Public consultation on the governance of the Monitoring Group, the PIOB and the standard setting boards and Compliance Advisory Panel operating under the auspices of IFAC

Additional CIPFA response on IPSASB monitoring and governance

28 June 2012
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Dear Sir / Madam,

Public consultation on the governance (with special focus on organisational aspects, funding, composition and the roles) of the Monitoring Group, the PIOB and the standard setting boards and Compliance Advisory Panel operating under the auspices of IFAC

Introduction

1. As a member of the UK Consultative Committee of Accountancy Bodies, CIPFA has submitted a joint overall response together with the ICAEW, ICAS and Chartered Accountants Ireland to this public consultation. We fully support this joint response but wish to expand on a number of points in relation to question 4 in the consultation document.

Additional Response to Specific Question 4: Would you support the IPSASB being subject to PIOB oversight? Why? What conditions, if any, would you impose on such oversight? Would you see as a factor to take into account the fact that IPSASB deals with accounting rules instead of auditing ones?

2. In line with the joint response, we support the IPSASB being subject to PIOB oversight. However we would like to emphasise the need for careful consideration of the future composition of PIOB.

3. We understand that the role of the PIOB will be to oversee the processes of the IPSASB, rather than the technical content of the standards (where the role of the Consultative Advisory Group will be significant). Nevertheless, in undertaking its oversight role, there will be a need for PIOB to form a view on whether IPSASB’s processes are successfully identifying and appropriately addressing key public sector issues and views raised by stakeholders. This will require an appropriate level of understanding of the public sector from those PIOB members undertaking the oversight role for IPSASB. Although some existing PIOB members have relevant experience, it will be important that this new requirement is expressly factored into the recruitment of the additional PIOB members required to fulfil the Board’s expanded remit.
4. The second matter we would like to highlight is the potential interaction with Eurostat’s consideration of the suitability of IPSAS for implementation in EU member states. CIPFA believes that it is important that revisions to IPSASB’s governance arrangements do not create an unnecessary barrier to IPSAS adoption throughout the European Union. We would therefore recommend that the Monitoring Group engages with Eurostat before it finalises its report in December 2012 to ensure that the oversight arrangements finally proposed will not impact adversely on their recommendations.

Yours faithfully

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