

MONITORING GROUP LAUNCHES ASSESSMENT OF THE EFFECTIVENESS OF IFAC GOVERNANCE REFORMS

Amsterdam, 27 July 2009

The Monitoring Group is launching its review of the effectiveness of the reforms to the governance of the International Federation of Accountants (IFAC) which were agreed upon in 2003. This assessment, which was foreseen as part of those reforms, will include public consultations and should be completed by the end of 2010.

The objective of the IFAC reforms was to increase confidence that the activities of IFAC are properly responsive to the public interest and will lead to the establishment of high quality standards and practices in auditing and assurance. The focus of the reforms was those areas within IFAC that have the greatest impact on the public interest – primarily IFAC standard setting activities. These include the standard setting activities of the International Auditing and Assurance Standards Board (IAASB), the International Ethics Standards Board for Accountants (IESBA), and the International Accounting Education Standards Board (IAESB).

Among the major enhancements introduced by the IFAC reforms was the creation of the Public Interest Oversight Board (PIOB) to oversee IFAC standard setting activities in the areas of audit performance standards, independence, and other ethical standards for auditors, audit quality control and assurance standards. It also oversees IFAC's Compliance Program. Changes were agreed to the functioning of the Boards responsible for setting the standards mentioned (the Public Interest Activities Committees - PIACs), including a strengthening of the roles of their respective Consultative Advisory Groups (CAGs).

The reforms were designed to bring about the following:

- An externally validated process for monitoring and oversight of IFAC's standard setting and compliance regimes
- Increased transparency with respect to IFAC governance and its international standard setting activities
- Broad-based external participation in IFAC standard setting activities
- A more collaborative and comprehensive international process for determining how accountants and auditors can best contribute to the integrity of the international financial system.

The Monitoring Group assessment will look at the extent to which the reforms as designed have been implemented and whether the 2003 reforms still remain appropriate in light of changing circumstances since they were established.

The Monitoring Group expects that it will publish a public consultation assessment report in the second quarter of 2010, with a request for comments from interested stakeholders by the third quarter of 2010. All comments will be on the public record. Publication of the final report is planned for the fourth quarter of 2010. Parties wishing to provide the Monitoring Group with any suggestions or comments in the meantime can communicate them to the contact point at the end of this announcement.

About the Monitoring Group

The Monitoring Group comprises the regulatory and international organizations responsible, *inter alia*, for monitoring the implementation of the IFAC reforms. The Monitoring Group nominates the members of the Public Interest Oversight Board (PIOB), agrees the PIOB budget, receives operating and financial reports from the PIOB, updates the PIOB regarding significant developments in the regulatory environment, and engages in dialogue with the international accountancy profession. Monitoring Group members are the Basel Committee on Banking Supervision, the European Commission, the Financial Stability Board, the International Association of Insurance Supervisors, the International Organization of Securities Commissions (IOSCO), and the World Bank. The International Forum of Independent Audit Regulators is an observer. The Monitoring Group is chaired by Mr. Hans Hoogervorst in his capacity as Vice Chairman of the IOSCO Technical Committee. He is also the Chairman of the Executive Board of the Netherlands Authority for the Financial Markets.

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