

**ICAB Comments on Monitoring Group Consultation Paper
“Strengthening the Governance and Oversight of the International Audit-
Related Standard-Setting Boards in the Public Interest”**

The Institute of Chartered Accountants of Bangladesh (ICAB) has carefully reviewed the seven objectives stated in the Monitoring Group Consultation Paper: public interest, independence, credibility, cost effectiveness, relevance, transparency, and accountability. As a professional accountancy body, we believe that framework of standard setting process should ensure the public interest. We observed a lot of limitations in Monitoring Group’s consultation paper and we think that appropriate revisions are needed to ensure the trust in auditing among stakeholders. However, our observations are as under:

Retain current Standard-Setting Model

ICAB strongly supports the retention of a separate board for auditing and assurance standards and a separate board to set ethical standards for all accountants as in currently low and also for retaining the same scope of work for IESBA. ICAB puts forward the following reasons behind this stand:

- To avoid regulatory community’s undue influence
- Public and private sector collaboration to ensure good regulatory practice
- Checks and balances protect independence
- Geographic and stakeholder diversity
- Premise governance on separation of execution and oversight to avoid conflict of interest.

ICAB thinks that Monitoring Group’s CP has following risks/limitations:

- Possibility to remove professional judgement if proposed more rules-based, prescriptive standards are followed
- Jeopardizes decades’ audit quality advances
- Reduces current level of expertise and resources available with board structure
- Different ethics standards for auditors vs other professional accountants
- A more costly model – significant additional costs proposed for SSB, PIOB, staff and support.

Other observations to the questions posed in the consultation paper:

- ICAB agrees that IFAC should have responsibility for the promotion of high-quality education for professional accountants across the globe. ICAB feels that IFAC continues to assess the most cost-effective, efficient, and impactful way in which this can be achieved.
- We feel for enhancements, with an emphasis on a multi-stakeholder approach across all aspects of standard setting, including funding.
- We do not favor having standards approved on the basis of a majority vote by a SSB and supports current process to approve pronouncements
- ICAB feels that it is not necessary to change the current criteria of skills and attributes sought for SSB members. A multi-stakeholder SSB composition would implicitly promote a diverse skills mix. However, it is imperative for a number of members to have strong technical skills, and for the standard-setting SSBs as a whole to have a sufficient number of members with thorough and up-to-date auditing knowledge, to ensure that any standards promulgated are able to be practicably and readily implemented to achieve the stated objectives.
- Strongly disagrees on the envisaged role for the PIOB with respect to the nominations process, the ability to veto a proposed standard, challenging the technical judgments of SSBs, and funding. Besides, we feel removal of IFAC representation from PIOB is unrealistic.
- We support open call, thorough evaluation of nomination applications and CVs and a rigorous interview process for appointment of PIOB members.
- We do not support bifurcating ethics standards development between separate SSBs, where one board sets standards for auditors, and another sets standards for all other professional accountants.
- ICAB does not support the imposition of a contractual levy at global level and seeks multi-stakeholder funding and diversification of funding for the board and the PIOB.
- ICAB recommends that MG be given an opportunity to consult and determine improvements that can be introduced to address some of the perceived weaknesses of the current model. This is a more prudent and less disruptive approach than a fundamental restructuring of the entire standard-setting model.