

To: Gerben Everts, Chair of Monitoring Group

9 February 2018

Dear Mr. Everts,

Transparency International thanks you for the invitation to respond to the consultation on reforms to the global audit standard-setting process. As a civil society organisation we strongly support efforts to strengthen the governance, accountability and oversight of the international audit-related standard-setting boards and to enhance the public interest responsiveness of audit standards as a way to promote the quality of audits.

Accountants and auditors are at the forefront in the fight against money laundering, fraud and other financial criminal activities, playing a key detection and preventive role. As an anti-corruption organisation, Transparency International follows with great interest developments in accounting and audit-related standards. In this respect, we particularly welcome the willingness of the Monitoring Group to move towards a multi-stakeholder, geographically representative and independent governance structure. Engaging civil society with audit-related standard-setting boards can be beneficial also by bringing the monitoring and good governance expertise of CSOs to the boards.

We have the pleasure to submit to your attention the following high-level considerations on the reform project of the international governance framework around the development of international audit-related standards:

- *Involving civil society in the process of strengthening the governance and oversight of the international audit-related standard-setting boards, and promoting their participation in the boards themselves*

We urge the Monitoring Group to involve non-governmental and civil society organisations with relevant expertise in the IFAC governance structure. In particular, we believe participation of the civil society in the Public Interest Oversight Board would help achieve its stated mission of protecting and preserving the public interest. In addition, the involvement of civil society would be key to enhancing the credibility, independence and transparency of the overall process. This would result in greater citizens' trust in the way standards are defined. Civil society participation has brought added value previously to other standard-setting and regulatory stakeholders, for example by Transparency International's participation in [Wolfsberg Group](#) on global anti-money laundering principles.

- *Introducing anti-money laundering considerations in the discussions around assessing current international audit-related standards*

An anti-money laundering focus should be one of the priorities when promoting high-quality auditing and assessing the ethical standards. This would help increase the effectiveness and soundness of regulatory frameworks, allowing for the development of good practice by professionals in cooperation with authorities and regulators. The fight against money laundering would greatly benefit from harmonised approaches at global level in the auditing profession that a body like IFAC would be well positioned to promote.

We hope these recommendations will be taken into account and would be happy to provide further information and details as may be requested.



Carl Dolan, Director, Transparency International EU