accordance with Irish Generally Accepted Accounting Practice [FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*] and the Credit Union Act 1997 as amended.

In preparing such statutory financial statements, the directors are required to:

- 1.1. Select suitable accounting policies for the company financial statements and then apply them consistently;
 - 1.2. Make judgements and estimates that are reasonable and prudent;
 - 1.3. State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
 - 1.4. Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.
- c) For such internal control as [management] determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
 - d) In accordance with S.120(6) of the Credit Union Act 1997 to provide us with:
 - (i) Access to credit union books and documents as we think necessary for the performance of the audit;
 - (ii) Additional information that we may request from [management] for the purpose of the audit; and
 - (iii) Access to officers and voluntary assistants of the credit union to require such information and explanations that are within their knowledge or can be procured by them.

As part of our audit process, we will request from [management and, where appropriate, those charged with governance], written confirmation concerning representations made to us in connection with the audit.

You are also required to inform us of any material event occurring between the date of our report and that of the AGM which may affect the financial statements.

The auditor of a credit union shall be entitled—

(a) to attend any general meeting of the credit union; and

(b) to be heard at any general meeting on any part of the business which concerns him as auditor of the credit union;

You are required to give the auditor the same notice of, and any other communications relating to, a general meeting that a member of the credit union is entitled to receive.

Responsibilities of the Auditors

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland) and to report accordingly to the members of the Credit Union.

We are required to report the following matters

;

Whether the financial statements;

- give a true and fair view of the state of the credit union's affairs as at the year end and of its income and expenditure for the year then ended;
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act 1997, as amended.

We will also report whether as follows;

(i) We have obtained all the information and explanations which we consider necessary;

(ii) Proper accounting records have been kept by the credit union;

(iii) The financial statements are in agreement with the accounting records

(iv) The other information contained in the Annual Report is consistent with the audited financial statements.

We are required to report on whether the information given in the report of the board of directors of a credit union is consistent with the financial statements. As auditor, we do not allow the auditor's report to be included in documents containing other information if we consider that the additional information is in conflict with the matters covered by the report or has cause to believe it to be misleading.

We are not responsible for auditing the additional information. ISA (UK and Ireland) 720: Section A does not require the auditor to undertake additional procedures to corroborate other information in documents containing audited financial statements but rather to read the other information in the context of the knowledge the auditor has obtained during the audit.

If we conclude that a qualification of the audit report is necessary then written notice of that fact must be given to the Central Bank as required by S.122(1)(d) of the Credit Union Act 1997 as amended.

The audit report is signed and dated only after the audited financial statements and all other information which form part of the Annual Report have been approved by those charged with governance.

Objective and scope of our audit

We have been requested to audit the statutory financial statements for the year/period ended, which comprise the Statement of Comprehensive income, the Balance Sheet, the Statement of Changes in Retained Earnings the Cash Flow Statement and the related notes.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

Our audit will be conducted in accordance with the International Standards on Auditing (UK and Ireland) issued by the Financial Reporting Council (FRC) and will have regard to relevant Auditing Guidelines, regulations and recommendations issued by the FRC and other professional bodies to the extent relevant.

Furthermore, it will be conducted in such a manner as we consider necessary to fulfil our responsibilities and will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary.

We shall obtain an understanding of the accounting and internal control system in order to assess its adequacy as a basis for the preparation of the financial statements and to establish whether proper accounting records have been maintained. We shall expect to obtain such relevant and reliable evidence as we consider sufficient to enable us to draw reasonable conclusions therefrom.

Further, we may ask additionally for confirmation in writing that all the transaction undertaken by the credit union have been properly reflected and recorded in the accounting records.

The nature and extent of our tests will vary according to our assessment of the credit union's accounting system and, may cover any aspect of the business operations. We shall report to you any significant deficiency in our observations on, the company's systems which come to our notice and which we think should be brought to your attention.

As part of our normal audit procedures, we may request you to provide written confirmation of oral representations that we have received from you during the course of the audit for example those which are significantly dependent on judgement.

In order to assist us with the examination of your financial statements, we shall request sight of all documents or statements, including the directors' report, which are due to be issued with the financial statements. We are also entitled to attend all General meetings of the company and to receive notice of all such meetings.

The responsibility for the safeguarding of assets and for the prevention and detection of irregularities and fraud rests with the directors of the company.

While, we shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records resulting from irregularities and frauds which may exist, our examination cannot be relied upon to disclose all such material misstatements, frauds or irregularities as may exist.

In order to ensure that there is effective two-way communication between us we set out below the expected form and timing of communications.

- We shall contact you prior to each year-end for preliminary discussions concerning the audit.
- We will discuss any matters arising from the audit with you after completing our on-site work.

The formal communications set out above are the minimum required to comply with auditing standards. We shall of course contact you on a more frequent and regular basis regarding both audit and other matters. Communications will be via telephone, e-mail, letter or a meeting as appropriate.

Once we have issued our report we have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the Annual General Meeting which may affect the financial statements.

