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Submitted electronically to: MG2017consultation@iosco.org

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Dear Mr Everts

Monitoring Group consultation: ‘Strengthening the governance and oversight of the international audit-related standard-setting boards in the public interest’

Chartered Accountants Ireland (the Institute) welcomes the opportunity to respond to the Monitoring Group (MG) proposals, aimed at strengthening the global auditing and ethical standard setting system to enhance public confidence and credibility in the system and the output from the audit process worldwide.

The Institute is the largest professional accountancy body in Ireland, with in excess of 26,000 members located in Ireland, the UK and internationally, and is a member body of the International Federation of Accountants (IFAC). Its governing Council consists of Institute members in practice (small, medium and large firms), in business in a wide variety of sectors, working in the public sector and a number of individuals from outside the accounting profession. This reflects our diverse membership base. We represent professional accountants in public practice engaged in the provision of audit, assurance and other services to clients ranging from large multinational public interest entities (PIEs) to small and medium sized enterprises. A significant majority of our members are, on the other hand, employed in business, the public sector, academic institutions and the not-for-profit sector. In addition, there are approximately 6,000 students at various stages of their training to become Chartered Accountants in Ireland. We therefore represent a wide range of the relevant stakeholders addressed by the MG’s consultation.

The working group to develop our response to the consultation consists of senior professional accountants in practice, involved in our regulatory functions and from business, who are also active in the Institute’s ethics and governance function.

This cover letter focuses on what we consider to be the key aspects of the MG proposals. Responses to the individual questions posed in the consultation paper are included in the appendix to the letter. We have numbered the following paragraphs of the letter for ease of cross-referencing to the appendix.
Key issues identified in this response

1. We consider the auditing and ethical standards developed and published by the standard setting boards (IAASB, IESBA) of IFAC to be a high quality set of standards developed in the public interest. We also consider that the improvements to the standards and the wide adoption of the standards globally over many years have been very positive in enhancing audit quality. We acknowledge, however, that the standard setting processes have been heavily dependent, in terms of resources and expertise, on the audit profession and that this dependence gives rise to a perception amongst some market participants of a lack of independence in the standard setting process. As such we welcome the debates arising from the MG’s consultation.

2. The key issues arising from the consultation, as identified by our working group, are:
   i. Multi-stakeholder representation across all aspects of the new structure is critical, in the oversight functions as well as in the standard setting boards (Consultation question 2, 11, 14, 15, 16, 17 and 18; see paragraphs 5, 7 and 8 below).
   ii. We support separate standard setting boards for auditing and ethical standards (Consultation question 4; see paragraph 14 below).
   iii. It is in the public interest to have the same fundamental ethical principles applying to all professional accountants (Consultation questions 4, 6 and 19; see paragraph 15 below).
   iv. The sole focus of the Public Interest Oversight Board (PIOB) should be oversight and it should not have a veto or be able to direct the standard setting boards on technical matters (Consultation question 15; see paragraph 10 below).
   v. We do not agree with the proposal to implement simple majority voting in making decisions on standards. We believe that the starting point should be to seek a consensus. Where decisions are made on the basis of a vote, the voting procedure should ensure that no one stakeholder group is effectively excluded from decision making (Consultation questions 2 and 9; see paragraph 9 below).
   vi. We do not agree with the limited funding proposals included in the consultation document, which assumes continued funding by the profession, albeit to be collected in a different manner. We call for a broader funding base and consequently urge the MG to bring forward more detailed funding proposals for consultation in advance of the white paper scheduled for June. (Consultation questions 24 and 25; see paragraph 13 below).
   vii. Greater focus in the reform process needs to be afforded to the development of standards appropriate to non-PIE audits, both for large complex private entities and for small and medium sized enterprises (SMEs) (Consultation question 3; see paragraphs 6 and 16 to 21 below).
   viii. Implementation of the final proposals in stages would be unduly disruptive to the standard setting process; we therefore welcome the MG’s confirmation at the London roundtable in January that this would not be the case (Consultation question 26; see paragraphs 22 to 24 below).

