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The Monitoring Group
C/O International Organization of Securities Commissions
Oquendo 12,
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Via email: MG2017consultation@iosco.org

Feb. 8, 2018

Dear Sir or Madam,

The Institute of Internal Auditors (IIA) is pleased to share feedback on the Monitoring Group consultation on Strengthening the Governance and Oversight of the International Audit-Related Standard-Setting Boards in the Public Interest. The IIA has aided sound governance and risk management efforts in public- and private-sector organizations for more than 75 years. Our more than 190,000 members are part of a global voice that encourages strong internal controls and an enterprise-wide approach to risk management.

The Monitoring Group consultation raises important questions regarding the current process for ensuring that standards are set in the public interest. It further outlines key elements that define the process, including independence, credibility, cost effectiveness, relevance, transparency and accountability. All of these elements resonate with the internal audit profession. As the internal auditing profession's most widely recognized advocate, educator, and provider of standards, guidance, and certifications, The IIA supports strong due diligence and proper oversight of its own and all professional standard-setting processes.

Research conducted by an appointed Working Group involved stakeholder engagement through interviews with current and former standard setters, with the Public Interest Oversight Board (PIOB), the International Federation of Accountants (IFAC) and others. This research drives the Monitoring Group's key concerns that:

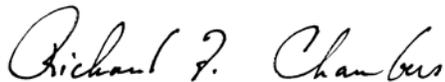
- Stakeholder confidence in standards is adversely affected by a perception that standards are unduly influenced by the profession (IFAC).
- Partly because of such undue influence, there is a risk that standards are not developed fully in the public interest.
- The current process for developing new or revised standards is not sufficient to ensure their relevance and timeliness in today's fast-paced business environment.

These observations/concerns serve as the basis for the Monitoring Group's recommendations to fundamentally reform the standard-setting process. While confidence in the independence, transparency and accountability of any standard-setting process is paramount, the Monitoring Group's consultation does not provide data supporting the premise that stakeholder confidence in the existing process has eroded.

The International Organization of Securities Commissions (IOSCO), the Basel Committee on Banking Supervision (BCBS), the European Commission (EC), the Financial Stability Board (FSB), the International Association of Insurance Supervisors (IAIS), International Forum of Independent Audit Regulators (IFIAR), and the World Bank Group (WBG) took great care in creating the existing model and have worked closely with IFAC to ensure confidence in the standard-setting process.

The IIA believes concerns raised by the Monitoring Group can be addressed with more tempered changes to the existing standard-setting and oversight models that expand stakeholder involvement, enhance public-interest oversight, and protect against undue influence by the profession.

Sincerely,

A handwritten signature in cursive script that reads "Richard F. Chambers".

Richard F. Chambers, CIA, QIAL, CGAP, CCSA, CRMA
President and Chief Executive Officer
The Institute of Internal Auditors