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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 PIOB
and the standard setting boards and Compliance Advisory Panel operating under
the auspices of IFAC**

We are Denise Juvenal and Manuel Rejón these are pleased to have the opportunity to comment on this consultation about 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. This is individual commentary for The Monitoring Group - PIOB.

List of Questions:

Q1: Do you consider it necessary to enhance representation of the public interest? If so, which additional actions, apart from the appointment of an independent IESBA Chair and redefining the nature of non-practitioner board members, would you suggest to reinforce the mechanisms to safeguard the public interest?

We think that to enhance representation of the public interest only if IPIOB wants more funds for control, inspection of the International Standards principally if include public sector in the future.

We suggest that IFAC and IOSCO include in this process, that is very important control and inspection as priority in the structure of MG and PIOB with supervision of IFAC's or IOSCO's Member for consolidated and observed the problems that will be occurring in this process the application of International Standards, independent if include more countries in your structure.

Principally, because The IESBA – IFAC modified and elaborated new procedures and rules about ethics standards that we consider that is very important for development and control of application of high quality of your standards in the jurisdictions around the world.

For this, we understand that is very difficult and complex the control in the jurisdictions for MG and PIOB if included Public Sector, for this is very important the contact with local regulators with responsibility of transparency of the results of implementation.

Q2: In the long term, would you favour a different and fully independent standard-setting model completely outside the IFAC structure and if so how could such a structure be funded?

We consider is very important these rules independent if in or outside IFAC structure must be will be observed of IFAC and IOSCO regulators and in the future must be informed for International Accounting Standards Board – IASB with principal stakeholder in this process and depends of results of question 1.

Q3: Do you consider the current three-tier system adequate for achieving its objectives, or an alternative model could be more adequate? In the latter case, which model would you suggest?

Yes, we consider the current three-tier system adequate for achieving its objectives, we think that in the future will be integrated in your structure the new rules of Global Reporting about sustainability, XBRL and Integrated Reporting.

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?

We support the IPSAB being subject to PIOB. We consider that this moment is very important for implementation of international standards for public sector and in the future of audit standards for public sectors.

The public sector need integrated the new rules and participated with more transparency in this process with responsibility, effectiveness and sustainability, we consider that is complex and difficult, but if local regulators agree this process will be more important around the world.

The regulators with IFAC, IASB and IOSCO in relation international standards must be integrated in this process independent if private or public sector, for do not have problems in the control of jurisdictions observed the individually and objective of each regulator and the culture of public sector in the jurisdictions.

Q5: Do you see merit in having a “Compilation document” for the whole structure? In this case, which alternative would you prefer for organising the structure and nature of the Compilation document?

We suggest that “**Compilation document**” for IFAC, PIOB and Monitoring Group could be elaborate document similar Constitution Review of IASB and Monitoring Group of IFRS Foundation that explain the functions, activities and

objectives of each group, is very important is clear, principally the quantity of members and principal aspects that development for regulators.

Q6: Given the breadth of the current mandate, would you consider it helpful to modify the name of the structure to improve its visibility? In this case, what name would you suggest?

We consider that name of the structure to improve visibility and new decade of the international standards: "International public interest standards for the accounting profession".

Q7: Do you agree with the proposal that the MG should have a more strategic role?

Yes, we agree with the proposal that the MG should has a more strategic role, this group will be observe the process and rules that happened in the others regulators and organizations with for example Global Reporting, principally about sustainability and transparency.

Q8: Do you agree with the objectives proposed and, specifically, with the MG having the possibility of conferring with the PIOB on the PIACs' agendas and receiving appropriate feedback?

Yes, we agree with the objectives proposed and principal feedback of PIAC's agenda is very important in this moment.

Q9: Do you agree with the suggested ways of improving the communication activities? Would you consider it useful for the MG to have in the special occasions above described direct involvement with PIACs?

Yes, we agree with the suggested ways of improving the communication activities. We consider that useful for the MG to have in the special occasions about described direct involvement with PIACs.

Q10: Do you have any specific suggestions on how liaison with investors could be improved? In this sense, do you see merit in some portions of the MG meetings having the public in attendance?

We agree with suggestions of this proposal, but we observed that in this moment is important the regulators observed the procedures of quality teach in the universities for international standards.

