



INTERNATIONAL FOUNDATION FOR ETHICS AND AUDIT™

2023 Report to Members

NOVEMBER 2024



Established in 2022, the International Foundation for Ethics and Audit (IFEA) is a nonprofit organization dedicated to advancing high-quality, international standard-setting in ethics, audit, and assurance in the public interest. It does so by ensuring an independent, technically expert, and rigorous standard-setting process, supporting the public interest throughout this process, and conducting research to support developing, adopting, and implementing international standards and help educate and inform stakeholders.

IFEA fulfills this mission through its two standard-setting boards: the [International Auditing and Assurance Standards Board](#) (IAASB) and the [International Ethics Standards Board for Accountants](#) (IESBA). These boards work in close partnership to ensure their standards are interoperable and mutually reinforcing.

The global, high-quality standards developed by the IAASB and IESBA serve as essential pillars of the corporate reporting ecosystem. Their widespread adoption enhances the availability of both financial and non-financial information, fostering trust and confidence in corporate reporting and assurance, and ultimately contributing to stronger economic growth.

ADOPTION OF IAASB AND IESBA STANDARDS

As of December 2023,
132 jurisdictions use the Code.

As of December 2023, more
than 130 jurisdictions use or
are committed to using the ISAs.

Adopted by the largest
34 international networks of
audit firms (the [Forum of Firms members](#)) for transnational
audits.

Learn more about [IAASB](#) and [IESBA](#) in their 2023 Annual Reports.



IFEA LEADERSHIP

MEMBERS

The IFEA Members are the [Monitoring Group](#), the [Public Interest Oversight Board](#) (PIOB), and the [International Federation of Accountants](#) (IFAC).



BOARD OF TRUSTEES 2023

IFEA's business and affairs are overseen by its six-member Board of Trustees. Four trustees are nominated by the PIOB and two trustees are nominated by IFAC. The PIOB oversees the due process aspects of the standard-setting processes of both the IAASB and IESBA to ensure they serve the public interest. Additionally, the [Monitoring Group](#) holds the right to appoint an observer to the Board of Trustees.



Robert Buchanan
Chair Trustee and
[PIOB Member](#)



Linda de Beer
[PIOB Chair](#)



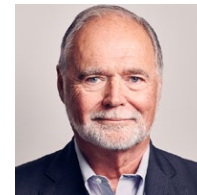
Sandra Peters
[PIOB Member](#)



Asmâa Resmouki
IFAC President
[\(2022-2024\)](#)



Dave Sullivan
[PIOB Member](#)



Kevin Dancey
Former Chief
Executive Officer
[\(2019-2023\)](#), IFAC

See [website](#) for current trustees.

OFFICERS

IESBA Chair Gabriela Figueiredo Dias and IAASB Chair Tom Seidenstein serve as IFEA Co-CEOs of IFEA.

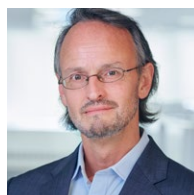


Gabriela Figueiredo Dias
[Chair, IESBA and Co-CEO](#), International Foundation for Ethics and Audit



Tom Seidenstein
[Chair, IAASB and Co-CEO](#), International Foundation for Ethics and Audit

IFEA's Secretary and Treasurer is James Gunn, who also serves as Managing Director, Professional Standards, supporting the IAASB and IESBA activities.



James Gunn
IFEA Secretary and Treasurer and
[Managing Director](#)

Learn more about IFEA, including its bylaws, governance, financial statements and frequently asked questions at www.ethicsandaudit.org.



MESSAGE FROM THE CHAIR TRUSTEE

I am honored to represent the Foundation, on behalf of my fellow Trustees, in presenting this inaugural annual report with respect to the activities of the International Foundation for Ethics and Audit. While the report is primarily for the Foundation's three Member organizations, as required by the Bylaws, the intention is that it reach a public audience, especially those who deserve credit for bringing to life this new organization.

IFEA's founding Members are the Monitoring Group (MG), the Public Interest Oversight Board (PIOB), and the International Federation of Accountants (IFAC). Individually and collectively, they tirelessly convened their constituencies over several demanding years to establish the constitutional arrangement of the Foundation. Through this, they put into effect one of the core public interest objectives of the MG Recommendations to enhance the independence of the international audit, assurance and ethics standard-setting system, while also recognizing the many decades of successful IFAC-facilitated standard-setting that preceded the reforms.

IFEA, constituted only in October 2022, is in its infancy. Accordingly, the Trustees' primary attention in 2023 was on seeing that the necessary procedures, legal and reporting arrangements, and administration are in place. At the same time, though, we held keen interest in hearing progress by the Co-CEOs and management on implementation of the MG's standard-setting related operational reforms in the manner intended. This included the timely transition and transfer of staff and systems from IFAC to the Foundation and the further development of management and organizational processes, while nonetheless ensuring the continued smooth execution of IAASB and IESBA strategies and work plans.



