



Madrid, July 14, 2020

Monitoring Group publishes its Recommendations to Strengthen the International Audit and Ethics Standard-Setting System

The Monitoring Group (MG) is pleased to present its recommendations [*Strengthening the International Audit and Ethics Standard-Setting System*](#).

The MG is responsible for the overall governance of the international audit and ethics standard-setting process and the review of its effectiveness. The set of recommendations fulfills the overall objective that the MG set out when the effectiveness review began in 2015 - to strengthen international audit and ethics standard-setting to enhance its responsiveness to the public interest and improve audit quality.

Specifically, the recommendations are designed to achieve the following objectives:

- Achieve an independent and inclusive, multi-stakeholder standard-setting system;
- Reinforce the consideration of the public interest within the standard-setting process and throughout the full cycle of standards' development, with enhanced independent oversight and standard-setting guided by the Public Interest Framework; and
- Foster the development of timely, high quality standards that respond to an accelerating pace of change.

The Monitoring Group developed these recommendations through extensive outreach including the following:

- Issuance of a public consultation in 2017¹;
- Discussions with international audit and ethics standard-setting, oversight, and auditing professional stakeholders;
- Discussions held around the world with investors, regulators and other stakeholders; and

¹ See Monitoring Group Consultation at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD586.pdf> and Summary of Feedback at https://www.iosco.org/about/monitoring_group/pdf/2018-05-31-Monitoring-Group-Summary-of-Feedback.pdf.

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- Discussions within and among the Monitoring Group member organizations.

The future structure, governance, process of standard-setting and funding goals of the international audit and ethics standard-setting system as outlined in the recommendations represent significant enhancements to the current structure. These key enhancements to the current structure will strengthen the standard-setting process, which should result in standards that are more responsive to the public interest and in turn lead to improved audit quality.

As a result, the MG believes that it is in the public interest to publish these recommendations so that stakeholders can begin implementation as quickly as possible. The MG envisages that a transition plan will be established within the next nine months and that these recommendations will be implemented within three years thereafter.

Under the recommendations, the PIOB will continue to have the critical role of providing independent oversight of the public interest responsiveness of audit and ethics standard-setting. The MG looks forward to working with the PIOB and the standard-setting boards to achieve enhancements in the standard-setting system in the public interest and improvements in audit quality.

Ms. Ana Martínez-Pina, Co-Chair of the Monitoring Group said: *“Today is a significant day in our long journey to develop these important recommendations, where the contribution from all MG members and the key stakeholders has been key. We are eager to begin the transition phase which will allow us to put the recommendations in place so that we can begin to see the improvements in audit quality that we expect to result from their implementation.”*

Mr. Sagar Teotia, Co-Chair of the Monitoring Group stated: *“The hard work of each of the MG member organizations and key external stakeholders, along with the feedback from the public throughout this process, culminated in the recommendations being published today. Thank you to each of you that have participated in the process. We are pleased to begin the*

next phase of transition and implementation and are eager to see the 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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