3. We provide more detailed commentary on these key issues below.
Public confidence in international auditing standard setting

4. As noted above, the Institute considers that significant strides have been made in auditing standards over many years under the auspices of IFAC. International standards have effectively been adopted in both Ireland and the UK, with limited amendment for use in these jurisdictions. The independent auditing standard setter in the UK, the Financial Reporting Council, adopted the international standards as the basis for requirements applicable in the UK and Ireland in 2004 and indeed, following the assumption by the Irish Auditing and Accounting Supervisory Authority (IAASA) of responsibility for the Irish auditing framework in 2016, the Irish standards remained aligned to the international standards. Such decisions by independent national auditing standard setters are, in our view, an indicator of the quality of the standards produced within the IFAC process, which is to be attributed to the quality of the work of the people involved in the process over the years. However, we also accept that there is a perception of there being “undue influence by the profession”, placing question marks over the independence of the process and that this perceived lack of independence could be adversely affecting stakeholder confidence. Stakeholder confidence is a key pillar in the effectiveness of audit. We would, therefore, endorse proposals which would enhance this public confidence and credibility. In our view, the quality and robustness of, and the public confidence in, the auditing framework is paramount, irrespective of the identity of the standard setting body.

5. The consultation paper states that the “main purpose of the options for reform is to ensure that standard-setting serves the public interest”. Central to the debate is, of course, the understanding of ‘public interest’. We welcome the work being undertaken by the MG and the PIOB to develop a public interest framework and the MG’s commitment to publicly consult on that framework as part of the proposed white paper in June. It is important that the views of all stakeholders be taken into account in finalising this framework and we look forward to engaging with the proposals in the white paper in due course.

6. At this point, we make the following high level comments with regard to ‘public interest’:

- We suggest that in framing the future ‘fit for purpose’ standard setting process, further thought is necessary as to how well the proposed reformed standard setting process will be able to adapt to future developments in audit to continue to meet its ‘public interest’ remit;

- We consider that acting in the public interest should certainly be drawn wider than regulatory concerns with regard to financial markets and investor interest in the audit of the financial statements of public interest entities.

Governance proposals

7. The Institute welcomes the proposals to focus the work of the standard setting boards on strategic matters. We also support the proposed multi-stakeholder composition of the boards as we believe this will make a significant contribution to dealing with the perceived lack of independence. However, we also have a number of significant concerns with regard to the governance proposals, namely (i) the proposed lack of representation of the auditing profession in oversight, (ii) the proposal to introduce simple majority voting for decisions at the standard setting boards and (iii) the suggestion that the PIOB would have the ability to veto decisions made at board level.

8. In our view, it is of critical importance that the multi-stakeholder approach being proposed for the standard setting boards is replicated in the PIOB. The auditing profession must have representation in the oversight of the processes as well as at board level. This is essential to ensuring that the oversight of standards development has the range of competencies needed to be effective, in this case the requisite audit expertise and practice.
experience. We note the trustees of the IFRS Foundation, which oversees the setting of International Financial Reporting Standards by the International Accounting Standards Board, are drawn from diverse expertise and geographical backgrounds, including members of the accounting profession. We believe that an equivalent, multi-stakeholder, body should be put in place to oversee international auditing and ethical standard setting in the public interest.

9. Whilst we consider that the proposals regarding the overall multi-stakeholder composition of the standard setting boards are appropriate, we do not agree with the proposed simple majority voting. We consider that it is preferable for decisions on standards to be made by consensus. However, where consensus is not achieved, we consider it essential, for the widest possible acceptance of the standards produced by the process, that no one stakeholder grouping can be excluded from the decision making process. We suggest that this may be overcome by a form of qualified majority voting where, for example, in addition to a majority, at least two representatives of each grouping would be required to vote in favour of a proposal for it to be successful. The basis upon which decisions are made on standards should be published, whether made by consensus or otherwise.

