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Madrid, June 3, 2021

Monitoring Group Reports on Progress to Implement Recommendations to Strengthen the International Audit and Ethics Standard-Setting System

The MG is responsible for the overall governance of the international audit and ethics standard-setting system including conducting periodic effectiveness reviews. In July 2020 the Monitoring Group (MG) issued its recommendations [*Strengthening the International Audit and Ethics Standard-Setting System*](#) (MG Recommendations or MG Reforms).

The MG Recommendations, when fully implemented, will provide significant improvements to the international audit-related standard setting system, resulting in enhanced standard setting that will be more responsive to the public interest, which should lead to improved audit quality for the benefit of users of financial statements. The MG Reforms specified that a transition plan would be established within nine months from the publication date and implementation within three years thereafter.

Since publication of the Recommendations, the Monitoring Group has developed a transition plan that addresses critical components of the MG Reforms. The transition plan involves engagement with key stakeholders and execution of 26 work streams, grounded in the principle of faithful execution of the MG Recommendations.

Consistent with the MG Recommendations, the transition plan has been established with work streams developed for six key aspects needed to implement the MG Reforms:

- Nominations and Transition of the Boards
- Legal Structure
- Staffing Needs and Costs
- Funding
- Skills Matrices and Conflict of Interest Policies
- Operating Procedures

Having completed the development of the transition plan, many aspects of implementation have already begun. Currently, the MG is focusing on the appropriate sequencing of activities to implement the recommendations and on establishing a sustainable funding model. The MG is committed to transparency as the reforms are implemented, and expects to issue further communications as various implementation activities occur.

Jean-Paul Servais, Co-Chair of the Monitoring Group stated: *“Over the course of the last nine-months, the MG and key stakeholders have worked hard to design a transition plan based on the MG Recommendations. As the transition process is coming to an end, we are enthusiastic and committed to continue the momentum during the three-year implementation phase and see the improvements to audit quality as a result. We want to express our gratitude for the tremendous efforts of all those who have contributed in this process.”*

Paul Munter of the Monitoring Group leadership team stated: *“We are very pleased with progress that has been made to date and we are eager to continue implementing the MG Recommendations. Such progress is only possible because of the dedication and contributions from the MG and key stakeholders since the publication of the MG Recommendations last July. Thank you to everyone involved, and we look forward to continuing on this collaborative journey to improve the international audit-related standard setting system and achieve improvements to audit quality.”*

Who we are

The Monitoring Group (MG) is a group of international financial institutions and regulatory bodies committed to advancing the public interest in areas related to international audit-related standard-setting and audit quality. This publication is part of its ongoing global effort to promote high-quality international auditing and ethical standards. Further information can be obtained from the IOSCO website at

https://www.iosco.org/about/?subsection=monitoring_group

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