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Monitoring Group Publishes “The Value of High Quality Audits and the Importance of Funding an Independent Multi-stakeholder International Standard-setting Structure”

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

The MG today published a [paper](#) that highlights the importance to investors, issuers, national standard-setters, regulators and others of high-quality audits conducted in accordance with standards developed by an independent and inclusive international audit and ethics standard-setting structure. Academic research demonstrates that the benefits received by stakeholders in terms of reductions in cost of debt and equity for issuers with financial reporting subject to high-quality independent audits far outweigh the costs of operating the independent standard-setting structure.

Many important steps have already been taken to implement the MG Recommendations, which have improved the independence of the international audit and ethics standard setting structure. Key to maintaining these improvements is a sustainable long-term multi-stakeholder funding mechanism that supports the independence of the standard-setting structure. It is in the public interest that all stakeholders in the financial reporting ecosystem who benefit from a single set of high-quality international auditing and ethics standards contribute to support long-term financial stability of the standard-setting system.

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Jean-Paul Servais, Co-Chair of the Monitoring Group stated: *“As we continue our journey to implement the MG Recommendations, we are excited about the progress that we have made to date which has strengthened the international audit-related standard-setting structure, and I would like to once again thank MG members and key stakeholders for their contributions. We look forward to continuing this journey as we build a stable funding model that contributes to the objectives outlined in the MG Recommendations.”*

Paul Munter, Co-Chair of the Monitoring Group stated: *“While we have made many important enhancements to the international audit-related standard-setting structure in the past year, securing financial commitments from a diverse set of stakeholders will further our efforts to achieve a more independent structure. We are thankful for the continued financial support and ongoing commitment from many stakeholders, including the accountancy profession, to ensure that we properly support the work plans of the standard-setting boards and promote stability during this time of transition.”*

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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