



جهاز أبوظبي للمحاسبة
ABU DHABI ACCOUNTABILITY AUTHORITY

The following are the comments of Abu Dhabi Accountability Authority on Monitoring Group's consultation paper.

1. **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?**

Yes, we agree with the key areas of concern.

2. **Do you agree with the overarching and supporting principles as articulated? Are there additional principles which the Monitoring Group should consider and why?**

We agree with the overarching and supporting principles as articulated.

3. **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 recommend the framework which is currently under development by PIOB to capture the supporting principles reflected in this section.

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.**

Agree with one single board as it will lead into more focused standards that can held auditors accountable through directly linking with the ethical standards. We should be careful to keep clear lines between what auditing standards are and what are the ethical requirements. Initially this can be thought as additional burden however it can be streamlined with additional reforms suggested later on in the consultation paper through appointing high calibre professional staff and formalizing standard setting processes.

5. **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 are neutral in this regard.

6. **Should IFAC retain responsibility for the development and adoption of**



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ethical standards for professional accountants in business? Please explain your reasoning.

Based on our experiences what is applicable to professional accountants is not usually applicable to auditors in practice and vice-versa. Furthermore, auditors are more accountable to the public than professional accountant as they have to give reasonable assurance on the financial statements and hence they are opt and perceived to be held accountable for high ethical requirements compared to professional accountants.

- 7. 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.**

No further suggestions.

- 8. 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?**

Yes, we agree that the Board should be more strategic and supported by high caliber professionals to ensure that the standard setting result in high quality relevant standards. To do this we definitely have to look at the Board and staff remuneration and skills as they will be held accountable for their acts and decisions in front of the public. This will bring a significant change to the efficiency and effectiveness of the standard setting model in line with the supporting principles articulated previously in this document.

- 9. Do you agree that the board should adopt standards on the basis of a majority?**

Yes, qualifying majority of 2/3 of the Board members.

- 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?**



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We agree that composing a strategically focused Board with fewer members, than the current composition supported by high caliber staff and formalized process will be more efficient and effective. This Board should be multi-stakeholder and with diverse nature to address public interest risks and enforce independence from the profession. However, we want to raise our concern regarding having both full time and part time in board roles and voting powers considering availability of full time staff.

11. What skills or attributes should the Monitoring Group require of board members?

A member should have

- *Advanced Auditing technical skills supported by proven track record in the profession*
- *Leadership*
- *Governance*
- *Strategic thinking*
- *Holds characteristic of highly effective executive*

The Board should be diverse in nature in respect of:

- *Geographical location*
- *Profession (Auditing, Accounting and Investors)*
- *Oversight (should have a mix between regulators, public interest bodies)*

12. 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?

If the Board have the proper mix and given the availability of high caliber staff we believe the CAG role will be minimized.

13. Do you agree that task forces used to undertake detailed development work should adhere to the public interest framework?

No comment

14. Do you agree with the changes proposed to the nomination process?

Yes, we agree that the nomination process shall be administered by the PIOB on the long run.

15. 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 challenge the technical judgements made by the board in



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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?

Yes we agree with the roles and responsibilities suggested by the PIOB in this consultation as it will strengthen PIOB oversight over the standard setting process. PIOB should not veto or interfere in the technical judgements underlying the standard setting as we don't expect any need for such acts if the suggested Board reforms are approved.

16. Do you agree with the option to remove IFAC representation from the PIOB?

No comment

17. 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?

No comment

18. 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?

An open call for nomination from interested organizations who meet predetermined criterion not necessarily form within the monitoring group only. Monitoring group should develop a process to administer and review the nominations to approve or disapprove membership.

19. 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?

Only Auditing & Ethical Standards for auditors.



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20. **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?**

Yes, we agree

21. **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?**

Yes independent professional staff with high caliber should support the standard setting Board.

22. **Do you agree the permanent staff should be directly employed by the board?**

Yes to hold them accountable and empowers their independence.

23. **Are there other areas in which the board could make process improvements – if so what are they?**

No comments.

24. **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)?**

Yes, we agree

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?**



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A transparent and predetermined approved process should be in place to minimize any undue influences by the profession.

- 26. In your view, are there any matters that the Monitoring Group should consider in implementation of the reforms? Please describe.**

No comments.

- 27. Do you have any further comments or suggestions to make that the Monitoring Group should consider?**

No comments.