

**Explanatory Memorandum:  
Proposal for collaboration between CPA Ireland and IIPA**

**30/05/2017**

**Executive Summary**

CPA Ireland and the Institute of Incorporated Public Accountants (IIPA) have been exploring opportunities for collaboration between both bodies.

Following extensive member consultation and positive support, it is now proposed that:

- The IIPA organisation will be wound up in an orderly manner and thereafter dissolved as a company.
- A new category of membership will be created within CPA Ireland (AIPA/FIPA)
- IIPA members can apply to CPA Ireland for admittance to the AIPA/FIPA category of membership, and if accepted, will use the AIPA/FIPA designation.
- IIPA members accepted into AIPA/FIPA membership will sign up to the Bye Laws and membership requirements of CPA Ireland, and will be regulated by CPA Ireland going forward.
- After 5 years, AIPA/FIPA's who meet certain standards can apply for Associate membership of CPA Ireland and if admitted, can use the CPA designation
- Student members of IIPA can apply to be mapped into the CPA Ireland student programme

**Why?**

Irish Professional Accountancy bodies are relatively small by international standards so it seems sensible to seek opportunities to share resources. The move offers CPA Ireland the opportunity to increase membership by c 5% and its practice footprint by c 18% and offers IIPA members immediate access to support and service from a long established professional body of greater scale than IIPA.

## Introduction

This document outlines a proposal for collaboration between CPA Ireland and IIPA, which if approved by members of both organisations at separate EGMs, would result the admission of IIPA members into CPA Ireland, through a new category of membership, with a pathway to apply for the CPA designation, after five years, subject to achievement of certain qualification criteria.

## Background

In 2016, IIPA approached the CPA Ireland to explore opportunities for collaboration. Following in-depth discussions, a detailed proposal for how future service, support and regulation of IIPA members could be provided by CPA Ireland was proposed to the Councils of CPA Ireland and IIPA. The Proposal was unanimously approved by both Councils. Both organisations engaged in an extensive consultation process with members. The reaction to the proposal was, in the main, overwhelmingly positive.

In March 2017, the Council of both CPA Ireland and IIPA unanimously decided to bring the proposal to EGM in their respective organisations, to seek member approval to progress with the proposal. Councils' decisions to progress to member EGM reflected very positive feedback from members at briefings to date. At the EGM members will be asked to vote on the proposal.

## What is the proposal?

The proposal, being placed before members of CPA Ireland and IIPA, at EGM, for their support is that:

- The IIPA organisation will be wound up in an orderly manner and thereafter dissolved as a company.
- CPA Ireland will create a new designation/category of membership (AIPA/FIPA) to accommodate IIPA members.
- IIPA Associate members, and those IIPA members who hold Audit or Practising Certificates can apply for admittance to the AIPA/FIPA category of membership within CPA Ireland.
- IIPA members transferring to CPA Ireland will sign up to the Bye Laws and membership requirements of CPA Ireland as per admittance process and will be regulated by CPA Ireland going forward.
- The AIPA/FIPA designation will be used to facilitate admittance of IIPA members only – no new AIPA/FIPA members will be admitted after the Transfer Date and new AIPA/FIPA Practising or Audit Certificates will not issue after the date of transfer.
- After 5 years, AIPA/FIPAs who meet certain standards in CPD compliance and Quality Assurance Audit can apply for Associate membership of CPA Ireland and use of the CPA designation.
- An AIPA/FIPA member who does not hold an Audit or Practising Certificate at the Date of Transfer cannot apply for one for a period of 5 years from Date of Transfer. After 5 years, an AIPA/FIPA admitted to Associate Membership, will be eligible to apply for a CPA Practising or Audit Certificate.
- Student members of IIPA can apply to be mapped into the CPA Ireland student programme.

## Why?

All Recognised Accountancy Bodies in Ireland are subject to oversight by IAASA. For more than a decade, both CPA Ireland and IIPA have been subject to IAASA oversight, and both are compliant with IAASA requirements.

The requirements of IAASA regarding Quality Assurance Monitoring, CPD Compliance and processing of complaints are significant. Operation and regulation of an accountancy body is costly, which is reflected in the scale of member fees. Both bodies currently operate on a close to break-even basis.

CPA Ireland has a core objective of growing its membership and revenues, by attracting high calibre students and members. Admitting over 200 new members, who have been governed by an organisation subject to IAASA oversight for more than a decade, delivers on this core objective. Financial contributions from AIPA/FIPA members will contribute to the financial flows of CPA Ireland, minimising the need to increase CPA Ireland subscriptions and contributing to the future sustainability of CPA Ireland as a professional body.

IIPA members will benefit from immediate access to service & supports from a long established professional body, of greater scale than IIPA. IIPA members will have access to a broader range of events, enhanced technical supports, high calibre member publications, and an agreed pathway to use of the CPA designation.

After the initial five-year period, IIPA members who are accepted as Associate Members of CPA Ireland will have their membership fees aligned with those of CPA designated members. This may offer the benefit of reduced membership fees to holders of AIPA/FIPA Practicing or Audit Certificates.

Members of both organisations will benefit from economies of scale that can be derived from servicing and supporting a larger number of members.

Key facts about CPA Ireland and IIPA (at 30/12/2016) are:

	CPA Ireland	IIPA
Members	4,168	222
Students	941	41
Practice Certificates	600	141
Audit Firms	340	81
Annual Turnover	€4.2m	€500k

### Member Protections?

The CPA designation will remain separate and is only accessible to AIPA/FIPA members who meet pre-determined conditions, after a period of five years.

An appropriate liaison structure will be implemented within CPA Ireland, to support AIPA/FIPA integration into CPA Ireland. This structure will include staff continuity (key staff will transfer to CPA Ireland) and a joint representative structure during the integration process.

### Regulator viewpoint?

Both CPA Ireland and IIPA are Recognised Accountancy Bodies, subject to oversight by IAASA.

The proposal framework has been shared with IAASA.

No new Practicing or Audit Certificates can issue to AIPA/FIPA members after the Transfer Date.

The Board of IAASA would welcome an arrangement between both bodies which ensures members of both bodies are subject to appropriate regulation and monitoring, particularly about the statutory audit function.

### Timelines?

This proposal is being brought to members at EGM, on 23<sup>rd</sup> June 2017. If adopted at EGM (75% of those voting within each organisation will be required to approve) and formally approved by IAASA, a plan for IIPA member admission on 1<sup>st</sup> September 2017 and subsequent orderly wind-down and dissolution of IIPA will be implemented.

### What do I need to do?

**Read:** this explanatory memorandum, EGM motion and supporting information

**Ask:** If you have further questions please contact [president@iipa.ie](mailto:president@iipa.ie) or catherine@iipa.ie

**Vote:** Attend EGM on 23<sup>rd</sup> June 2017 or download and complete the Proxy Form and submit to your Institute by 21<sup>st</sup> June 2017

**Encourage:** Encourage your fellow CPA/IIPA members to vote