



The Companies Act 2014

Statement of relevant audit information (Section 330 of the Act)

June 2016



Statement of relevant audit information

The obligation to provide all necessary information and explanations to the statutory auditor continues in the same manner as it had under the historical legislation.

However, there is now a requirement imposed on any person who is a director at the time of the approval of the directors' report to include a statement into the directors' report stating:

1. that there is no information relevant to the audit of which the statutory auditor is unaware; and
2. that all steps have been taken by the director to make himself aware of any relevant audit information and to ensure the statutory auditor is made aware of any such information.

As noted above, the requirement is imposed on any person who is a director (under the Act, the definition of director now includes shadow and de facto directors) at the time of the approval of the report (i.e. the time the report is approved by the Board of Directors making the report, and signed on their behalf by two directors, where there are two or more directors).

Relevant audit information is defined very broadly under the section as "information needed by the statutory auditors in connection with preparing their report" and is therefore designed to encompass any form of transaction or activity that the company may have been involved in during the financial period. It is hard to fathom what might fall outside of this definition and therefore, directors need to exercise care in checking that they have taken steps to ensure that they are aware of all of the company's activities during the financial period and then have taken steps that this information is relayed to the statutory auditor.

Subsection 330(3) of the Act specifies that a director will be regarded as having taken all the steps as ought to have been taken, if he or she has made enquiries of fellow directors and the statutory auditor and taken any other steps as would be expected in fulfilling their fiduciary duty as a director to exercise reasonable care, skill and diligence.

In considering what other steps might be required in fulfilling the duty to exercise reasonable care, skill and diligence, it should be noted that this is a quasi-objective/subjective test such that it looks to a reasonable man of the same skill and knowledge set rather than just a reasonable man. Therefore a director, who is, for example a lawyer or an accountant, is expected to exercise the same care, skill and diligence as they would professionally in their role as a director. This should be borne in mind for directors that have a skill set or specialist knowledge that may require them to make enquiries beyond those set out in the first part of the subsection (i.e. making enquiries of fellow directors and the statutory auditor).

Where the directors' report is approved and the statement is found to be false every director who knew it was false or was reckless as to whether it was false and failed to take reasonable steps to prevent the report from being approved shall be guilty of a category two offence. Category two offences carry a fine up to €50,000 and a five year term in jail or both.

The inclusion of a statement as to the provision of relevant audit information in the directors' report is mandatory for financial years beginning on or after 1 June 2015.

Contact

If you require assistance or want to learn more about the Companies Act 2014, please refer to our other publications at www.grantthornton.ie or contact our Companies Act 2014 team at companiesact2014@ie.gt.com

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