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Our Ref:

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Date: 9th February, 2018

Dear Sir,

The Association of National Accountants of Nigeria is pleased to comment on the Consultation Paper issued by the Monitoring Group on Strengthening the governance and oversight of the international audit-related standard-setting boards in the public interest.

Our response to Questions for respondents are set out below:

Question 1

(a) The Association of National Accountants of Nigeria (ANAN) agrees with the areas of concern identified in the consultation paper. The Monitoring group should view the relevance and the timeliness of standard setting with the seriousness it deserve as audit is dynamic and it changes quickly. It is necessary to ensure that the standards are relevant and up to date for audit quality as well as to gain user's confidence. ANAN is of the opinion that the existing standard setting process is of high quality and the Monitoring Group should make sure that any reform process should continue to develop high quality standards for the public interest.

Question 2

ANAN agrees with the overarching and supporting principles as articulated in the consultation paper preferably it adhere strictly to these principles. These principles are very critical in any process that is intended to enhance and strengthen public confidence in the standard setting process. This would further expand the global adoption of the international standards and will restore the confidence of the stakeholders.

Question 3

ANAN is support of the framework that the Monitoring Group as set out on pages 4 and 5 of the consultation paper. We believe that the public interest is fundamental to standard setting and agree that the public interest as articulated should be used throughout the standard setting process in order to assess the effectiveness of the standard setting in the public interest. The framework also offered good basis for evaluating whether a standard appropriately represents the public interest.

Question 4

The Association of National Accountants of Nigeria (ANAN) supports the establishment of a single board to develop and adopt auditing and assurance standards and ethical standards for auditors. This will help to ensure that there is an appropriate focus on the audit as a public interest activity, it will also allow for more effective co-ordination of both types of standards.

Question 5

ANAN agrees that responsibility for the development and adoption of educational standards and the IFAC compliance program should remain IFAC responsibility.

Question 6

ANAN suggest that IFAC should retain responsibility for the development of ethical standards for professional accountants in business in order to ensure global convergence and acceptability being the body for PAOs globally.

Question 7

ANAN does not see any need to consider further option now. However, the Monitoring Group should articulate the role and purpose of PIOB. The implementation plan and process must be well developed and properly executed.

Question 8

ANAN agrees that the focus of the board should be more strategic in nature. The focus of the board should not only be strategic in nature but must also be implementable and effective. Remunerating members of the board is also important to enable independence from sponsoring organization.

Question 9

ANAN agrees that the board should adopt standards on the basis of majority but this should be in the absence unanimous vote or decision which is very rare to get. However, the majority should not be simple but attempt to make two third or three quarters of the board members.

Question 10

ANAN believes that it is very necessary for the members to be drawn from different stakeholder groups. The twelve member board could be expanded to twenty one comprising the chairman and four deputies who should serve on full time basis (with each deputy representing various categories/segment of stakeholders. It would be preferable if other members on the board serve on part time.

Question 11

It is ANAN belief that majority of the board members must be highly skilled and professionally competent with clear focus and responsive to public interest and issues that are relevant to various stakeholders.

Question 12

ANAN is of the opinion that stakeholders input into the board's work is very paramount to which CAG is considered instrumental. The composition of CAG too must be seen to give better representation of stakeholders especially investors and also consider public interest in its dealing with standard setting board.

Question 13

ANAN agrees that task forces used to undertake detailed development work should adhere to the public interest framework. Adherence to the public interest framework under development should only occur to the extent that it does not encourage a box ticking exercise but rather provides guiding principles within which the tasks forces must work.

Question 14

ANAN believes it is appropriate that the PIOB should become the Nominating Committee for the reformed board.

Question 15

We are in agreement with the role and responsibilities of the PIOB as set out in this consultation paper. However, it would not be ideal for PIOB to veto the adoption of a standard. There should be a mechanism put in place to guarantee harmonious discussion

in a standard before final conclusion. ANAN also believes there should also be clear definition of responsibility between the board, the PIOB and the Monitoring Group .

Question 16

ANAN agrees with the option to remove IFAC representative from the PIOB.

Question 17

It is ANAN belief that majority of the PIOB must be highly skilled and professionally competent with clear focus and responsive to public interest and issues that are relevant to various stakeholders.

Question 18

ANAN is of the opinion that an open call for nomination is preferred , this will enhance transparency in the appointment process, it will also provide opportunity for wider pool of stakeholders for consideration for placement on the PIOB.

Question 19

The status quo of PIOB should remain

Question 20

The Monitoring Group should retain the three roles.

Question 21

ANAN agrees with the option to support the work of the standard setting board with an expanded professional technical staff. This will allow the technical drafting to be carried out by the technical staff with appropriate skills for the board's approval.

Question 22

ANAN agrees that the permanent staff should be directly employed by the board.

Question 23

The process can be improved by giving quick attention to responses and comments of major stakeholders through the normal update process as is done with IASB.

Question 24

ANAN agrees 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 by audit firms. This is necessary as independence of the board must not in anyway be uncompromised especially by the Audit Firm not minding the need to establish a sustainable long term funding.

Question 25

ANAN support the application of a "contractual" levy on the profession to fund the board and the POIB. The "contractual" levy on the profession for the purpose of funding shall not be an overkill since the ultimate benefit is for the profession and to reduce the PIOB relevance on IFAC for the majority of its budget.

Question 26

The standard setting in place process already in place should not in anyway be jeopardized. The Monitoring Group may consider it necessary to create another body (complimentary in nature) with necessary resources to work.

Question 27

We believe that the stakeholders responses should be given adequate consideration upon which the Monitoring Group final decision on reform proposals is made.

ABOUT ANAN

The Association of National Accountants of Nigeria (ANAN) is a statutorily recognized Professional Accountancy body in Nigeria. The body is charged among others, with the responsibility of advancing the science of accountancy.

The Association was founded on 1st January, 1979 and operates under the ANAN Act 76 of 1993(Cap A26 LFN 2004), working in the public interest. The Association regulates its practising and non-practising members, and is overseen by the Financial Reporting Council of Nigeria.

Active ANAN members are 20,049, who are either FCNA or CNA and are found in Business, Practice, Academic and Public Sector in all the States of Nigeria and Overseas. The members provide professional services to various users of accountancy services.

ANAN is a member of the International Federation of Accountants (IFAC), International Association for Accounting Education & Research (IAAER), The Pan African Federation of Accountants (PAFA), and Associate of Accountancy Bodies in West Africa (ABWA).

Yours faithfully,

ASSOCIATION OF NATIONAL ACCOUNTANTS OF NIGERIA

A handwritten signature in blue ink, appearing to read 'S. Ekune', with a large, sweeping flourish extending to the left.

DR. SUNDAY A. EKUNE, FCNA

Registrar/Chief Executive