



7 February 2018

To The Monitoring Group

by E-mail: MG2017consultation@iosco.org

**THE COMMON CONTENT PROJECT RESPONSE TO THE MONITORING GROUP CONSULTATION PAPER: “STRENGTHENING THE GOVERNANCE AND OVERSIGHT OF THE INTERNATIONAL AUDIT-RELATED STANDARD-SETTING BOARDS IN THE PUBLIC INTEREST”**

Dear Sir(s)/Mme(s),

We would like to thank you for the opportunity to provide the Monitoring Group with our comments on the consultation paper “Strengthening the Governance and Oversight of the International Audit-Related Standard-Setting Boards in the Public Interest”.

1. Background

The Common Content Project is a collaboration between fifteen premier accountancy bodies in eleven major EU member states. The Project seeks to work to bring professional qualifications closer together by recognising, considering and developing international education benchmarks relevant to the work of professional accountants and auditors. The Common Content Project has a direct interest in the structure, processes and governance of organisations pronouncing in the area of education benchmarks including the IAESB and the EU, and is a stakeholder in this process.

2. The membership of the Common Content Project is categorised by full and associate members and comprises the following organisations:

<b>Member Body</b>	<b>Home Country</b>
<b>Full Members</b>	
<u>Instituut van de Bedrijfsrevisoren - Institut des Reviseurs d'Enterprises (IBR-IRE)</u>	Belgium
<u>Compagnie Nationale des Commissaires aux Comptes (CNCC)</u>	France
<u>Ordre des Experts-Comptables (OEC)</u>	
<u>Institut der Wirtschaftsprüfer (IDW)</u>	Germany
<u>Wirtschaftsprüferkammer (WPK)</u>	
<u>Chartered Accountants Ireland (CAI)</u>	Ireland
<u>Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili (CNDCEC)</u>	Italy

<u>Institute of Chartered Accountants in England and Wales (ICAEW)</u>	UK
<u>Institute of Chartered Accountants of Scotland (ICAS)</u>	
<u>Koninklijke Nederlandse Beroepsorganisatie van Accountants (NBA)</u>	The Netherlands
<b>Associate Members</b>	
<u>Polska Izba Biegłych Rewidentów (PIBR)</u>	Poland
<u>Camera Auditorilor Financiari din Romania (CAFR)</u>	Romania
<u>Instituto de Censores Jurados de Cuentas de Espana (ICJCE)</u>	Spain
<u>Institut Oesterreichischer Wirtschaftspruefer (iwpr)</u>	Austria
<u>Kammer der Steuerberater und Wirtschaftsprüfer (KSW)</u>	

3. The Common Content Project is relevant for all accountants but particularly for those practising, or aspiring to practise, as a statutory auditor. The aforementioned members of the project are the principal organisations qualifying statutory auditors in the European countries stated and whilst many of the organisations may comment directly to the Monitoring Group on the whole consultation either independently or through other joint representations, the Common Content Project responds to the Monitoring Group specifically in relation to matters surrounding the education of accountants and auditors.

#### 4. Principal Comments

- i. International education benchmarks are very important to the free movement of well-qualified professionals in accountancy and audit. Effective education benchmarks, well-implemented, can improve the efficiency of business both within a country and globally. The current model accentuates the gap between developed and developing Professional Accounting Organisations through a focus on issuing IES rather than on implementation support and guidance.
- ii. The present arrangements of nomination, representation, strategy, development and oversight of the IAESB by the Monitoring Group and its supported governance structures, of the PIOB and CAG arrangement, whilst well-intentioned and consistent with other standard-setting boards, are not effective for education. The definitions of practitioner, non-practitioner and public member, and IFAC nominating process creates a bias against users (Professional Accounting Organisations), which in turn creates a disconnect between the IAESB and standards implementation.
- iii. We support the Monitoring Group severing its governance with the IAESB, and returning all activity to the profession through IFAC.
- iv. We recommend that IFAC applies a new approach to the setting of international education benchmarks which seeks to re-engineer the overly complex current structures which have led to concerns over timelines and process. To this end we question the need for the PIOB or CAG and consider that the interests of the profession and the public can be served by a unitary board with wide representation led by experts from within and outside of the accountancy profession.

5. Responses to Detailed Questions as they relate to International Education Standards or related benchmarks:

**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 composition of the membership of the IAESB is based on the model applied to the IAASB and the IESBA which means there is an over-representation of audit interests largely through the firms and an under-representation of users. This creates a different problem than the one set out by the Monitoring Group in that the IAESB can be perceived to have an agenda overly-dominated by auditing and not representative of the very wide scope of accountancy education generally.

We have not observed issues in relation to public interest with IAESB standard-setting but relevance and timeliness are key concerns.

**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 principles as they apply to education benchmarks but do not consider there is an over-arching principle in the education context. Whilst the principles are not equal there is a case in education benchmarks that relevance, for instance, is just as important as public interest.

We consider that the principle of legitimacy is an essential principle which is important in education.

**Question 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?**

The development and adoption of educational standards is set by an independent standard-setting board not by IFAC. We support the severing of the linkages between the Monitoring Group and the PIOB, and the setting of education benchmarks by the profession. Should responsibility and governance change, then we would encourage IFAC to set up a new board which is specific to the needs of international accountancy education.

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

We do not believe there is a need for PIOB involvement in the nominations process for members of an Education Board.

**Questions 15-19: Role of the PIOB**

Should the PIOB continue we recommend that all links to the IAESB are severed. We can see no benefit to PIOB involvement in education standard setting. PIOB processes create, through the intention of being consistent with other Boards, delay and re-exposure of issues which affect the timelines and relevance of IAESB projects.

The recent involvement of the PIOB in changing the strategy of the IAESB and then not exposing it to the stakeholder group was a prime example of going beyond the remit of the PIOB.

**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?**

The Monitoring Group has not demonstrated sufficient engagement with education standard setting to justify its continued oversight. Unless the Monitoring Group is going to develop an effective mechanism for actively engaging in the area of education, such as by forming its own stakeholder interest group, then IFAC should be asked to assume unfettered responsibility for education standards.

We hope that our comments will be useful in taking the consultation forward, and would be happy to discuss any aspects of this letter.

Yours truly,



Hans van Damme  
Chair, Steering Group



Wolfgang P. Böhm  
Member and Secretary, Steering Group

CONTACT:

Wolfgang P. Böhm  
Director Assurance Standards, International Affairs  
Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)  
Tersteegenstrasse 14  
40474 Duesseldorf, Germany

T +49 (0) 211/4561-236  
F +49 (0) 211/4561-88163  
E [boehm@idw.de](mailto:boehm@idw.de)