

NAME OF ORGANISATION:

ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA (ABWA)

RESPONSES TO MG QUESTIONNAIRE.

QUESTION 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?

The current arrangement enjoys tremendous stakeholder confidence, resulting in adoption of the international standards in majority of jurisdictions covering all continents of the world.

IFAC as a custodian of the public interest, has continued to effectively place safeguards to prevent and protect itself and the global accountancy profession from undue and overbearing influence on the standard setting process by instituting the standard setters as independent bodies with two layers of oversight and governance in the form of Public Interest Oversight Board (PIOB) and Consultative Advisory Group (CAG).

The new proposals may become counter-productive, rather than enhancing the attractiveness of the standards in many jurisdictions. Thus, they may tend to encourage standard setters in those jurisdictions, especially those in the developing world, reverting to local standards, which the current system had done a lot to discourage in favour of global standards.

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 principle of public interest in the process of standard setting. This principle effectively covers all areas of concern. It must, however, be noted that this principle is already firmly entrenched in the current standard-setting process, thus, requiring no further consideration.

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?

None.

The current framework is holistic and adequately robust to fully take care of the public interest. It is not lack of public interest protection in the standard setting process that leads to collapse of financial systems, but lack of diligent application and enforcement of the provisions of the standards.

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.

It is better to have two independent standard setting bodies to separately handle auditing and assurance standards and ethics:

- a) This will enhance speed of delivery;
- b) There may be different priorities for the bodies at a particular time; and
- c) This will also reduce the risk of overbearing influence of any stakeholder.

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?

Yes.

Because of the technical capacity of the standard setting board. The body has been developing highly acclaimed educational standards over the years hinged on the technical competence of the independent standard setter.

6 Should IFAC retain responsibility for the development and adoption of ethical standards for professional accountants in business? Please explain your reasoning.

IFAC does not have a direct role in the current system. IFAC should continue in its current role in the standard setting process, because of the technical capacity of the standard setter, the safeguards in the system and IFAC's have global influence.

Also, all accountants should adhere to the same ethical standards.

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.

None. The monitoring Group should restrict itself to its current role.

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?

Because of the technical nature of the assignment, the board must monitor both the strategic and tactical aspects of the standard setting process.

The board members should not be remunerated, but may be paid some honorarium. Volunteerism is common practice in professional accountancy. This is how the profession has sustained the standard setting process over the years.

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

No.

It should rather be on the basis of consensus built on sound technical reasoning and practical considerations.

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?

We agree and it makes good sense to increase the board membership to reflect all stakeholder groups. The board should also comprise both full-time and part-time members to enrich the contributions from the diverse stakeholder groups. Any board member who is on full-time appointment due to his/her special skills made available to board should be adequately remunerated in line with those skills and contributions.

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

Technical skills in relation to the matters under consideration.

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?

The CAG concept should be retained but with a broader remit and a wider spectrum of stakeholder representation.

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

Yes. Every group involved in the process should adhere to the public interest framework

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

No. The current process is adequate.

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 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?

The PIOB should have no powers to challenge the technical judgement of the standard setters as it is represented on the standard setting bodies, so it would have had ample opportunity to open issues for discussion and review during the standard setting process.

It should also not have power to veto the works of the standard setters, as this will set back the hands of the standard setting clock and demotivate those working on the standards.

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

Certainly Not for reason that such representation adds value to the process.

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?

The board composition could be improved with members with the following skills:

- Corporate Governance;
- Auditing and Assurance;
- Accounting;
- Investment;
- Risk management;
- Ethics and Integrated thinking

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?

Through open call nominations MG members should identify those to represent them on the PIOB. The members should adopt transparent processes for the nomination.

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?

The PIOB should continue to focus on the oversight function of all the standard setters to save cost and ensure there are no lacunae in the process. If not, unintended gaps may emerge over a period of time.

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?

No. The role of the MG should be limited to nominating the assigned number of MG representation on the PIOB.

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?

No. We believe that doing so would add undue cost to the process. The Technical staff will need a wide range of skills that will be impossible to meet.

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

No. This may also increase the cost. The cost of employing permanent staff will be much higher than those of volunteers and the quality may not be as high.

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

Yes, but these improvements should be undertaken by the board, taking full cognisance of the checks and balances within the current system that has been tested over time.

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)?

There are checks and balances in the existing process. IFAC has been transparent, accountable and always acting in the public interest in all the years of undertaking this assignment.

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?

We do not support a contractual levy on the profession. Any contribution by the profession should be voluntary in return for the value delivered by the standard setters. The current funding arrangement is sustained indirectly by firms supporting the PAOs which are members of IFAC. This arrangement has been working perfectly, hence, needs no change.

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

None. The need for the reforms is not auspicious.

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

The MG should put the proposed reforms in abeyance, until they are needed. The MG should continue to effectively participate in the periodic review of the current system to make it always fit for purpose.