10. The consultation paper poses a question as to whether it would be appropriate for the PIOB to have a veto on the “adoption of a particular standard and/or the ability to instruct the standard setting boards to take measures to remedy any identified breach of the public interest.” We strongly disagree with any such proposal. This would, in our view, completely counteract the stated intentions of the reform proposals in enhancing the independence of the standard setting process, both actual and perceived.

11. We note that the composition of the task forces operating under the standard setting boards is not detailed in the consultation paper. We consider it to be essential that the requisite technical expertise is available to the task forces. We welcome proposals aimed at enhancing the staff supporting the standard setting boards, both in terms of numbers and, of the utmost importance, in terms of technical expertise. This proposal, linked with the proposal to free up the standard setting boards to have a more strategic focus makes good sense to us. Of course, the recruitment of an adequate number of technical experts to undertake this work is one of the significant challenges in implementing reform, a challenge which should not be underestimated.

12. The above comments on the governance proposals are made with a view to ensuring that the standards are workable and responsive to market developments and innovation in audit technology and practices.

Funding

13. The Institute does not agree with the limited funding proposals in the consultation paper. The auditing profession has over many years shown its willingness to provide resources in terms of funding and expertise from audit firms and professional bodies. We would, however, in the context of reform of the standard setting processes, call for a broadening of the sources of funding to include the primary beneficiaries of the audit product, as suggested in the consultation paper, similar to the approach taken in the US by the Public Company Accounting Oversight Board in levying companies, brokers and dealers registered with the Securities and Exchange Commission. As the approach we are calling for would differ significantly from current proposals regarding a contractual levy on audit firms, we consider it imperative that the MG bring forward more detailed proposals as to the broader based future funding model well in advance of the white paper in June. We do not consider it possible to assess any proposed standard setting model without fully understanding how that model will be funded.
Ethical standard setting

14. The Institute considers that the proposal to include auditing and ethical standard setting within a single board would present very significant challenges to such a board. Independence requirements with which global networks of audit firms are required to comply are not consistent internationally and they are therefore subject to a wide range of differing independence requirements in different jurisdictions. Staff members managing compliance with these requirements have very particular expertise and experience, quite different from the expertise and experience required by audit technical staff and those involved in the development of methodologies compliant with the international auditing standards. We recognise the problems experienced with the IAASB and the IESBA consulting on, and setting standards in relation to, related issues (e.g. non-compliance with laws and regulations; professional scepticism). On balance, however, we are swayed by the diverse expertise required to set auditing standards and ethical/independence standards for auditors, and therefore we believe it would be preferable to keep auditing and ethical/independence standard setting in separate boards, with enhanced cooperation and coordination of overlapping agenda items.

15. With the exception of independence standards for auditors, we consider that all professional accountants, whether in public practice, in business, in the public sector or engaged elsewhere should be held to the same general ethical requirements. We do not, therefore, support the proposal in the consultation paper of having a board that sets ethical standards for professional accountants in business, separate from the ethical standard setting process for accountants in public practice.

Scope and proportionality of standards

16. We note the comment in the paper that “the focus of this consultation is on those standards that support audit as a public interest activity”. We believe that audit as a public interest activity goes beyond the audit of public interest entities, as defined in legislation in the respective jurisdictions. In Ireland and the UK, for instance, audit is mandatory for companies other than those qualifying for the small companies regime under company law (in both jurisdictions, the size thresholds have been set at the maximum amount permissible under the EU Accounting Directive). In this context, we consider that the proposals for reform represent an opportune time to give careful consideration to distinguishing between the auditing and ethical/independence requirements applying to different types of entities based on their status as PIEs or non-PIEs and their complexity.

