

## Childcare and Early Education Services, Core Funding Reporting Requirements Notice to members

### Background

The Department of Children, Equality, Disability, Integration and Youth (the Department) has recently issued a document<sup>1</sup> “Guidance Note for Core Funding Reporting Requirements Transitional Arrangements Year 1 and 2” (“the Department Guidance Note”) to entities providing childcare and early education services regarding the transitional arrangements for the application for funding under a new funding model called ‘Together for Better’. These transitional arrangements will be in place for the next two reporting periods (years ended 31 August 2023 and 31 August 2024).

### Reporting regime

This reporting regime includes a requirement that the childcare service providers (“client”) engage a professional accountant to submit a document called an ‘Income and Expenditure Template’. CCAB-I have made the Department aware of the potential cost implications for an accountant providing this service to their client.

The following matters should be noted:

- The report is to cover expenses incurred on a cash basis for the year ended 31 August.
- The requirement is for expenditure incurred in the relevant period only, no accruals or prepayments.
- Income will be pre-populated in the online platform.
- Where your client has a different year end, time apportionment is not permitted.

### Important considerations for CCAB-I members

CCAB-I has engaged with the Department over a number of months to discuss the nature and extent of work expected and the respective responsibilities of the client and the professional accountant, and, in particular the concerns regarding the request for the professional accountant to submit the report (as set out in the Department Guidance Note) on behalf of a client. There was positive engagement, and much but not all of the feedback by CCAB-I on the process was reflected and incorporated into the final guidance. However, given the type of engagement, CCAB-I are making members aware of the potential issues and extant guidance which our members may consult.

The Department Guidance Note sets out the responsibility for the data included in the report. See section 2 of the Guidance Note:

*“The Service Provider is responsible for fully complying with all financial transparency requirements in accordance with their Core Funding contractual obligations. The accountant relies on information provided by the Service Provider, who is responsible for disclosing all relevant information.”*

The Service Provider/client will make an online declaration on the platform provided by the Department that they have authorised a professional accountant<sup>2</sup> to make the submission for them.

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<sup>1</sup> <https://earlyyearshive.ncs.gov.ie/downloads/download-corefunding/>

<sup>2</sup> A professional accountant is defined as a member of a Prescribed Accountancy Body that comes within the supervisory remit of IAASA,

- Chartered Accountants Ireland. (CAI)

CCAB-I members are reminded of the relevant **Code of Ethics** issued by their professional body.

## Independence

The Department Guidance Note<sup>3</sup> defines an accountant as someone who:

- a) Has been admitted as, and is, a member of a prescriber accountancy body,
- b) Is currently practicing in the profession of accountant,
- c) Is not and never has been a principal officer or employee, or an owner or part owner, of the licensee in respect of whom he or she is preparing an accountant's report, and
- d) Is maintaining such minimum level of professional indemnity insurance as is required by the prescribed accountancy body concerned.

Members should be cognisant of any conflicts with other engagements they may undertake for their clients.

## When you are the Auditor

Where the accountant is the statutory auditor the Ethical Standard for Auditors (Ireland)<sup>4</sup> applies and Section 5.129 prohibits the audit firm providing accounting services where the services would involve the firm undertaking part of the role of management or initiating transactions.

S 1.24      **In the case of a statutory audit, non-audit services shall not be provided that involve playing any part in management decision-taking of an entity relevant to an engagement. The firm shall not accept any engagement which includes the provision of services where it is probable that an objective, reasonable and informed third party would conclude that the firm or a covered person was playing a part in management decision-taking.**

“5.128      The provision of accounting services by the firm to an entity relevant to an engagement creates threats to the integrity, objectivity and independence of the firm and covered persons, principally self-review and management threats, the significance of which depends on the nature and extent of the accounting services in question and the level of public interest in the entity.

5.129      **The *firm* shall not provide accounting services to an entity relevant to an engagement where:**

- (a) the entity is a listed entity, relevant to an engagement by the firm, or a significant affiliate of such an entity; or**
- (b) for any other entity:**
  - **those accounting services would involve the firm undertaking part of the role of management, or initiating transactions; or**

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- Association of Chartered Certified Accountants (ACCA)
  - CPA Ireland (CPA)
  - Chartered Institute of Management Accountants (CIMA)

<sup>3</sup> See Section of Guidance Note for Core Funding Reporting Requirements Transitional Arrangements Year 1 and 2.

<sup>4</sup> [https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Ethical-Standard-Consultation/Ethical\\_Standard\\_Nov\\_2020\\_updated\\_June\\_3.pdf](https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Ethical-Standard-Consultation/Ethical_Standard_Nov_2020_updated_June_3.pdf)

- **the services are anything other than of a routine or mechanical nature, requiring little or no professional judgment.”**

**When you are not the Auditor**

We recommend that members read the Department Guidance Note<sup>1</sup> and that an appropriate letter of engagement and representation letter are in place where they undertake these engagements. Members should refer to guidance documents issued by ACCA Ireland. TA 06/2023 Grant Claims<sup>5</sup> and the International Standard on Related Service ISRS 4400 (Revised) *Agreed-Upon Procedures Engagements*<sup>6</sup> which give guidance on engagement acceptance and continuance and some general advice on agreeing the terms of engagement.

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<sup>5</sup> <https://www.accaglobal.com/ie/en/technical-activities/technical-resources-search/2010/january/grant-claim-forms.html>

<sup>6</sup> <https://www.iasb.org/publications/international-standard-related-services-isrs-4400-revised>