

Dear Madam, Dear Sir,

In relation to the document “**Strengthening the governance and oversight of the international audit-related standard-setting boards in the public interest**”, Central Bank of Brazil has comments on three questions.

Question 4: Do you support establishing a single independent board, to develop and adopt auditing and assurance standards and ethical standards for auditors, or do you support the retention of separate boards for auditing and assurance and ethics? Please explain your reasoning.

We do not agree with the adoption of a single independent board to develop and adopt auditing and safety standards and ethical standards for auditors. As below, the composition of each board should be aligned with the subject under discussion:

- *Ethical issues should be addressed by a separate board. Standards related to conflicts of interest, ethics and independence should not be drawn exclusively by auditors because audit firms also provide other services, including consulting. In this case, we believe that the participation of other relevant stakeholders, such as regulators, securities supervisors, investors and academics, is more necessary than in other matters.*
- *In relation to auditing and assurance standards, it should be avoided participation of financial statement preparers and corporate governance members in order to prevent conflict of interest.*

Question 10: Do you agree with changing the composition of the board to no fewer than twelve (or a larger number of) members; allowing both full time (one quarter?) and part-time (three quarters?) members? Or do you propose an alternative model? Are there other stakeholder groups that should also be included in the board membership, and are there any other factors that the Monitoring Group should take account of to ensure that the board has appropriate diversity and is representative of stakeholders?

We have no comments regarding the change in the number and work scheme of board members, but it is important to observe an adequate proportion of auditors in the Auditing and Assurance Standards Board. Auditors hold the specific knowledge of the activity, which should not be undermined.

Regarding membership of the board, financial statements preparers and corporate governance members of the audited entities should not participate in the Auditing and Assurance Standards Board, because these persons are responsible for financial statements. In this way, there’s an even bigger conflict of interest than a board with only auditors. In addition, Monitoring Group should evaluate balance between board independence and standards quality. To auditing and assurance standards, the participation of other stakeholders may undermine the work quality, especially when technical issues are analyzed or decided by a group of non-specialists.

Question 25: Do you support the application of a “contractual” levy on the profession to fund the board and the PIOB? Over what period should that levy be set? Should the Monitoring Group consider any additional funding mechanisms, beyond those opt for in the paper, and if so what are they?

The Monitoring Group should also consider charging fees from entities for which audits of financial statements are required.

Best regards,



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