17. In addition, the European Union Audit Regulation (Regulation (EU) 537/2014) introduced a wide of range of auditing and independence requirements applying only to the audit of PIEs. It is also worth noting that EU Directive 2014/56/EU also allows EU Member States an option to provide for auditing standards that are proportionate to the scale and complexity of the activities of small entities. Whilst small entities are only one segment of the non-PIE sector, it is indicative of developments in recent years.

18. Standards distinguishing between PIE and non-PIE audit and independence requirements could be achieved either (i) by having separate standard setting processes (e.g. PIE standards being set by the new boards set up under the MG reform proposals and non-PIE standard setting remaining under IFAC) or (ii) by having a single standard setting body which sets standards with provisions applying to all audits, PIE and non-PIE, augmented by provisions applying solely to PIE audits.

19. At the London roundtable in January it was confirmed that the MG’s intention is to establish new structures and arrangements for the setting of standards that would apply to all audits, not just PIE audits. Contributions from participants referred to concerns in relation to the implications of decisions by private entities to obtain a listing
from an audit framework perspective. We share the view that the framework applying pre- and post-listing should be based as much as possible on the same fundamental principles.

20. We appreciate that this is not an issue specifically addressed by the MG’s consultation, and also that in order to make an informed decision in this regard, further proposals would need to be developed and consulted upon. We consider, however, the latter approach, involving a single standard setting process, would have significant merits in terms of avoiding duplication of work and effort and accessing resources and standard setting expertise.

21. The scalability of auditing standards represents a real challenge to standard setters. It would make most sense to us to have a single standard setting process, allowing for the establishment of requirements that generally apply to all audits as a basis. Requirements relating to the audit of more complex private entities and PIE audits would then be added to the basic set of requirements. We have seen this approach taken in recent years with the addition of new auditor reporting requirements pertaining to EU PIE-audits only. This would, in our view, be a preferable approach to setting standards focussed on PIEs and then dis-applying certain requirements for the purposes of the audit of non-PIEs. Therefore, in our opinion, it would be very important for the standard setting boards and processes to be designed to allow for such a ‘bottom up’ approach to be implemented.

**Transition to new structure in stages**

22. We welcome the clarification made by you at the London roundtable that it is not the MG’s intention to implement the new structures and arrangements in stages. This was not clear from the consultation paper. We believe that reform should be delivered in a comprehensive package, and that the timing of such implementation should be carefully coordinated with the on-going standard setting agenda.

23. Staged changes to the governance structure and standard setting process would pose, in our view, a significant risk of disruption to on-going auditing standard setting. There are some considerable challenges being faced by audit firms arising from technological and market developments, challenges which will, in the coming years, also need to be appropriately reflected in the auditing framework. It would be sub-optimal if progress on the development of key standards, or key amendments to standards, were to be disrupted over a longer period of time by a series of staged changes to the governance structure and standard setting processes.

24. Implementation of the changes in stages would pose a further risk of inefficiencies, duplication of costs and effort or other operational issues, negatively impacting on the reformed model, being not as easy to identify or rectify.
Concluding remarks

25. In summary, the Institute supports in broad terms reform of the auditing and ethical standard setting process to enhance the perception of independence and, therefore, the credibility of the process and the resulting standards. We have, however, serious concerns about some of the specific proposals, particularly in the area of reforming the governance structures. We would also strongly encourage very careful consideration of the implications for non-PIE audit standard setting at the same time as these reform proposals.

26. We look forward to engaging again on the more detailed proposals to arise following this consultation in due course. If you would like to discuss these comments or other aspects of the reform proposals with us, please do not hesitate to contact me at mark.kenny@charteredaccountants.ie.

