



November 22, 2016

Mr. Eddy Wymeersch  
Chairman  
Public Interest Oversight Board  
Calle Oquendo, 12  
28006 – Madrid  
Spain

**Via Email: [eddy.wymeersch@gmail.com](mailto:eddy.wymeersch@gmail.com) and [gramos@ipiob.org](mailto:gramos@ipiob.org)**

**Re: *2017-2019 PIOB Strategy Public Consultation Paper***

Dear Mr. Wymeersch,

The American Institute of Certified Public Accountants (AICPA) is pleased to submit this comment letter to the Public Interest Oversight Board (PIOB) regarding the *2017-2019 PIOB Strategy Public Consultation Paper*. The AICPA is the world's largest member association representing the accounting profession, with more than 418,000 members in 143 countries and a 129-year heritage of serving the public interest. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting; membership is also available to accounting students and CPA candidates.

**General Comments**

The PIOB's role is to oversee the Standard Setting Boards to ensure that due process is followed and the public interest represented.

We support the PIOB's objective of using collaboration to produce high quality global standards that are responsive to the public interest. Collaboration, when done well, maintains the appropriate balance of oversight and autonomy, and we highly value processes that promote independent oversight. We also believe that evaluating current processes and looking to improve upon them is important as it relates to serving the public interest.

As a means of acknowledging the strength and positive outcomes of the current model, it is our view that the current processes for standard-setting lead to the development of high-quality, well-respected standards. We also find that current nomination process provides opportunity for all interested stakeholders to participate. Rather than making large-scale changes to existing processes, we advocate for more incremental improvements that build upon what is currently being implemented.

Please see our comments on the proposed strategy described below under the "Responses to Request for Specific Comment."

## **Responses to Request for Specific Comments**

### ***Identification of Threats to the Public Interest***

**1. Do you think the process currently in place to identify risks to the public interest is appropriate? Can you suggest any improvements?**

We find that the current standard setting process, which has been refined over a period of many years, leads to the development of high-quality, well-respected standards. The Standard Setting Boards' (SSB) standards receive wide-spread adoption around the globe, which is a testament to the confidence shown by stakeholders in the SSB process. However, seeking to improve displays a forward-thinking perspective, and as such we advocate improving the current process by building upon what is currently in place.

**2. In addition to investors and regulators, are there any other stakeholders that you think merit further representation in the standard setting process?**

The current process incorporates input from the CAG, the membership of which is open to a diverse variety of stakeholders. This process works well provided the CAGs are coordinating appropriately with the SSBs; which we believe is the current situation. Duplicating this input by also including these stakeholders on the SSB will not further diversify the process.

Additionally, the SSBs generally seek input from stakeholders as part of their outreach activities. Between the SSB and CAG membership and outreach, all interested stakeholders (including public accounting firms, asset managers, financial analysts, chief financial officers, professionals from academia, the government, the public sector, international agencies, development banks, organizations related to the accounting profession, professional accountants in business, and individuals who are not professional accountants) are able to participate. Therefore, we find it is unnecessary to alter the process. It should be noted that a significant percentage of clients of professional accountants in public practice (PAPPs) are not listed entities or public interest entities (PIEs). In light of this, additional representation from the investor and regulatory communities may not be necessary, as they may not understand the needs of these entities.

As the current nominations process is open to all stakeholders and allows for self-nominations, any and all interested stakeholders are able to participate. Effort should instead be focused on ensuring that the nominations process is widely promoted so that qualified individuals are encouraged to come forward.

**3. Do you see any benefit in the introduction of a public member Chair of the Nominating Committee for the selection of SSB members and Chairs? Do you see any benefit in an entirely separate Nominating Committee constituted by public members for this purpose?**

The existing Nominating Committee is overseen by the PIOB and all selections of non-ex-officio members are subject to PIOB approval. Therefore, we find it would be unnecessary to introduce a public member Chair of the Nominating Committee or to have an entirely separate Nominating Committee constituted by public members for the selection of SSB members and Chairs. That being said, any improvements made to the nominations process should reinforce that the best individual for the role is selected, the objectivity of the process is maintained, and the accountancy profession continues to play a significant role in the nominations process.

**4. Do you believe Public Members bring perspectives on the public interest different from those of the accounting profession?**

The perspectives of Public Members is one of the reasons that the PIOB and CAG processes are so important. The current broad representation of the SSBs and CAGs allows for a wide-ranging discussion of public interest considerations. We believe that the process as it currently exists allows ample opportunities for diverse perspectives to be brought forward through its requests for comments and input.

Further, we believe that representation, and input, from the accounting profession is critical to the development of high-quality, internationally-respected, practical, and widely-adopted standards. It is also important to receive feedback from the public regarding the agenda of the SSBs, including public exposure to the standards.

**5. Do you think that Public Members should receive modest remuneration for their contribution to standard setting in the absence of a sponsoring organization? If so, who should pay?**

In general, providing remuneration to board members can be helpful in attracting qualified individuals.

As part of the current process, self-nominees, and nominees from stakeholders with limited resources, are eligible to have their travel expenses reimbursed. This allows all interested parties to step forward and participate in the SSB/CAG process. Therefore, providing additional remuneration to Public Members may not be necessary. However, we would not object to providing modest remuneration for Public Members under a balanced and fairly administered process.

***Strengthen PIOB Oversight***

**6. Did you come across cases where auditing, ethics and education standards did not adequately respond to your public interest concerns?**

We have not come across any cases where auditing, ethics and education standards did not adequately respond to public interest concerns. We believe that the current process is robust and comprehensive. This is evidenced by the high-quality standards that are produced by the SSBs and the wide-spread adoption of those standards.