The Transparency International in Spain has great research about governance for public sector about corruption and transparency with used of indicators.¹ The Global Reporting² and European Commission³ have great discussions about corporate governance and sustainability for used in Europe and United States. The new international standards elaborated for IFAC for Ethics⁴ and Audit⁵ could be included as research in this process.

The final discussion about Integrated Framework of COSO has great opportunity for development internal control, as for example: *“(i) a related compendium of approaches and examples that illustrate how the principles set forth in the updated Framework can be applied in designing, implementing and maintaining internal control over external financial reporting; and (ii) related evaluation tools to use in assessing effectiveness of internal control.”*⁶

Q11: Would you find it useful that the MG engages with organisations representing governmental institutions? Would the G20 be the most appropriate or, should others bodies be considered instead?

Yes, The MG need engages with organisations representing governmental institutions, principally local regulators. The G20 has a fundamental process in this moment; clarify structures and procedures for government depend of rules and laws in your jurisdictions with financial funds for research and development of application of the international standard.

Q12: What is your opinion about the current composition of the MG? (i) Do you believe that other organisations (i.e., national or regional regulators) should or could be represented in the MG? If so, which criteria do you think new members

¹ <http://www.transparency.org.es>

² <https://www.globalreporting.org/information/news-and-press-center/Pages/US-Federal-community-marches-into-a-sustainable-2012-.aspx>

³ http://europa.eu/transparency-register/index_en.htm

⁴ <http://www.ifac.org/publications-resources/2010-handbook-code-ethics-professional-accountants>

⁵ <http://www.ifac.org/publications-resources/international-standard-auditing-isa-610-revised-using-work-internal-auditors>

⁶ http://www.coso.org/documents/COSO_ICIF_Press_Release_FINAL%204-30.pdf

should fulfil to become MG members? (ii) Should a maximum be set to the number of MG members? (iii) Would you favour a change on how the Chairperson is appointed?

As we described in the question 1 “We suggest that IFAC and IOSCO include in this process, that is very important control and inspection as priority in the structure of MG and PIOB with supervision of IFAC’s or IOSCO’s Member for consolidated and observed the problems that will be occurring in this process the application of International Standards, independent if include more countries in your structure.”

Description	Comments
(i) Do you believe that other organisations (i.e., national or regional regulators) should or could be represented in the MG?	We believe that other organisations registered in the international organisations could be represented in the MG, as IOSCO and IFAC for example.
(i.1) If so, which criteria do you think new members should fulfil to become MG members?	We think the criteria could be the same process for choose for IASB for IFRS Foundation that IOSCO makes for members with work group of Monitoring Board realizes for IFRS Foundation.
(ii) Should a maximum be set to the number of MG members?	We believe a maximum be set to the 10 MG members, depends of funds.
(iii) Would you favour a change on how the Chairperson is appointed?	No, for this process is fundamental have the procedures for choose members and Chairperson that must be make for IOSCO or IFAC regulator’s. ⁷

Q13: Do you see a problem in MG members appointing full time employees of organisations represented in the MG as PIOB members?

Yes, The MG members appointing full time employees of organisations represented in the MG as PIOB members, we have doubt and depend of funds and agenda for many activities for have full time members, if not we think do not have problems for this.

⁷ http://www.iosco.org/monitoring_board/pdf/Monitoring_Board_Charter.pdf

Q14: Would you consider convenient to avoid direct hierarchical relationship between the PIOB and the MG members?

If, do not have interest conflicts we think that no problem is very important observe the rules of PIOB members and MG members elaborated for regulators, we suggest consult IFAC and IOSCO Board.

Q15: Do you think that the roles and responsibilities of MG and PIOB should be further clarified? Do you have specific suggestions regarding which areas this clarification should address?

We think that is important described in the Constitution or Practice of Activities and described every functions of each group MG and PIOB similar IFRS Foundation but not complex considering your structure.

Q16: Do you see merit in the PIOB undertaking a regular review of its due process and oversight framework through its strategy document?

Yes, in this moment is important PIOB undertake a regular review of its due process and oversight framework through its strategy document. The activities of members can not compromise of interest of organisation.

Q17: Do you see merit in the PIOB periodically producing a strategy document that would supplement the yearly business plan and budget? What should the involvement of the MG be in the production of these documents?

This question depends of firstly of funds, but we believe that business plan and budget is important have supplement report similar IASB elaborate for period of one year comparative. The MG must be approving this document, not necessary production of these documents, depends of structure of PIOB.