Yours sincerely

Mark Kenny
Director, Representation and Technical Policy
Appendix – Responses to consultation questions

**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?**

As discussed in paragraphs 1 and 4 of the cover letter, we consider that the standards issued by the independent standard setting boards of IFAC are high quality standards, as evidenced by their adoption in so many countries across the globe, and have been developed in the public interest. We noted the effective adoption of the standards by independent national standard setters in Ireland and the UK. However, we accept that there may be a perception issue with regard to the independence of the standard setting process, due to its current reliance on the profession, and therefore welcome the debate arising from the MG consultation.

**Question 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 standard setting in the public interest. Consistent with our comments in paragraphs 2 and 5 to 8 of the cover letter, we consider it to be critical that the development of the public interest framework by the MG/PIOB reflects as widely as possible the views of all stakeholders. In that context, we look forward to the public consultation on the public interest framework in June’s white paper.

As regards the supporting principles, we agree with them subject to the following comments:

- As discussed in paragraphs 2, 7 and 8 of the cover letter, we consider it imperative that the multi-stakeholder approach proposed for the standard setting boards be replicated in oversight, i.e. the PIOB and the MG;

- The credibility and legitimacy of the standards is dependent on the views of all stakeholders being reflected in the decision making processes – hence our comments in the paragraphs 2, 9 and 10 of the cover letter disagreeing with the proposals for simple majority voting and the PIOB veto. Whilst we recognise its importance, it is key that the principle of relevance and timeliness is not prioritised over the credibility and legitimacy of the standards.

**Question 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?**

As discussed in paragraph 6 of the cover letter, we would draw the ‘public interest’ remit of audit wider than the audit of PIEs. It is in this context that we have made our comments on the need for reforms to result in a standard setting process that is fit for purpose for the audit of PIEs and non-PIEs, large private entities and SMEs. We further discuss the need for a greater emphasis to be placed on considerations regarding standards for non-PIE audits in paragraphs 16 to 21.
Question 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.

As discussed in paragraph 14 of the cover letter, on balance we consider that separate boards should set auditing and ethical requirements respectively. We further consider (see paragraph 15) that, aside from independence requirements for auditors, all professional accountants should be subject to the same fundamental ethical principles.

Question 5: Do you agree that responsibility for the development and adoption of educational standards and the IFAC compliance program should remain a responsibility of IFAC? If not why not?

We agree that the responsibility for the development and adoption of education standards should remain with the profession, though we also believe the standard setting process could be streamlined to make it more suitable to the setting of education standards, structured in a manner that is specific to the needs of international accountancy education.

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

As noted in the response to question 4 above, and in paragraph 15 of the cover letter, we do not believe that there should be a separate ethics standard setter for professional accountants in business.

Question 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.

We have no comments over and above those made in response to other questions.

Question 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?

We agree that it is appropriate for the focus of the board to be more strategic in nature. In line with our general comments in paragraphs 5, 6, 7, 11 and 12 of the cover letter, this strategic focus of the boards should be directed towards standards necessary to reflect future developments in the scope and purpose of an audit in meeting its public interest remit.

We have no comments to make in relation to the remuneration of the board members.

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

As discussed in paragraphs 2 and 9 of the cover letter, we consider that it is preferable for decisions on standards to be made by consensus. Where consensus is not achieved, we believe that it is essential, for the credibility and legitimacy of the standards globally, that the voting procedures do not potentially exclude any group of stakeholders involved. Voting by a simple majority will not ensure the necessary inclusivity and we therefore do not agree with this proposal. The basis upon which decisions are made on standards should be published, whether made by consensus or otherwise.
Question 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 support the proposal for a multi-stakeholder board but have not considered the appropriate number of board members and composition in terms of full time and part time members.

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

Forming a multi-stakeholder standard setting board by definition brings differing expertise and perspectives to the board. Those board members representing the auditing profession must of course have the requisite technical expertise to interact effectively with the technical staff and task forces regarding detailed technical points but must also have the knowledge and ability to appreciate the implications of those technical matters in the context of the business and regulatory environment in which the board’s standards will be implemented. Representatives of other stakeholder groups also need to be able to demonstrate a sufficient understanding of the purpose and scope of an audit and the audit process to contribute effectively to the standard setting process.

