

February 8th, 2018

Dear Monitoring Group,

In order to respond the Monitoring Group Consultation to review the international standard-setting model for Audit and Ethics, we send below the responses of the Consejo Elaborador de Normas de Contabilidad y Auditoría (CENCYA) - Federación Argentina de Consejos Profesionales de Ciencias Económicas.

If you have any questions or you need more details, please let us know.

Sincerely,

Dr. Jorge J. Gil  
Director General CENCyA

- 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?
- We agree with the main areas of concern identified. Further, we believe that the Monitoring Group should adopt a definition of "public interest" since it is an expression whose content and scope is not precise. On the other hand, taking the general concept of "public interest" there is clearly a risk that the standards will not be developed with that objective but to satisfy mainly the investors instead the community in general. Regarding the pertinence and timely nature of the rules, the opportunity must yield to other objectives of greater value, such as being effectively the "public interest" which may involve reviewing the composition of some Councils to give participation to a greater number of member bodies of the IFAC to sensitize the authorities about the consideration of the opinions and positions of a greater number of member bodies.
- 2 Do you agree with the overarching and supporting principles as articulated? Are there additional principles which the Monitoring Group should consider and why?
- Yes, we agree with the overarching and supporting principles as articulated. However, we consider that there are other principles that the Monitoring Group should consider, namely: neutrality and absence of bias. Likewise, we consider that a hierarchical scale of principles should be made, in order to help resolve in case of conflict between two or more of them.
- 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 consider appropriate, as we explained in the answer to Question 1, the fact that the concept of "public interest" were clearly defined. Once this is done, each standard, current and future, should be contrasted against that concept to see if it complies this or it does not.

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| <p><b>4</b> 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.</p> | <p>We support the establishment of a single independent Board to develop and adopt audit and assurance standards and ethical standards for auditors.</p>   |
| <p><b>5</b> 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?</p>  | <p>Yes, we agree.</p>  |
| <p><b>6</b> Should IFAC retain responsibility for the development and adoption of ethical standards for professional accountants in business? Please explain your reasoning.</p>   | <p>Yes. IFAC has demonstrated capacity and integrity developing and adopting standards for more than 30 years. On the other hand, the issue by a single body worldwide ensures the homogeneity of the standards.</p>   |
| <p><b>7</b> 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.</p>  | <p>No</p>  |
| <p><b>8</b> 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?</p>   | <p>Afirmative, to both questions.</p>  |
| <p><b>9</b> Do you agree that the board should adopt standards on the basis of a majority?</p>   | <p>The percentage of votes required to approve or modify a standard should be high enough to show the high degree of support and confidence in this standard, and not just be a ratio to allow progress with, or hinder a standard or reform to it.</p> <p>It would be important that while the project is in its consultation stage, IFAC should promote and encourage the member bodies to provide their opinion. Even, it could be established that before setting a standard, the response of a minimum number of member bodies per region is counted.</p> |

- 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?
- All members should be full-time, unless there are budget restrictions.  
The members of the Board should be representative of the different geographical areas in which there are member bodies.
- 11** What skills or attributes should the Monitoring Group require of board members?
- In addition to existing ones, it should be ensured that members are receptive to the opinions of member bodies and users of non-central countries. We mean, they must have the ability to listen to possibly divergent opinions and their motivations and justifications in such a way that those countries and regions feel motivated to participate in the genesis of the standard.  
In addition, it is recommended that the standard issuing board involve a diversity of interested sectors and contemplate a combination of skills, supported by experts from all over the world, both accountants and businessmen, investors, users, audit committees, academics, etc.
- 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 agree to preserve the concept of a CAG, with its current role and focus.
- 13** Do you agree that task forces used to undertake detailed development work should adhere to the public interest framework?
- Yes, we agree.
- 14** Do you agree with the changes proposed to the nomination process?
- The nomination process may be administered exclusively by PIOB under the condition that it is respected:  
a) that the positions be covered by a background contest of the potential members of the Board, and  
b) that the different regions of the world are represented.

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| <p><b>15</b> 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?</p> | <p>We agree with the role and responsibilities of the PIOB as established in this consultation. We believe that the PIOB should have the power to veto the adoption of a standard when it proves that it is against the public interest.</p>  |
| <p><b>16</b> Do you agree with the option to remove IFAC representation from the PIOB?</p>   | <p>Yes, we agree. This would give the PIOB greater independence.</p>  |
| <p><b>17</b> 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?</p>  | <p>The composition of the PIOB should be broad enough to guarantee geographical diversity but fundamentally with knowledge about different topics related to the capital market, auditing, accounting, business strategies, corporate instruments, whose actions are oriented to guarantee the public interest and thus help to ensure investor confidence.</p>                         |
| <p><b>18</b> 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?</p>  | <p>We believe that PIOB members must be appointed through an open nomination from the member organizations of the GM.</p>   |
| <p><b>19</b> 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?</p>     | <p>We believe that PIOB's oversight should be focused both on the independent standard-setting board for auditing and assurance standards and ethical standards for auditors, as well as on other standard-setting boards (for example: issuers of education standards and ethics for professional accountants in business) where standards are established in the public interest.</p> |
| <p><b>20</b> 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</p>   | <p>Yes, we agree.</p>   |

reforms, appointing PIOB members and monitoring its work, promoting high-quality standards and supporting public accountability?

- 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, we agree with the option of supporting the work of the standard-setting board with an expanded professional technical staff.  
This technical staff must be independent of the audit firms and must advise the Board.
- 22** Do you agree the permanent staff should be directly employed by the board?
- Yes, we agree.
- 23** Are there other areas in which the board could make process improvements – if so what are they?
- We do not have any other proposal
- 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, checks and balances can be put in place to mitigate any risk to the independence of the Board
- 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?
- No. We believe that the Board and the PIOB should not be financed by a tax on the profession.  
We believe that the system could be financed based on contributions from users who are the beneficiaries of the existence of standards issued by an independent Board. A body that looks after the interests of users and could contribute to the sustainability of the system is IOSCO.
- 26** In your view, are there any matters that the Monitoring Group should consider in implementation of the reforms? Please describe.
- The Monitoring Group should take into account issues such as the location of the Board, its legal constitutive form, tax aspects, lease agreements, staff employment contracts and supervisory bodies, etc.

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

No additional comments