

**The International Accounting Standards Committee Foundation (IASC). Review of the Constitution-Public Accountability and the Composition of the IASB: Proposals for change**  
**16 Sep 2008/Hannu Schadewitz**

**Questions related to the Monitoring Group**

**Q1** Do you support the creation of a link to a Monitoring Group in order to create a direct link of public accountability to official institutions?

=> It creates a needed link and is therefore supported. Furthermore, as pointed out in the proposal, it makes the linkage more systematic and transparent.

**Q2** The proposals contemplate a Monitoring Group comprising representatives of seven public authorities and international organisations with a link to public authorities. While recognising that the Monitoring Group is an autonomous body, the Trustees would welcome comments regarding the Monitoring Group's membership and whether other organisations accountable to public authorities and with an interest in the functioning of capital and other financial markets should be considered for membership.

=> The composition has wide coverage regarding financial markets and institutions. But there is a shortage auditing representative/s. Probable it would good to explicitly state, taking into account a variety of duties, that also other specialists could be heard when informed decision making requires it.

**Q3** The Trustees will remain the body primarily responsible for the governance of the organisation and the oversight of the IASB. Their responsibility to a Monitoring Group will enable regulatory and other authorities responsible for the adoption of IFRSs to review the Trustees' fulfilment of their constitutional duties. Does the formulation of the Monitoring Group's mandate and the Trustees' reporting responsibilities, as described in the proposed Section 19, appropriately provide that link, while maintaining the operational independence of the IASC Foundation and the IASB?

=> This issue, in the form it is stated now, is somewhat fuzzy. Regarding responsibilities in Section 19. (a) is there a conflict of interest by participating in the appointing process and also approve the appointment of Trustees? (b) there should be a list of the themes/topics that an annual written report should cover. (c) it is good that there is characterization about the potential themes in those meetings.

**Q4** Given the proposed creation of a Monitoring Group, would there be a continued need for the Trustee Appointments Advisory Group in the selection of Trustees? If so, what should be the role and composition of the Trustees Appointments Advisory Group?

=> Appointments Advisory Group might well be unnecessary construction in the future. However, when needed, Monitoring Group should have possibility to create an organ, say nomination committee for screening potential candidates and prepare first round proposal for the selection.

### **Questions related to the IASB's composition**

**Q5** Do you support the principle behind expanding the IASB's membership to 16 members in order to ensure its diversity, its ability to consult, liaise and communicate properly across the world, and its legitimacy?

=> I basically support. However, the decision processes should be highly efficiently organized.

**Q6** Do you agree with the geographical formulation suggested by the Trustees?

=> Basically it is ok. However, I am not sure what is the content/meaning of "... subject to maintaining overall geographical balance."? How geographical balance is defined?

**Q7** The Trustees are suggesting that the Constitution should provide flexibility on the matter of part-time membership. Do you support that proposal?

=> Part-time membership is ok when the rules are absolutely clear. Independence is crucial issue here. If highly caliber candidates are not otherwise attracted then part-time solution would be fine, if the candidates perform their duties.

Sincerely,

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