Q18: Do you think that the current composition of the PIOB could be enhanced? Would you consider convenient that the PIOB's composition is reviewed each time a new body becomes full member of the MG?

The current composition of the PIOB is adequate for this moment, if change with more countries we suggest make the same process of the quantity of members for regions not countries as IASB have in your Constitution Review⁸.

Q19: Would you consider the current composition of the PIACs appropriate? Do you see merit, in the context of a second effectiveness review, in exploring the idea of having a majority of non-practitioners and a majority of public members?

The current composition of the PIACs is appropriate for this moment. This question is similar question 18, we suggest if change with more countries we suggest make the same process of the quantity of members for regions not countries as IASB have in your Constitution Review⁹.

Q20: Do you consider best practice a nine years period for rotation of the representatives of CAG member organisations?

We think that nine years period for rotation of the representatives of CAG member organisations is a good time, principally because the CAG member attend many meetings and discussion paper elaborated of regulators, principally IFAC.

Q21: Would you agree that it is not realistic at the current time to attempt to alter the funding structure of standard setting activities in any substantial fashion?

The funding structure of standard setting activities in this moment is adequate, for the new process of modification is important observed how many and how will be make this process of structure of PIOB and MG in the IFAC and IOSCO if G20 contributes more funds for this development.

Q22: Do you consider appropriate that IFAC finances the largest part of the PIOB budget? If not, do you consider appropriate that IFAC launches an external fundraising having some contributions of the MG members in the mean time?

This question is similar question 21, for this moment we think that IFAC finances is appropriate, but we think that the countries must be include resources for fund of PIOB if want to participated this process.

⁸<http://www.ifrs.org/NR/ronlyres/44908350-84DF-4949-84D1-DE9584CE407B/0/ConstitutionReviewApril2010.pdf>

⁹<http://www.ifrs.org/NR/ronlyres/44908350-84DF-4949-84D1-DE9584CE407B/0/ConstitutionReviewApril2010.pdf>

Q23: Do you think it feasible to have a similar funding structure in place for the PIOB to that in place for funding the IFRS Foundation?

We think that this process must be similar funding structure of IFRS Foundation.

Q24: Do you see the need for and/or merit in having a permanent Secretariat for the MG? In this case, do you think IOSCO should provide resources for a permanent Secretariat to the MG?

Yes, is important have permanent Secretariat for MG, but we think that resources for permanent Secretariat to the MG depends of funds received of countries, the PIOB need has structure for this, similar IFRS Foundation – IASB.

Q25: How do you think the governance of the international auditing, ethics and education standards setting process could improve audit quality? What are the main objectives that those responsible for governance should take into account?

The governance of international auditing, ethics and education standards setting process improve audit quality, development with transparency and integration with local regulators, universities and principals stakeholders for this process. For this, the CAQ has made great discussion for training and understand of audit quality, principally for observation with fraud and role for auditor.¹⁰

The governance had been studied for many regulators this is the principal process for development of structure of implementation of international standards. The responsible for governance is account, but we observed that is need included more training for this, if not could be occur problems for identify interest conflicts and fraud, the ethics is the fundamental in this moment in the organisations and public sector.

Q26: What is your opinion about the current structure? Do you think the current structure is appropriate in order to improve audit quality? If not, what changes, suggestions or remarks would you propose?

For this moment the current structure is adequate, we think that improve audit quality depends of orientation and transparency in the organisations and public sector.

¹⁰ <http://www.thecaq.org/publications/>

Q27: Do you agree that the current levels of empowerment and responsibility of the bodies that compose the current structure (MG, PIOB and PIACs) are appropriate? If so, do you have any suggestions for improving the dialogue and interaction between the different bodies? If not, how these levels of empowerment and responsibility could be improved?

We agree that the current levels of empowerment and responsibility of the bodies that compose the current structure are appropriate.

Q28: Do you think that there is any other overall structure that could achieve improvement in audit quality more efficiently? If so, what could they be and how might they be financed?

The audit quality efficiently depend of good internal control, is important that organisations, policymakers, stakeholders and regulators have quality of internal control independent of structure, the cost of structure is related the importance that the entities have in your internal controls, principally internal audit for results high quality of your services.

Thank you for opportunity for comments this proposal; if you have questions do not hesitate contact to us, rio1042370@terra.com.br and mrejonlopez@gmail.com

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