



September 19, 2008

Cliff# 181887

E-mail: constitutionreview@iasb.org

Tamara Oyre
Assistant Corporate Secretary
IASC Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Ms. Oyre:

RE: Review of the IASC Foundation Constitution

Thank you for the opportunity to comment on the International Accounting Standards Committee (IASC) Foundation's discussion document on the proposals of the Trustees of the IASC Foundation to amend the constitution.

As a jurisdiction that will report some of its entities under IFRS beginning in 2011, and that may be affected by a convergence of public sector standards with IFRS, we are impacted by the activities of the IASC. We are concerned about the proposed changes, and urge the IASC to consider the needs of the many existing and potential stakeholders in the accounting standard setting environment that do not meet the current IASB definition of "public accountability." We note that there have been significant concerns already raised about the proposed changes from investor, regional and regulatory bodies.

To remove control of the IASC from the Trustees and give this control to a Monitoring Group may increase the accountability of the Trustees, but as proposed it would not be a transparent relationship nor would it be representative of the interests of all stakeholders. We suggest that a better governance model would be one that gives control over the IASC and its activities to the stakeholders, while utilizing the "monitoring group" function in an audit or advisory capacity. Stakeholders include: the accounting profession, publicly traded companies, lenders, small and medium sized entities, emerging economies, investor groups, international governance and financial organizations, and governments.

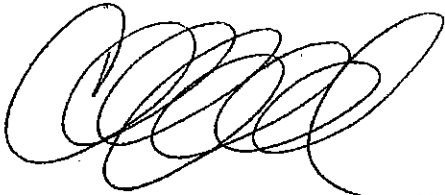
Global accounting standards of all kinds should be conceptually consistent, subject to the usual qualitative characteristics, and should be generally accepted. We note that there are existing global organizations, such as the International Federation of Accountants, that are well positioned to work with the IASC on standard setting issues and/or that have governance structures that represent their stakeholder groups. We suggest that the IASC seek partnerships and build synergies with these organizations, for effective governance over the standard setting process.

Finally, the relationship between the governance of the IASC and its permanent sources of funding must be made clear. Funding of the IASC must not be linked to an accountability structure that favours or could favour one set of interests over another.

My responses to the specific questions are included in the attached document.

If you have any questions concerning this submission please contact me at (250) 387-6692 or by e-mail: Cheryl.WenezenkiYolland@gov.bc.ca, or Carl Fischer, Executive Director, Financial Reporting and Advisory Services Branch, at (250) 356-9272 or by e-mail: Carl.Fischer@gov.bc.ca.

Sincerely,



Cheryl Wenezenki-Yolland, CMA, FCMA
Comptroller General
Province of British Columbia, Canada

Attachment

pc: Carl Fischer, Executive Director
Financial Reporting and Advisory Services
Office of the Comptroller General

Chris Trumpy
Deputy Minister
Ministry of Finance

Questions related to the Monitoring Group

1. *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?*

We do not support the creation of a Monitoring Group as proposed.

2. *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 constitution of the IASC Foundation includes the following objectives (**bold emphasis added**):

- 2 (a) to develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets **and other users make economic decisions;**
- 2 (c) in fulfilling the objectives associated with (a) and (b), to take account of, as appropriate, **the special needs of small and medium-sized entities and emerging economies;**

We believe that the IASC should be accountable to all its stakeholders. Governance of the IASC should be on a broad basis with all interests represented. As proposed, the Monitoring Group would not represent all stakeholders nor would it be accountable to the public.

3. *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?*

The Monitoring Group as proposed would have control over the organization, which would remove the operational independence of the Foundation and the IASB.

4. *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?*

We believe there is still a role for the Trustees Appointments Advisory Group, to assist whoever is responsible with finding suitable Trustees. The group should be composed of representatives of all stakeholders.

The Trustees would welcome any additional comments related to the Monitoring Group proposal.

Any public oversight group should be transparent. We suggest that the phrase, "which annual written report shall be made public," should be added to the last sentence of new paragraph 19(b) of the constitution. If the phrase were added the sentence would read:

The Trustees shall make an annual written report to the Monitoring Group, [which annual written report shall be made public].

In addition, to ensure public accountability any proposed monitoring group should report its activities and findings to the public.

Questions related to the IASB's composition

5. *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?*

We support the principle of broadly-based representation behind expanding the IASB's membership to 16 members.

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

We note that selection by region does not allow for the full spectrum of political, social and cultural practices to be represented. We suggest that selection by country would be more appropriate, and that the IASC may have to consider increasing the number of representatives if it wants to achieve global acceptance of its standards.

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

We support the Trustees in suggesting that the Constitution should provide flexibility on the matter of part-time membership. We suggest however that the word "most" be removed and replaced with "an agreed amount" in the following sentence from paragraph 24 of the exposure draft:

Up to three members may be part-time members (the expression 'part-time' meaning that the members concerned commit ~~most~~ [an agreed amount] of their time in paid employment to the IASC Foundation) and shall meet appropriate guidelines of independence, established by the Trustees. We believe this proposed change will provide the Trustees with more flexibility in finding talented part-time members.

The Trustees would welcome additional comments on the proposals.

There is more than enough time to consider alternative governance structures for the IASC Foundation, and we recommend that the IASC expose a variety of these alternatives to the global governance and accounting community for debate.