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**The Institute of Chartered  
Accountants of the Caribbean**

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February 9, 2018

The Monitoring Group  
Madrid  
Spain

Dear Sirs:

**Re: Consultation Paper 8218 - Strengthening the Governance and Oversight of the  
International Audit-Related Standard-Setting Boards in the Public Interest**

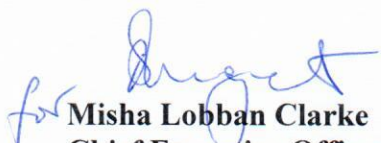
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We refer to your advisory of November 9, 2017, whereby comments were being solicited for Consultation Paper 8218.

Attached is the response from the Institute of Chartered Accountants of the Caribbean which is being submitted for your attention.

Regards.

Yours sincerely,

  
for **Misha Lobban Clarke**  
**Chief Executive Officer**

## INSTITUTE OF CHARTERED ACCOUNTANTS OF THE CARIBBEAN

Response to Monitoring Group consultation paper entitled:

### **STRENGTHENING THE GOVERNANCE AND OVERSIGHT OF THE INTERNATIONAL AUDIT-RELATED STANDARD-SETTING BOARDS IN THE PUBLIC INTEREST**

In drafting this response we have reviewed the IFAC's Preliminary Views as at November 17, 2017 as well as the draft submissions of institutes within the region. Our collective responses have also been developed in consideration of the above.

<b>QUESTION</b>		<b>Response</b>
<b>1</b>	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 support regular consideration of potential reform of the global standard setting model to enhance the current process and address areas of concern however we believe more information is required on the origin, nature and extent of concerns which are to be addressed
<b>2</b>	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 but note that the public interest framework has not yet been defined We broadly agree with the supporting principles.
<b>3</b>	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 believe the public interest framework which is to be developed is fundamental to how the reform is approached and should therefore be addressed as a priority.
<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.	We do not support the combined approach to assurance and ethical standard setting. Retention of two separate boards recognizes separation of audit and ethics as separate specialisms to avoid competing priorities.
<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?	Yes we agree that this should remain the responsibility of IFAC as the current programme is fit for purpose.
<b>6</b>	Should IFAC retain responsibility for the development and adoption of ethical	We believe that IFAC should retain responsibility.

QUESTION	Response
<p>standards for professional accountants in business? Please explain your reasoning.</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>We are not in a position to comment at this time.</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>Yes, we believe the board should operate at a higher level of more strategic decision making and that members of the Board should be remunerated but this will be dependent on the issues of staffing and funding.</p>
<p><b>9</b> Do you agree that the board should adopt standards on the basis of a majority?</p>	<p>We believe that a super majority would be more appropriate than a system of a simple majority.</p>
<p><b>10</b> 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?</p>	<p>We are not opposed to consideration of reducing the size of the Board and consideration of full time and part time members but have not seen evidence that there is a problem with the current size of the Board.</p> <p>We believe priority should be placed on ensuring a mix of users, regulators and auditors is appropriately represented.</p>
<p><b>11</b> What skills or attributes should the Monitoring Group require of board members?</p>	<p>We believe Board members should be highly qualified, respected and representative of various stakeholder groups.</p>
<p><b>12</b> 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?</p>	<p>We support retaining the concept of a CAG.</p>

QUESTION		Response
13	Do you agree that task forces used to undertake detailed development work should adhere to the public interest framework?	We are unable to comment in the absence of the public interest framework.
14	Do you agree with the changes proposed to the nomination process?	We are not in favour of the nomination process being transferred to the PIOB as we believe the PIOB already serves a critical role which might be conflicted.
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?	We believe the PIOB would be assigned too many roles if pursued as defined under this consultation.
16	Do you agree with the option to remove IFAC representation from the PIOB?	We believe auditors / practitioners should be represented on the PIOB, which is currently achieved through IFAC representation.
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?	We believe multi stakeholder representation would ensure confidence.
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?	We support an open nomination process in which any stakeholder is able to nominate individuals for consideration.
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	We believe it is important to ensure collaboration to avoid inconsistencies in rules for auditors and preparers of financial statements for example.

QUESTION	Response
<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 reforms, appointing PIOB members and monitoring its work, promoting high-quality standards and supporting public accountability?</p>	<p>We believe consideration of the roles and responsibilities of the MG should form part of the overall reform project.</p>
<p><b>21</b> 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?</p>	<p>We believe changing the staffing model should form part of the overall reform project.</p>
<p><b>22</b> Do you agree the permanent staff should be directly employed by the board?</p>	<p>We agree that accountability could be improved if staff were employed by the Board.</p>
<p><b>23</b> Are there other areas in which the board could make process improvements – if so what are they?</p>	<p>No comment at this time.</p>
<p><b>24</b> 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)?</p>	<p>We believe a solution to broaden funding is critical to the overall reform project.</p>
<p><b>25</b> 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</p>	<p>We believe majority or total funding by practitioners will not address the issue of the perception of undue influence of practitioners.</p>

<b>QUESTION</b>		<b>Response</b>
	those opt for in the paper, and if so what are they?	
<b>26</b>	In your view, are there any matters that the Monitoring Group should consider in implementation of the reforms? Please describe.	No further comments at this time.
<b>27</b>	Do you have any further comments or suggestions to make that the Monitoring Group should consider?	No further comments at this time.