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Stellungnahme im Rahmen der Konsultation 2017-2019 PIOB Strategy

Die WPK hat mit Schreiben vom 25. November 2016 gegenüber dem Public Interest Oversight Board (PIOB) zu dessen Konsultationspapier 2017-2019 PIOB Strategy wie nachfolgend wiedergegeben Stellung genommen.

We are pleased to take this opportunity to comment on the 2017 – 2019 PIOB Strategy – Public Consultation Paper (hereinafter referred to as ‘Consultation Paper’). We would like to address general comments to the Consultation Paper and reply only to some selected questions which are of particular interest to us.

The Wirtschaftsprüferkammer (WPK, German Chamber of Public Auditors) is a corporation under public law, located in Berlin. Membership is mandatory for all auditors and audit firms in Germany. The WPK is competent for its more than 21,000 members throughout Germany especially in the areas of licensing, registration, disciplinary oversight, conduct of quality assurance procedures and professional rules in the form of the professional charter. WPK and the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) are founding Members of IFAC and have ever since supported the work of the Standard Setting Boards (SSBs) as well as the structural reforms that took place over the last decades. WPK is also committed to promote the adoption of the Standards issued by the SSBs as far as possible under German Law.

We recognise the great work of the PIOB in providing independent oversight throughout the entire process of standard setting by the independent Standard Setting Boards, hosted by IFAC, namely the IAASB, IESBA and IAESB, thereby helping to ensure that the standard development is responsive to stakeholder needs.

Nevertheless we generally question whether the issuance of this Consultation Paper is covered by PIOB's mandate. In this context we would like to share the following views:

- In coordination with the Monitoring Group there have been – for many years – elaborated and well-balanced structures and processes with regard to the standard setting in place, which are reviewed at regular intervals. The last review took place in 2012 and corresponding implementations were made in 2013. Overall we think that the current arrangements for the standard setting process are appropriate.

It is not evident why the PIOB wants to publicly discuss possible amendments to the existing structures and processes outside the agreed review cycle with possibly far-reaching proposals for change. This may harm the confidence in the excellent work of the SSBs and the undisputed high quality of the standards.

With this background, we consider Question 6 - *'Did you come across cases where auditing, ethics and education standards did not adequately respond to your public interest concerns?'* to be particularly problematic. We understand that the current public interest task of the PIOB is to ensure that the standard setting follows a due process, and not to influence the standards as such. As worded, however, the question seems to suggest that the PIOB seeks to have more influence on the contents of auditing, ethics and education standards. We would object to any development in that direction. From a German perspective the public interest is best served by the legislative procedures in place; this applies in particular to the scope and nature of statutory audits. We believe that in this respect professional standards should be set within those legal boundaries, and in particular avoid conflicts with such legislation. This said, we urge the PIOB to stick to its given mandate and to refrain from influencing the standard setting as such.

- Furthermore, regarding Question 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?'* we would like to express our discomfort that PIOB is publicly debating a remuneration for individual members of SSBs (Public Members), while other members are expected to be volunteers or paid by stakeholders. In the interest of a broad representation of stakeholders in the SSBs, only public members that represent a sponsoring

organization and are financially supported by this organization should be admitted to the SSBs. Stakeholder organizations that are unwilling to bear the cost of sponsoring a member, should be limited from exerting 'political' influence in the boards.

We believe that the absence of remuneration has no impact on the ability of the SSBs to attract high-quality members. Instead, paying some but not other SSB members may have a negative impact on the work of and the cooperation within the SSBs.

- Finally, we would like to express our concern that PIOB is communicating confidential information from ongoing discussions and consultations with IFAC and the Monitoring Group into the public. This could seriously damage a trustworthy cooperation between the named organizations.
