

Request for input: Monitoring Group Consultation Paper

1 Action(s) requested of the Board

The Officers request the Board to consider the questions raised by the consultation paper and to provide your organization’s views to direct IFIAR’s response. In order for the Board to effectively discuss an IFIAR response we ask that you respond by December 15th.

2 Introduction

On November 9 the Monitoring Group issued the consultation paper on potential reforms to the governance, accountability and oversight of the international audit standard-setting process. The paper lists several options for consideration by stakeholders and poses specific questions to prompt stakeholder feedback.

The consultation period runs for 90 days, thus the deadline for feedback is 9 February 2018. The Monitoring Group intends to share comments publicly on the IOSCO website, except for any comments requested to remain confidential.

The Monitoring Group will then review responses to the consultation and submit proposals, a transition plan and impact assessment for public consultation.

3 Consultation Paper Questions for Respondents

Listed below are the specific questions to which the Monitoring Group seeks responses. Certain of these questions or issues were the subject of discussion at the October 19-20 Board Meeting in Toronto; for those points where Board Member views were previously expressed, a brief summary from that discussion is provided for convenience and to spur further discussion.

Questions

1.	<p>Do you agree with the key areas of concern identified with the current standard-setting model? Are there additional concerns that the Monitoring Group should consider?</p> <p>We do agree with the key areas of concern specified above.</p> <p>We do not have additional concerns to consider.</p>
2.	<p>Do you agree with the overarching and supporting principles as articulated? Are there additional principles which the Monitoring Group should consider and why?</p> <p>We do agree with the overarching and supporting principles specified above</p> <p>We do not have additional principles to consider.</p>

3.	<p>Do you have other suggestions for inclusion in a framework for assessing whether a standard has been developed to represent the public interest? If so what are they? We do not have additional suggestions.</p>
4.	<p>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. Provided that single board will have enough resources, we support establishing a single board. We believe that single board is more practical and resource saving solution; in the case of single board the process of development and adoption auditing and assurance standards and ethical standards for auditors would be more integrated, coordinated, systematical and strategy oriented.</p>
5.	<p>Do you agree that responsibility for the development and adoption of educational standards and the IFAC compliance programme should remain a responsibility of IFAC? If not, why not? We do agree with above-mentioned matters.</p>
6.	<p>Should IFAC retain responsibility for the development and adoption of ethical standards for professional accountants in business? Please explain your reasoning. We do agree with retained IFAC responsibility in this matter. We consider that IFAC has necessary competencies, e. g. experience, resources for that task, it might ensure relevant high quality.</p>
7.	<p>Do you believe the Monitoring Group should consider any further options for reform in relation to the organization of the standard-setting boards? If so please set these out in your response along with your rationale. We do not have additional suggestions.</p>
8.	<p>Do you agree that the focus of the board should be more strategic in nature? And do you agree that the members of the board should be remunerated? We do agree with both statements.</p>
9.	<p>Do you agree that the board should adopt standards on the basis of a</p>

	<p>majority? We do agree.</p>
10.	<p>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 do agree with the board composed of twelve or more members. We also support proposed proportions of full time – one quarter – and part- time – three quarters – members. We do not have additional suggestions.</p>
11.	<p>What skills or attributes should the Monitoring Group require of board members? We support approach, that all board members should be independent, strategic, challenging, committed to act in the public interest, board in corpore should have relevant competence in auditing, ethics, etc. Geographic diversity should be taken into account as well.</p>
12.	<p>Do you agree to retain the concept of a CAG with the current role and focus, or should its remit and membership be changed, and if so, how? We do agree with retained concept of a CAG with the current role and focus.</p>
13.	<p>Do you agree that task forces used to undertake detailed development work should adhere to the public interest framework? We do agree.</p>
14.	<p>Do you agree with the changes proposed to the nomination process? We do agree.</p>
15.	<p>Do you agree with the role and responsibilities of the PIOB as set out in this consultation? Should the PIOB be able to veto the adoption of a standard, or</p>

	<p>challenge the technical judgements made by the board in developing or revising standards? Are there further responsibilities that should be assigned to the PIOB to ensure that standards are set in the public interest? We do agree with the role, responsibilities of the PIOB as set out in consultation, and we support the veto right for PIOB.</p>
16.	<p>Do you agree with the option to remove IFAC representation from the PIOB? We do agree.</p>
17.	<p>Do you have suggestions regarding the composition of the PIOB to ensure that it is representative of non-practitioner stakeholders, and what skills and attributes should members of the PIOB be required to have? We support the approach regarding the composition of the PIOB as set out in consultation.</p>
18.	<p>Do you believe that PIOB members should continue to be appointed through individual MG members or should PIOB members be identified through an open call for nominations from within MG member organizations, or do you have other suggestions regarding the nomination/appointment process? We support the open call for PIOB members nominations from within MG member organizations.</p>
19.	<p>Should PIOB oversight focus only on the independent standard-setting board for auditing and assurance standards and ethical standards for auditors, or should it continue to oversee the work of other standard-setting boards (eg issuing educational standards and ethical standards for professional accountants in business) where they set standards in the public interest? We support the attitude that PIOB continue to oversee the work of other standard-setting boards.</p>
20.	<p>Do you agree that the Monitoring Group should retain its current oversight role for the whole standard-setting and oversight process including monitoring the implementation and effectiveness of reforms, appointing PIOB members and monitoring its work, promoting high-quality standards and supporting public accountability? We do agree.</p>

21.	<p>Do you agree with the option to support the work of the standard-setting board with an expanded professional technical staff? Are there specific skills that a new standard-setting board should look to acquire?</p> <p>We do agree with the option to support the work of the standard-setting board with an expanded professional technical staff.</p>
22.	<p>Do you agree the permanent staff should be directly employed by the board?</p> <p>We do agree.</p>
23.	<p>Are there other areas in which the board could make process improvements – if so what are they?</p> <p>We do not have additional suggestions.</p>
24.	<p>Do you agree with the Monitoring Group that appropriate checks and balances can be put in place to mitigate any risk to the independence of the board as a result of it being funded in part by audit firms or the accountancy profession (eg independent approval of the budget by the PIOB, providing the funds to a separate foundation or the PIOB which would distribute the funds)?</p> <p>We do agree.</p>
25.	<p>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?</p> <p>We support an approach of diversification of funding sources, and in principle we support the application of a "contractual" levy on the profession, although that could be difficult to implement having in mind that there are no legal basis to do that on global extent.</p>
26.	<p>In your view, are there any matters that the Monitoring Group should consider in implementation of the reforms? Please describe.</p> <p>We do not have additional suggestions.</p>
27.	<p>Do you have any further comments or suggestions to make that the</p>

	<p>Monitoring Group should consider?</p> <p>We do not have additional suggestions to consider.</p>
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4 Additional Questions / Issues

Should IFIAR's comment paper be submitted as confidential, or made available on the IOSCO comment website?