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Monitoring Group Pleased to Report Strong Progress Implementing Recommendations to Strengthen the International Audit, Assurance, Ethics, and Independence Standard-Setting System

The Monitoring Group (MG) is responsible for the overall governance of the international audit, assurance, ethics, and independence standard-setting system, including conducting periodic effectiveness reviews. In July 2020, the MG issued its recommendations [*Strengthening the International Audit and Ethics Standard-Setting System*](#) (MG Recommendations).¹ The objectives of the MG Recommendations are the implementation of a more independent and inclusive multi-stakeholder standard-setting system that is more responsive to the public interest and an accelerated pace of change in the development of timely, high-quality audit, assurance, ethics, and independence standards.

Stakeholders across the global corporate reporting ecosystem benefit from high-quality standard setting by the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) (collectively the Standard Setting Boards (SSBs)) under the oversight provided by the Public Interest Oversight Board (PIOB) to ensure due process is followed and that the standards are developed that are responsive to the public interest, are developed in accordance with the Public Interest Framework (PIF),² and are responsive to the rapid pace of change.

¹ In [June 2021](#), the MG reported on the development of its transition plan and in [December 2022](#) and [July 2023](#), the MG reported on its progress to implement the MG Recommendations to strengthen the standard-setting system across six broad implementation work streams, while minimizing the disruption to the SSBs as they execute on their strategic priorities and work plans. The six work streams include: Nominations and Transition of the Boards, Legal Structure, Staffing Needs and Costs, Funding, Skills Matrices and Conflict of Interest Policies, and Operating Procedures. See [MG Press Releases](#) for more information.

² See Section D of the MG Recommendations for the [Public Interest Framework](#).

Responding to the Public Interest and an Accelerated Pace of Change – Assurance over Sustainability Information

Stakeholders have emphasized the importance of the development of timely, globally consistent, and comparable assurance, ethics, and independence standards to enhance the public trust in the quality of sustainability information. Strong momentum continues around the globe for both voluntary and mandatory reporting of sustainability information and assurance over some or all of that information. The benefits from implementing the MG Recommendations, which are designed to “foster the development of timely, high-quality standards that respond to an accelerating pace of change,” is on full display as it relates to the evolving space of assurance over sustainability information. The agility and public interest responsiveness of the SSBs through their ongoing projects to develop assurance, ethics, and independence standards over sustainability-related information demonstrates these benefits. On August 2, 2023, the IAASB launched a public consultation³ on its proposed global sustainability assurance standard, and on January 29, 2024, the IESBA launched a public consultation⁴ on its proposed sustainability-related ethics and independence standards.

To be responsive to the public interest, the SSBs are performing unprecedented outreach to ensure broad stakeholder input in the development of the final standards by the end of 2024. The standards will provide a global framework for assurance engagements over sustainability information prepared under any reporting framework and that can be used by all practitioners, both professional accountants and non-accountant assurance providers. In addition to the projects on sustainability, the SSBs continue to be responsive to other public interest matters including, but not limited to, the IAASB’s ongoing projects on fraud and going concern and the IESBA’s new workstream on firm culture and governance.

High-quality International Audit, Assurance, Ethics, and Independence Standards are a Public Good

The global business environment today in which organizations operate continues to evolve and increase in complexity and so too do the needs of investors and others who rely on high-quality reporting and assurance services. The global corporate reporting ecosystem is built upon high-quality international audit, assurance, ethics, and independence standards adopted across jurisdictions, so that investors, regulators, stock exchanges, and others can have confidence in the quality and reliability of information they use for capital allocation decisions. The development of high-quality standards based on independent, extensive, and inclusive due process that allows for input from all stakeholders and is subject to appropriate oversight, is critical to that confidence. High-quality standards are a public good

³ [IAASB launches public consultation on landmark proposed global sustainability assurance standard.](#)

⁴ [IESBA launches public consultation on new ethical benchmark for sustainability reporting and assurance.](#)

and serve to increase public confidence in the reliability of information provided by the corporate reporting ecosystem. Accordingly, all stakeholders in the global corporate reporting ecosystem benefit from the high-quality work performed by the IAASB and the IESBA, under the oversight of the PIOB.