Reporting to the Central Bank

Section 122 of the Credit Union Act 1997 as amended requires us to report, in writing, certain matters of which we become aware during the course of the audit, to the Central Bank.

Additionally, S.27B of the Central Bank Act 1997¹ requires us to report directly to the Central Bank whether anything has come to our attention that gives rise to a legislative duty to report. The auditor is afforded protection from liability for any resulting breach of confidentiality under S.27H of the Central Bank Act 1997.

¹ As inserted by section 26 of the CBFSAI 2004. Note Part IV of the CBA 1997 with the exception of sections 27B, 27G and 27H is disappplied to credit unions pursuant to section 184 of the CU Act 1997, as amended. Section 184 of the CU Act 1997 was amended by section 34 of CUCORA.

We have a duty to inform the Central Bank of circumstances where we have resigned from our position as auditor under S.118(2) of the Credit Union Act 1997 as amended.

As auditor we have the right under S. 58 of the Central Bank (Supervision and Enforcement) Act 2013, to disclose in good faith, to the Central Bank, information gained in our capacity as auditor, or our opinion on such information, which the we have reasonable grounds for believing is relevant to the functions of the Central Bank. Section 58 of Central Bank (Supervision and Enforcement) Act 2013 provides that the auditor shall not be taken to have contravened any duty of confidentiality as a result of such a disclosure.

Under the Auditor Protocol, we can discuss any issue with the Central Bank that is of relevance to their oversight of the credit union. Such a communication is not determined to be a breach of duty by either party.

Such duties to report matters to the Central Bank do not involve undertaking additional work to identify reportable matters.

A copy of the letter to those charged with governance and, if applicable, of any letter to management in relation to deficiencies in internal control, are required to be sent by us to the Central Bank pursuant to a direction order issued by the Central Bank to the auditor under section 22 of the Central Bank (Supervision and Enforcement) Act 2013.

Other Reporting Obligations

We as auditors have a statutory duty to report certain matters as follows;

- the Criminal Justice (Theft and Fraud Offences) Act 2001 requires that where we become aware that an offence, as detailed in the Act, may have been committed that we report same to the Garda Síochána; and
- the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and 2013 requires that where we have a suspicion that a money laundering offence or terrorist financing has been committed that we report the matter to the Garda Síochána and to the Revenue Commissioners.
- the Criminal Justice Act 2011 requires that where we have a suspicion that a listed offence has been committed that we report the matter to the Garda Síochána.

We shall endeavour, where appropriate and permitted by law, to liaise with you prior to making any report under these Acts.

Legal Responsibilities Regarding Taxation

We must report material relevant offences (as defined in Section 1079 of the Taxes Consolidation Act 1997) to the director of the company in writing, requesting them to rectify the matter, or notify an appropriate officer of the Revenue Commissioners of the offence, within 6 months. In the event that our request is not complied with, we must cease to act as auditor to the company or to assist the company in any taxation matter. We must also send a copy of our notice of resignation to an appropriate office of the Revenue Commissioners within 14 days.

Client Identification

We are required to identify our clients for the purposes of the anti-money laundering legislation. We are likely to request from you, and retain, some information and documentation for these purposes and/or to make searches of appropriate databases.

If satisfactory evidence of your identify is not provided within a reasonable time, there may be circumstances in which we are not able to proceed with the audit appointment.

Fees

Our fees are based upon the degree of skill involved and the time occupied on the work and will be charged for each class of work. They will be billed at appropriate intervals during the course of the year and will be due on presentation.

Should you so require, we will be prepared to forward an estimation of fees in advance of any assignment.

We should also be pleased to give you any help you may require with problems which arise during the year and would plan to meet with you and other company personnel at various times throughout the year to discuss any matters affecting the company.

Please do not hesitate to contact [Partner A] whenever you feel he/she can be of assistance.

Confidential Information

We shall not disclose, to third parties, confidential information acquired in the course of our professional work without your consent unless there is a legal right or duty to disclose. We are obliged under the regulations of our Institute to make all files available for inspection in the course of a routine practice review.

Applicable Law

This engagement letter shall be governed by, and construed in accordance with, Republic of Ireland Law. The Courts of the Republic of Ireland shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.

Best Service

We shall endeavour at all times to provide you with a professional service of the highest quality. If however, you are dissatisfied with our service in any way you should contact [Partner A], (insert name), who will undertake to look into any complaint carefully and promptly. If we have given you a less than satisfactory service, we will undertake to do everything reasonable to put it right.

If you feel that a complaint is not properly addressed or if you consider that the partner responsible for your affairs is not appropriate for the initial contact, please contact [Partner B] (insert name).

In the event that you are still dissatisfied, you may make a formal complaint to the Institute of Certified Public Accountants in Ireland.

Agreement of Terms

Once it has been agreed this letter will remain effective from one audit appointment to another until it is replaced.

Please confirm your agreement to the terms of this letter by signing this copy and returning it to us, or alternatively let us know if the terms are not in accordance with your understanding of our terms of appointment.

Yours faithfully

ABC & Company

Acknowledged by:

DIRECTOR DATE: _____

On behalf of the board of Credit Union Ltd.