



IFAC Nominating Committee Oversight Plan 2017

1. 2016 Experience

The PIOB directly observed the four NC meetings and the two teleconferences held in 2016. One teleconference was added during the year.

Overall, in 2016 PIOB observers did not raise concerns with the nominating process. There were a good number of nominations, high-quality candidates, and an exponential increase of self-nominations. The experience in 2016 with the nominating process was satisfactory.

However, some structural issues have become clearer. Following repeated requests over the last two years, the PIOB, after its June meeting, informed the Nom Com Chair that the 2018 Call for Nominations (CFN) should include a revised definition of Public Members which does not overlap with that of Non-Practitioners. The revised definition should make clear that Public Members should be independent from the accounting profession. The Board will welcome a sufficient stipend framework in case of appointments of self-nominees or others.

Analysis has shown that appointments to the IAASB and IESBA are associated to nominations from category A IFAC member bodies, and unbalances in terms of representation.

Casual vacancies should be limited to address unexpected permanent departures of members to serve the needs of the regular functioning of the board and ensure equal treatment of all candidates and members. The PIOB recommended IFAC Leadership to review the IFAC Bylaws, to clarify instances and timing within which casual vacancies should be filled. Moreover, it requested consistencies in the role of the PIOB when being notified or requested to approve casual vacancies. With that objective, it suggested to review IFAC Bylaws to assign the PIOB the authority to approve casual vacancies, consistently with the appointment of SSBs, CAP and non-ex-officio members of NC.

It was noted that in the 2018 CFN no vacancy was open for the IESBA and IAESB Chair positions, though they will be ending their first term in 2017 and are both eligible for reappointment. This is not consistent with the policy regarding other members of the SSBs. The re-appointment depends on the assessment of the individuals and cannot be taken for granted. The PIOB observer requested to make a reference to the annual assessment also for the Chair positions, to eliminate any ambiguity.

Finally, the PIOB observer noted that the “previous experience and knowledge” requirement, mentioned in the CFN for open positions, is not suitable to non-practitioner or public member candidates, as they cannot be expected to have the same in-depth knowledge of the SSBs activities as Practitioners do. Therefore, an alternative formulation should be considered such as “useful experience and knowledge”.

PIOB’s suggestions on the 2018 CFN described above were not embedded by IFAC when publishing the CFN.



During the year, the PIOB offered recommendations on the Call for Applications for the IAASB Chair position, particularly in strengthening his/her independence from the profession. Those recommendations were properly addressed and the Call for Applications was amended.

2. Expected NC Activity for 2017

The PIOB will continue reviewing the CFN and observing the full nominations cycle. The NC will follow the process summarized in **Appendix II**, to fill the vacancies at SSBs, NC and CAP. Final nominations, once approved by the IFAC Board, will be submitted for PIOB approval, usually in September.

The public interest issues mentioned in the previous paragraph will need to be closely followed up and the PIOB expects that they will be closed in the year (i.e. PM definition).

The other public interest issue, discussed in the last years and still not solved, is the independence of the nominating Committee, in particular of the NC Chair (IFAC President). Having a Chair, independent from IFAC would help addressing the independence issues raised by the PIOB and by the MG.

Another aspect the PIOB will pay attention to is the geographical representation across the SSBs and the categories of nominating organizations behind the candidates (i.e. IFAC member bodies vs. others and/or self-nominations), especially for the category of PMs.

In line with the 2017-2019 PIOB strategy plans, oversight on the NC in 2017 will be strengthened by focusing more on the first phase of the selection process. This phase refers to the shortlisting of candidates once all cv's are received. Greater scrutiny will be paid to the screening of the cv's and to the rationale for determining the short list of candidates. This approach should help understanding why, for example, self-nominations, though increasing in number during the years, rarely reach the interview stage and the final appointments.

Under the Oversight Plan approved for the year, PIOB members observing NC meeting may be provided with Briefing Memos (BMs) prepared by the Staff whenever the topics discussed may require it. The BMs would include relevant insight on the specific NC meeting and any issue that would require the observer's attention or follow up.

3. Oversight Assurance Team in 2017

	Team members
Nom Com	Jane Diplock, Eddy Wymeersch

4. Oversight Assurance Model for 2017

Given the importance of nominations to the SSBs, the outstanding topics such as the definitions of public members and non-practitioners, and the suggestions for reform leading to a more independent



Nom Com, we have concluded that an Oversight **Model 1 (High Intensity)** will be applied in 2017 and 100% of the meetings will be observed.

Appendix I details the 4 different Oversight Assurance Models that the PIOB applies.

5. Oversight Activities for 2017

6.1. Direct Observations of Meetings

The PIOB will observe the following four meetings in 2017, which will be held in New York:

April 3-4
May 10-11
July 6-7
September 1

In case the agenda of the Nom Com meeting focuses on topics which are not within the remit of the PIOB, a remote observation (i.e. by teleconference) may be considered, as an alternative to the direct observation, for the agenda items which fall under the PIOB's mandate.

Two teleconferences are scheduled: on February 22nd and on October 19th.

PIOB members observing the NC would pay attention to the structure of Nom Com, the possible implementation of reforms to enhance its independence from IFAC, the breadth of nominations and nominating organizations, the selection process of candidates to be interviewed, the conduct of interviews and the decision process adopted by the NC for every candidate.

The PIOB Bluebook provides detailed guidance on observations.

6.2. Remote Observations

A PIOB Board Member or the Secretary General will join the teleconferences scheduled during the year.

Throughout the year, the team members, supported by PIOB staff, will confirm whether the OAM planned for 2017 remains relevant. Should the PIOB determine that a change of OAM would be required, the reasons supporting the change will be recorded as part of this plan.

APPENDIX I - OVERSIGHT ASSURANCE MODELS



Model	Intensity of PIOB Oversight	When	PIOB Observations
1	High	Higher risk to public interest protection	100% observations
2	Medium	Medium risk to public interest protection	Medium level of observations
3	Low	Low risk in public interest protection	Minimal or no observations

Appendix II - PIOB oversight of nominations

Month	Phase	PIOB oversight activity
October	The Call for Nominations (CFN) for next year is drafted to be finalized	The PIOB reviews the draft CFN. Recommendations can be made but no PIOB approval is required



Month	Phase	PIOB oversight activity
October	<u>Nominating Committee teleconference</u> The CFN is discussed before publication	The PIOB observer raises any concerns or recommendations on the CFN
End of October and Mid-November	IFAC publishes the CFNs (SSBs, CAP and NC)	None
Until end of January or mid-February	Curricula from candidates and nominations are received	None
April	<u>Nominating Committee meeting</u> Discuss outcomes of the Volunteer Performance Program, approve re-appointments of current members, determine need for outreach, discuss CVs and select candidates for in-person interviews	PIOB direct observation
May	<u>Nominating Committee meeting</u> Discuss CVs, select short-listed candidates for phone interviews, conduct interviews for leadership positions	PIOB direct observation
May-June	Interviews carried out by Nominating Committee members (along with the relevant SSB Chairs)	None
June-July	<u>Nominating Committee meeting</u> Conduct in person interviews, discuss outcomes of phone interviews, finalize recommendations for submission to the PIOB, IFAC Board and Council	PIOB direct observation
September	<u>Nominating Committee meeting</u> Consider any outstanding vacancies, review outcome of the nominations process, address issues that have been identified during the year and discuss composition targets for the following year. IFAC Board approval	PIOB direct observation
September or December	PIOB approval	PIOB deliberation and decision