SSB Composition and Staffing

Significant progress has been made to enhance the multi-stakeholder composition of the SSBs through an independent nominations process. The result is an enhanced multi-stakeholder composition of the SSBs, with greater diversity in experiential backgrounds, including investors and preparers, as well as geographical diversification from previously underrepresented regions.

Progress has also been made in expanding and enhancing the technical staff of the SSBs. The SSBs have begun transitioning their standard-setting development to a model where staff are responsible for the development of relevant, timely, high-quality standards, allowing SSB members to take on a more strategic role as envisaged in the MG Recommendations. Increasing the size and technical abilities of the staff ensures the proper technical expertise is available to the SSBs, further supporting the multi-stakeholder composition of the standard-setting system. Opportunities exist to join the staff at the IAASB and the IESBA, including through secondments, which has the benefit of providing highly skilled individuals with diverse professional backgrounds an opportunity for enhanced professional growth and development while serving the public interest.

Stakeholder Advisory Council

A further enhancement to the standard-setting system is the newly created Stakeholder Advisory Council (SAC).⁵ The SAC will provide valuable strategic advice from a multi-stakeholder perspective to the SSBs on their strategies and work plan priorities and contribute to the identification of emerging developments and public interest issues as the SSBs continue to develop high-quality standards globally. The SAC will hold its inaugural meeting on 29-30 April 2024 in New York.

Funding the International Audit, Assurance, Ethics, and Independence Standard-Setting Structure

Significant progress has already been made towards the diversification of funding for the activities of the standard-setting system. In 2023, as envisaged in the MG Recommendations, more than fifty percent of the PIOB's financial contributions came from sources outside the accounting profession. The MG is

⁵ [The PIOB Establishes Inaugural Stakeholder Advisory Council.](#)

grateful to all those stakeholders who have contributed, both in-kind and financially, toward the diversification of the funding of the PIOB.

Funding diversification of the entire standard-setting structure remains a top priority. The MG is grateful for the significant financial support from the International Federation of Accountants (IFAC), the audit firm networks that comprise the Global Public Policy Committee (GPPC),⁶ and the Forum of Firms⁷ towards funding the activities of the SSBs. Securing further financial commitments from a diverse set of stakeholders to build a stable, long-term funding model will further the achievement of a more independent standard-setting structure.

Having sufficient financial resources to support the standard-setting structure, including long-term funding commitments that will foster the independence and continuity of activities is critical to the ongoing success of the standard-setting structure. This enables the development of high-quality standards from an inclusive and comprehensive consultation process with stakeholders globally, supported by public interest oversight, and widespread adoption of the standards, including the SSBs' important projects on sustainability and other high-priority public interest topics such as the auditor's responsibility with respect to fraud and going concern and the workstream on firm culture and governance.

The MG calls on all stakeholders, who individually and collectively, benefit from these high-quality standards to financially support the standard-setting structure.

Paul Munter, Chair of the MG stated: *“I would like to express my gratitude to all those who have worked diligently to implement the MG Recommendations and to those who have contributed, both in-kind and financially, to the standard-setting structure. As a result of this collaborative effort, we have been able to make significant progress to implement the MG Recommendations. As we look to further develop the long-term sustainable funding model, continued support of all stakeholders is critical to the ongoing success of the standard-setting structure and the continuing development of high-quality audit, assurance, ethics, and independence standards developed in the public interest.”*

⁶ The GPPC brings together senior partners from the six large international accounting networks (BDO, Deloitte, EY, Grant Thornton, KPMG and PwC). The GPPC is focused on professional matters of global scope deemed to be priorities by their respective networks' CEOs, such as the enhancement of quality in auditing and corporate reporting. The GPPC's primary objectives are to participate constructively in matters concerning global public policy to advance the public interest and to enhance public confidence in the profession.

⁷ The Forum of Firms is an independent association of international networks of firms that perform transnational audits. The Forum's objective is to promote consistent and high-quality standards of financial reporting and auditing practices worldwide—bringing together firms that perform transnational audits and involving them more closely with IFAC's activities in audit and other assurance-related areas.

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- and assurance-related standard-setting and audit quality. This publication is part of its ongoing global effort to promote high-quality international audit, assurance, ethics, and independence standards. Further information can be obtained from the IOSCO website at https://www.iosco.org/about/?subsection=monitoring_group

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