



8 February 2018  
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The Monitoring Group  
C/O International Organisation of Securities Commissions  
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Dear Sir / Madam,

## **MONITORING GROUP CONSULTATION - STRENGTHENING THE GOVERNANCE AND OVERSIGHT OF THE INTERNATIONAL AUDIT-RELATED STANDARD-SETTING BOARDS IN THE PUBLIC INTEREST**

Thank you for the opportunity to comment on the above consultation of the Monitoring Group.

RSM South Africa is an independent member firm of RSM International Limited, the sixth largest international network of independent audit, tax and consulting firms. The directors of RSM South Africa are members of the South African Institute of Chartered Accountants and registered with the Independent Regulatory Board for Auditors.

We recognise that our parent body has already submitted comment and we largely agree with the principles in that submission. We will, therefore, not comment on specific questions but limit ourselves to general comments only.

One of our network's cornerstones is quality and, in our quest to comply with the high quality of services that is expected by our network and profession, we welcome a set of robust international standards.

We further recognise the need to constantly examine and improve the existing processes to ensure continuous improvement as well as to keep up with development in the business area in which we operate.

### **Comments**

Firstly, we are not convinced that the current system of standard setting is in dire need of change. No empirical evidence has been offered to support such an assertion and we are not aware that such evidence exists. We principally opposed to "change for the sake of change" and believe that a stronger argument needs to be presented to justify the potential unintended consequences from such a change, which have been well documented in other submissions.

On the contrary, having used the products of the current process, i.e. the existing standards, we are convinced that we are working with a reliable set of standards that enjoys the support of users, auditors and preparers. Improvement is always possible, and essential, but we see no urgent need to change the standard-setting process if it had to be judged by its outputs.

Secondly, even if change could be justified, the proposed model has not been tested and does not have sufficient detail to comment as to whether it will achieve the desired outcomes or even be an improvement on the current regime.

## **THE POWER OF BEING UNDERSTOOD** AUDIT | TAX | CONSULTING

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The transition to the new system has not been thought through in sufficient detail. The worldwide profession is under pressure at present. In South Africa, in particular, the profession is experiencing an unprecedented crisis of credibility and a hiatus in the standard-setting process can hardly be afforded.

Other details, such as funding, transfer of copyright, staffing, etc. need significantly more deliberation before such a step can be considered. These are details that need to be considered and exposed for comment before the practicality of any suggested change can be assessed.

### **Conclusion**

We urge the Monitoring Group to reconsider its position and to perform further research.

After carefully defining the public interest that is provided as motivation for change, such research should be used to determine whether any change is necessary at all, the most appropriate model, if such an alternative is deemed necessary, and also contain a detailed impact assessment of any changes.

We would welcome an opportunity to participate in such further developments and look forward to the outcome of the project.

Yours sincerely,  
**RSM South Africa Inc.**

A handwritten signature in black ink, appearing to be 'H. Heymans', written over a horizontal line.

Henk Heymans  
**DIRECTOR**  
Head of Audit