

Companies Act Compliance

The Companies Act was enacted in December 2014 and has introduced the requirement for a number of assertions to be made with regard to compliance as part of the Directors' Statement. PLC's, companies limited by guarantee and private limited companies with a turnover in excess of €25m and a balance sheet of €12.5m for the year will be required to fulfil this requirement.

The Compliance Statement relates to category 1 and 2 Companies Act offences, serious market abuse or prospectus offences in company law together with all taxation law. It is expected that the new Act will be initiated in June 2015. On foot of this indicative date, companies are expected to start preparatory work to comply with the new requirements of the Act.

Companies should have compliance arrangements and structures in place which should be underpinned by strong controls, robust systems, reporting lines and monitoring processes. The first step to implementing such structures is to conduct a high level assessment of the relevant structures in place.

Introducing the Assessment Cube

To help you to develop an initial assessment of the status of your conformance with the requirements of

the Act, we have developed a risk assessment tool called the Assessment Cube.

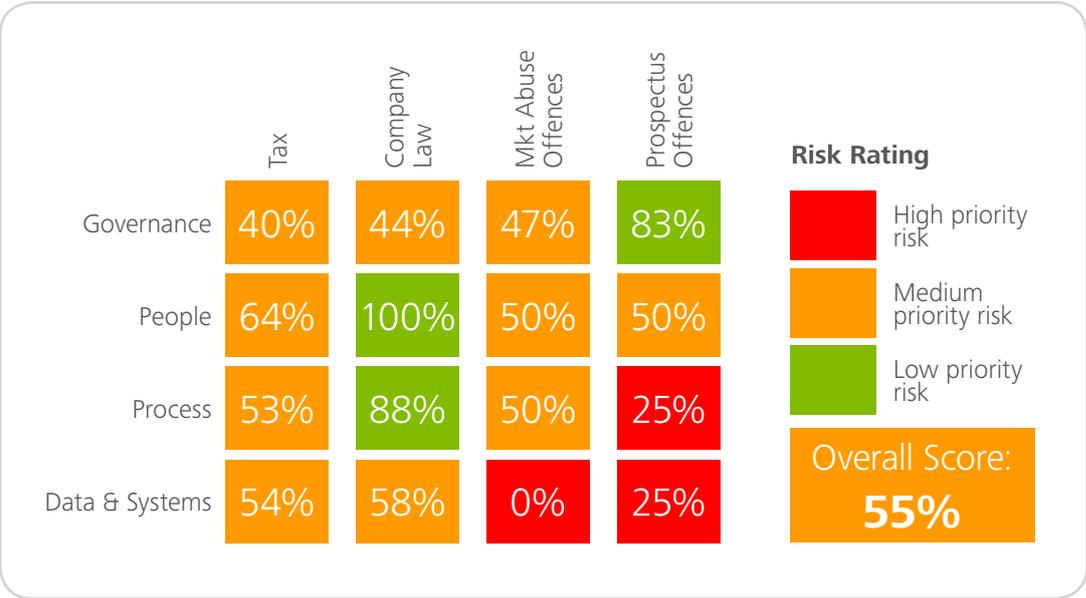
The Assessment Cube has specifically designed questions based on the company law requirements and taxation requirements. It categorises and scores responses in four interrelated components: governance, people, processes and data & systems - which together form the integrated framework for internal controls over the relevant compliance areas.

Understanding priorities

The Assessment Cube output provides an indicative assessment of risk, using the system of red, amber and green, based on your responses to our questionnaire. This allows Directors and Senior Management to easily identify priorities for action and potential risk areas. The heat map output shown below is supported by detailed observations which will enable management to understand and address shortcomings.

Using the Cube

Interpreting the results of the Assessment Cube will enable companies to make informed decisions to improve compliance throughout the organisation.



The four components of the integrated risk framework for internal controls over compliance as represented in the Assessment Cube are:

Process

Effective processes in the areas of compliance, reporting, planning and monitoring allow a company to operate in a controlled, compliant manner.

Governance

Structures in place to support the compliance with the various requirements.

Data & Systems

IT controls underpin a company's ability to comply with relevant legislation. This is critical to deliver assurance to directors over control effectiveness.

People

Resource allocation and integration of compliance with business areas allows a company to respond effectively to increasingly complex legislation.

Results and Insights

The Assessment Cube facilitates the identification of areas within an organisation that potentially require enhancement in order to comply with the new Companies Act requirements. Deloitte has the expertise to interpret the results of the assessment and to provide insights and remediation plans to aid this process.

The Cube can be used as one overall assessment covering both taxation and company law legislation or can be used to focus on a specific area (e.g. company law only or taxation requirements only).

plan to address process, governance or control gaps identified during the review. The report produced would include enhancement opportunities identified and the remediation plans as agreed with management to address shortcomings. This could then be considered by Directors when forming their opinion and statement with regard to the organisation's compliance.

We understand that the new requirements are onerous and we would be happy to help you to provide the required assurance to Directors for the new statements to be made.

How we can help you

Management Self-Assessment – Management will complete the Deloitte questionnaire and will receive a report based on this self-assessment. It highlights the responses which resulted in "amber" or "red" scorings and will give a visual representation of the areas for potential focus. These results would not be independently reviewed or validated but would provide an indication of management's perception of current processes in place.

Independent Assessment – This approach would include the independent assessment by Deloitte of responses provided by management with regard to the tool. We would then work with management and the Directors to prepare an implementation

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