



**The Institute of  
Chartered Accountants  
in Australia**

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The Monitoring Group  
C/- International Organisation of Securities Commissions  
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**Public consultation on the governance (with special focus on organisational aspects, funding, composition and the roles) of the Monitoring Group, the IOB and the standard setting boards and Compliance Advisory Panel operating under the auspices of IFAC**

The Institute of Chartered Accountants in Australia (Institute) is pleased to have the opportunity to respond to the above consultation paper. The Institute is Australia's premier accounting body, representing over 55,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

The Institute is a founding member of the Global Accounting Alliance (GAA), an international coalition providing reciprocal arrangements with ten other leading accounting bodies in the world. The Institute is the only Australian accounting body within the alliance, which represents more than 780,000 members world-wide and includes professional accounting organisations from the USA, Canada, Hong Kong, England/Wales, Ireland, Scotland, Japan, Germany, New Zealand and South Africa.

We recognise the vital roles the Public Interest Oversight Board (PIOB) and the Monitoring Group (MG) play in oversight of international standard setting in the public interest. The importance of these roles underscores the need to ensure that governance arrangements are transparent and effective.

We have not attempted to address all the issues raised in the consultation paper, but have instead opted to offer comment on the areas where we believe we are able to add most value.

### **General Observations**

#### **Governance Structure**

The governance structure / oversight of the standard setting bodies can perhaps best be described as cumbersome. The process oversight of the standard setting boards by the MG, through the IOB and then the Consultative Advisory Group (CAG) associated with each board, accompanied by IFAC liaison groups appears unnecessarily complex and would appear to be costly to run.

We suggest that the governance arrangements be simplified. The arrangements for international accounting standard setting could be considered as a model for oversight of the standard setting boards.

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While we recognise the expertise the existing structure provides to setting of standards, the experience in Australia is that having a separate board for setting of auditing standards has not detracted from the quality of standards or the standing of the profession.

### **Composition of the Oversight Bodies**

The MG is currently composed of these international organisations: the International Organisation of Securities Commissions (IOSCO), the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the World Bank, the European Commission and the Financial Stability Board. We note that these organisations could be considered to be representative of the capital markets.

However, given the extent of economic activity for which Small and Medium Entities (SMEs) are responsible worldwide, we suggest that oversight arrangements would be enhanced by inclusion of a person (or persons) who has background and experience with SMEs.

***Q4: 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?***

The current sovereign debt crisis illustrates clearly that public sector financial management, transparency and accountability is urgently in need of significant improvement. Some countries have moved ahead of others considerably in this area while others lag, often by a substantial margin. The International Public Sector Accounting Standards (IPSASs) have an important role to play in addressing these issues, being the only globally accepted standards for the public sector.

The International Public Sector Accounting Standards Board (IPSASB) is unlikely to be a key influencer of the global public sector community and accounting standard setters more broadly, without an effective oversight body providing the group with appropriate strategic direction, approval of member appointment and overseeing the due process of the IPSASB.

In the short term, the PIOB may be the appropriate place for this oversight, although changes to its composition will be necessary in order to achieve this. However there should be further consideration of a longer term solution, together with consideration as to the nature of any formal link or liaison with the oversight body for the International Accounting Standards Board (IASB), the Trustees of the IFRS Foundation.

We would welcome the opportunity to provide further input to the PIOB and Monitoring Group if required. Please feel free to contact either me or Andrew Stringer at the Institute [andrew.stringer@charteredaccountants.com.au](mailto:andrew.stringer@charteredaccountants.com.au) or +61 2 9292 5566 should you wish.

Yours sincerely



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