



International Association of Insurance Supervisors

Press release

11 June 2010

Monitoring Group issues public consultation paper on its assessment of the effectiveness of IFAC governance reforms

The Monitoring Group has today issued for public comment a Consultation Paper on its assessment of the effectiveness of the reforms to the governance of the International Federation of Accountants (IFAC) which were agreed upon in 2003 (the Reforms).¹ This assessment, which was foreseen as part of those reforms, should be completed by November 2010.

The purpose of the Consultation Paper is to seek input from any interested party to the Monitoring Group's preliminary conclusions resulting from its assessment of the implementation of the Reforms. Input is sought on the merit of the preliminary conclusions as well as practical suggestions on how to implement them. The Monitoring Group welcomes responses to this Paper by 15 August 2010. Responses should be submitted electronically to MonitoringGroup@iosco.org. The Monitoring Group anticipates making the responses publicly available unless the commenter requests confidentiality and that is appropriate in the view of the Monitoring Group.

The Reforms provided for changes to the standard-setting, implementation, oversight and monitoring processes associated with producing International Standards on Auditing, the international Code of Ethics for Professional Accountants and International Education Standards. These changes were born out of the erosion of user confidence that arose from the financial reporting problems reported by some issuers in and around 2002 and 2003. The changes were aimed at supporting user confidence by increasing the quality of financial statement audits. It is timely that the Monitoring Group performs its assessment at this time when user confidence is negatively affected by the financial reporting problems that have come to light during the credit crisis. Thus, the Monitoring Group members are again focused on the importance of high quality financial statement audits.

As part of conducting its assessment of the implementation of the Reforms (the Effectiveness Review) the Monitoring Group has reviewed whether the provisions of the Reforms have been implemented, as well as identified some associated recommendations for additional changes; both are contained in this Paper.

Via this Consultation Paper the Monitoring Group seeks input on:

- (i) Its assessment of the implementation of the Reforms, including any other matters which the Monitoring Group might take into account.

¹ The text of the Reforms, including a diagram of the resulting relationships, is available at www.ifac.org/MediaCenter/?q=node/view/339.

- (ii) Its eighteen recommendations for further improvements which are set out in the body of this Paper along with the analysis underpinning them, as well as other opportunities for further improvements that the Monitoring Group might identify.
- (iii) Its conclusion that the Monitoring Group initiate a future effectiveness review approximately three years after its completion of this one, unless circumstances indicate that the Monitoring Group should initiate such a review sooner.

The Monitoring Group may modify its preliminary conclusions or add practical implementation ideas to them in light of the comments received. The Monitoring Group expects to draw its final conclusions and issue an associated report in November 2010. Immediately thereafter the Monitoring Group expects to carry out the commitments that it will undertake as an outcome of this Effectiveness Review, including assessing its own role and approach to monitoring.

About the Monitoring Group

The Monitoring Group is a consensus-based group that brings together the regulatory and international public interest organizations responsible, inter alia, for monitoring the implementation of the Reforms. The Monitoring Group is composed of six members and one observer. The members are the Basel Committee on Banking Supervision (the Basel Committee), the European Commission, the Financial Stability Board, the International Association of Insurance Supervisors (IAIS), the International Organization of Securities Commissions (IOSCO) and the World Bank. The International Forum of Independent Audit Regulators (IFIAR) is an observer. The Monitoring Group is chaired by IOSCO. The Chair is currently the Vice Chairman of IOSCO's Technical Committee, who is Mr. Hans Hoogervorst. He is Chairman of the Executive Board of the Netherlands Authority for the Financial Markets.²

About the IAIS

Established in 1994, the IAIS represents insurance regulators and supervisors of some 190 jurisdictions in nearly 140 countries and has also more than 120 insurance professionals, insurers, reinsurers and trade associations as observers. The IAIS issues global insurance principles, standards and guidance papers, provides training and support on issues related to insurance supervision, and organises meetings and seminars for insurance supervisors. The IAIS works closely with other international institutions to promote financial stability.

The Monitoring Group's consultative paper entitled *Review of the IFAC Reforms – Consultation Paper, 10 June 2010*, can be found on the IAIS website at www.iaisweb.org.

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² Information about the Monitoring Group, including its Charter, is available at www.iosco.org/news/pdf/IOSCONEWS144.pdf.