**7. Technical work on a standard under development is in the first instance undertaken by working groups or task forces. Do you see any benefit in the PIOB being involved at an earlier stage by overseeing working groups and or task forces?**

Working groups and task forces (WGs & TFs) provide a positive contribution as they enhance the standard-setting process, facilitate the development of standards, and report frequently to the SSBs and / or CAGs. We believe that the technical work performed by the WGs & TFs should continue to be done by those groups.

The PIOB's role is to oversee the SSBs to ensure that due process is followed and the public interest represented.

We do not believe that the PIOB needs to be involved in the WGs & TFs as the PIOB has sufficient opportunity to review the work of the WGs & TFs when it is presented to the SSBs and / or CAGs.

**8. Where do you see gaps in the PIOB's oversight?**

We commend the PIOB on its representation of the public interest and believe that it is a critical player in the development of robust high-quality standards. We believe that the PIOB's thorough approach ensures that due process is followed and provides all stakeholders with confidence in the standards developed by the SSBs.

**9. Do you think the length of time taken in standard development should be shortened in the public interest? If so, how can the need for public consultation and respect for due process be balanced?**

In order to deliver high-quality standards surrounding complex and complicated issues, adequate time to develop those standards must be provided. Shortening the time taken to develop standards may have unintended consequences to the quality of the standards. The current process allows ample opportunities for all stakeholders to provide input, and shortening the timeline could threaten the public interest, as it could create the perception that some stakeholders' views are not being adequately sought or considered.

***Supporting Accounting Education***

**10. What topics would you consider – from a public interest perspective - essential additions to the present education curricula?**

The members of the International Accounting Education Standards Board (IAESB) are appointed to the board because of their unique expertise and skill set. Their vast experience and diverse background ensures that all matters of broader relevance to quality of education are considered by the board.

The members of the PIOB also bring a relevant, but different, set of skills and expertise to the setting of accounting education standards. Their strength lies in ensuring that the SSB follows due process throughout the development of its standards. By suggesting that it should have a different involvement, the PIOB risks being viewed as a participant, rather than as the provider of oversight.

**11. Can you suggest how the PIOB might enhance its understanding of the public interest issues relevant to international accounting education standard-setting, and to accounting education practices and processes?**

The IAESB has produced a robust, high-quality set of standards that are being adopted in many parts of the world. We believe that the IAESB has done its job well and has not omitted any essential elements from the present education curricula.

To enhance its understanding of the public interest issues relevant to international accounting education standard-setting and accounting education practices and processes, we believe that PIOB members should continue to observe IAESB meetings. We also suggest that the IAESB could work collaboratively with other SSBs on issues surrounding common themes, as a means to enhance its understanding of relevant public interest issues.

### *Adoption and Implementation*

#### **12. In your opinion, what else could the PIOB do to encourage adoption and implementation of international standards (ISAs, the Code of Ethics, and the IESs)?**

The IFAC Member Compliance Program serves the public interest by promoting the adoption and supporting the implementation of international standards on private and public sector accounting, auditing, ethics, and education, as well as the establishment of related quality assurance and enforcement mechanisms. It does this through the Statements of Membership Obligations (SMOs), which serve as a framework for credible and high-quality professional accountancy organizations (PAOs) focused on serving the public interest. The Program works with PAOs around the world at various stages of development to continuously improve their respective organizations, including adoption and implementation of international standards and best practices. The Program provides the opportunity to report progress, challenges, and insights taken in support of the SMOs, including resource, governance, or other organizational structure enhancements. In doing so, the Program helps IFAC Members and Associates demonstrate that they are meeting IFAC requirements and continuing to strengthen the global accountancy profession. The Program, which is the responsibility of the IFAC Quality & Membership staff, operates in accordance with agreed upon due process and working procedures, and is overseen by the Compliance Advisory Panel (CAP). We believe that the PIOB's oversight of the CAP's oversight is appropriate as designed and any modifications are unnecessary and possibly redundant.

We affirm that IFAC is critically important to the adoption and implementation of international standards. The standards are widely adopted around the world, which is a testament to the excellent work of IFAC and the quality of the standards. We believe IFAC should continue to encourage adoption and implementation of the standards, and that the PIOB should similarly continue its work of ensuring that the SSBs follow due process throughout the development of their standards.

### *Transparency and Communication*

#### **13. Do you find the PIOB Quarterly Updates useful?**

We believe that the PIOB must be transparent and communicate all its activities in a timely manner in order to protect the public interest, and we find that the PIOB uses a number of communication tools and channels to successfully communicate relevant information.

#### **14. Is there anything the PIOB could do to improve the understanding of its role as a defender of the public interest?**

The members of the SSBs and CAGs have been selected based upon their experience, education and training. These highly respected individuals are experts in their fields. The SSBs and CAGs, therefore, are well placed to solicit input from stakeholders and, if needed, act as conveners. Similarly, the SSBs are best suited to initiate and moderate any relevant forums.

We suggest that the PIOB can play an additional role in promoting collaboration between the different SSBs on common themes, one example being professional skepticism. This will allow for a more cohesive approach as a means to best serve the public interest.

*PIOB Vision 2019 and Beyond*

**15. What would you think should be the role of the PIOB in the longer run given the set of reforms currently contemplated?**

We believe it may be somewhat premature to consider changing the PIOB's role, as our understanding is that the reforms currently being discussed by the Monitoring Group and IFAC have yet to be finalized. That being said, we trust that the PIOB will continue to protect the public interest by ensuring that due process is followed in the development of the SSBs' standards.

We appreciate this opportunity to comment. We would be pleased to discuss in further detail our comments and any other matters with respect to the PIOB's Strategy.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry C. Melancon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Barry C. Melancon, CPA, CGMA  
President and CEO  
American Institute of CPAs