Geographical diversity of board members will also be valuable given the anticipated global reach of the standards being set.

Question 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?

We have no comments to make at this time in relation to the CAGs.

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

There is very little information provided in the consultation paper as to the membership and operation of the task forces. However, assuming that the consultation on the white paper results in a generally accepted public interest framework, it would naturally be expected that the board will ensure that the work of the task forces adheres to that framework.

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

We would agree with the nominations process proposed as long as the PIOB has appropriate multi-stakeholder representation.
Question 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?

In the cover letter we have emphasised that:

- Multi-stakeholder representation, including relevant audit expertise and practical experience, is essential to effective oversight of auditing standard setting (paragraphs 2, 7 and 8);
- Assuming such multi-stakeholder representation, we agree with the PIOB’s role in the nominations process; and
- Oversight should be exclusively focussed on the robustness of the standard setting process and should not stray into the technical aspects of standard setting. We therefore do not agree that the PIOB role should include the ability to veto the adoption of a standard or to direct the standard setting boards on technical matters (paragraphs 2 and 10).

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

As discussed in paragraphs 2, 7 and 8 of the cover letter, we do not agree with the current proposals for the composition of the PIOB. In supporting a multi-stakeholder approach, we consider it critical that the profession is adequately represented on the PIOB.

Question 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?

Please refer to the cover letter and the response to other questions for comments on the composition of the PIOB. The PIOB should include representatives of the audit profession who possess audit technical knowledge as well as understand the perspectives of non-practitioner stakeholders. Non-practitioner stakeholders should be able to demonstrate a sufficient understanding of the purpose and scope of an audit and the audit process.

Question 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?

Consistent with our comments on a full multi-stakeholder approach, we consider that an open call for nominations should be undertaken.
Question 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 (e.g. issuing educational standards and ethical standards for professional accountants in business) where they set standards in the public interest?

As noted in paragraphs 2 and 15 of the cover letter, and the response to questions 4 and 6 above, we do not believe that there should be a separate standard setter for professional accountants in business.

As per the response above to question 5, we consider that the oversight of the setting of international education standards should be structured in a manner that is specific to the needs of international accountancy education. Any decisions on reforms in this regard should be taken following detailed consultation and outreach with stakeholders.

Question 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?

We look forward to the June white paper which we understand will set out detailed proposals for the future role of the MG.

Question 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?

A more strategic board will need to be supported by an enhanced technical staff. Please note our comments in paragraph 11 of the cover letter with regard to the requisite expertise of both the enhanced technical staff and the task forces.

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

This would appear appropriate in the context of enhancing the perception of independence of the process.

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

We have no comments to make on this question.

Question 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 (e.g. independent approval of the budget by the PIOB, providing the funds to a separate foundation or the PIOB which would distribute the funds)?

We have called in paragraphs 2 and 13 of the cover letter for a broadening of the funding of the reformed standard setting process, in particular to include appropriate contribution from the main consumers of the audit product. Broadening the funding base makes sense in pursuit of the objectives of increasing the perception of independence of the standard setting process. We accept that this would not be without challenge and therefore also call for detailed proposals to be brought forward by the MG earlier than the June white paper.
Question 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 consider that a contractual levy would make any meaningful improvement in the perception of independence vis-à-vis the current funding arrangement and have called in our response for a broadening of the funding model (see paragraphs 2 and 13 of the cover letter).

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

As noted in the paragraphs 2 and 22 to 24 of the cover letter, we welcome the confirmation at the London roundtable meeting that the implementation will not take place in stages. We look forward to the June white paper proposals which we understand will include a detailed transition plan. It is important that disruption to the on-going standard setting agenda is minimised.

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

We have no further comments at this time over and above the comments made in this letter. We look forward to engaging in the next stages of the consultation process.