Robert Buchannan
Chair Trustee

By design, the Trustees' governance mandate operates in a complimentary and coordinated fashion with the PIOB's own mandate, of which there are also governance dimensions as well as a public interest-centered oversight role relative to IFEA's standard-setting boards, the IAASB and IESBA. I am grateful to PIOB Chair and IFEA Trustee Linda de Beer, who held the Chair-Trustee role during IFEA's formative days, for her continuous counsel when navigating these intersecting responsibilities during the Foundation's establishment phase through 2023. The model will take time and effort to implement seamlessly. But I am confident of this happening successfully if we can maintain a strong focus on clarity, transparency, and the interests of accountability.

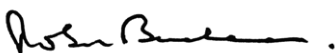
As incoming Chair-Trustee in this establishment phase, I focused on placing myself in the best possible position to provide ongoing counsel and support to IFEA's Co-Chief Executive Officers, Gabriela Figueiredo Dias and Tom Seidenstein, and management as they transitioned their boards from IFAC and began developing the new Foundation's operating model and culture. This included productive and in-depth sessions with them as they formulated their approach to major organizational and operations matters. This afforded me insight, on behalf of the Trustees, to their developing objectives, decisions, and execution approach. It also allowed deliberation on the lens through which the Trustees may view what is of paramount interest, obligation, and benefit from a governance perspective. I am grateful to Gabriela, Tom and management for investing the time necessary for those sessions, and for the confidence fellow Trustees have placed in me for this task.

The Trustees' meeting cycle is built around the corporate reporting cycle. A top 2023 priority was to agree to the organization's 2024 budget. The process included consideration of a financial operating model, including funding and reserving targets (which are contingent on diversified funding being achieved—more on this below) out to 2027. These targets will be updated in Q3 2024 for the 2025 budget, seeking a sufficient level of certainty to give both the Trustees and IFEA's current and prospective funders a clear picture of what a fiscal "steady state" should look like. At the same time, the PIOB in its public interest oversight role is closely concerned with the two standard-setting boards' transition to a more diversified membership as well as their development of a more staff-centered approach to their standard-setting operations. Achieving the MG's desired outcomes in these respects will require close collaboration between the Trustees and the PIOB, in their respective areas of responsibility, as the shared governance and oversight model continues to mature.

None of the critical public interest work of IESBA and IAASB would be possible without IFEA being adequately resourced. The Trustees are grateful to IFAC and the Global Public Policy Committee for their significant continuing financial and operational support. Yet, we recognize the MG's reform objective of diversified and sustained multi-stakeholder funding for the system. Fundraising is not the responsibility of the Trustees, rather, as necessary in the circumstance, a priority that must be collectively pursued by the MG, the PIOB, and IFEA leadership in a holistic, system-wide fashion. I speak on behalf of all the Trustees when I say that we are pleased to see positive collective action and initial progress already in early 2024. It is essential for that momentum to build and continue across the globe. Ensuring appropriate diversity, strength and stability in funding sources to support independence, growth and development must continue to be a top priority. The Trustees then stand ready to ensure wise and productive use of the Foundation's funds over the long term.

A challenge for any brand-new organization is awareness and understanding by stakeholders. The global brands of our IESBA and IAASB boards are well known. The role IFEA itself serves to strengthen the independence of these two boards, thereby the credibility of the standards they produce, is equally critical to promulgate. We will continue to look for opportunities to advance the message of enhanced independence in audit, assurance, and ethical standard setting, along with the great benefits that the Foundation's model can deliver despite its relative complexity.

Finally, I extend special thanks to retiring Trustees Alan Johnson, Kevin Dancey, Michael Hafeman, and Gonzalo Ramos. Without their invaluable contributions we would not be as well placed as we are today. I am ever grateful to my current fellow Trustees for their continuing commitment and support, to Gabriela and Tom for their tireless leadership, to IFEA Secretary and Treasurer James Gunn and Chief of Operations Brett James who have well-supported the IFEA organization, and last but not least to the Foundation's legal counsel Jeffrey Kramer for his expert advice and support throughout the formation and establishment phases.



Robert Buchanan
Chair, IFEA Board of Trustees





MESSAGE FROM THE CO-CEOS

Since our appointment as Co-Chief Executive Officers of IFEA, in addition to our continuing service as Chairs of the IESBA and IAASB, respectively, we have been clear on our top objectives: to reinforce a cohesive, high-performing, and independent, publicly accountable standard-setting system. The different parts should work in a coordinated manner with common purpose and develop a sustainable, independent organization with strong staff committed to effective culture and norms at all levels.

While more work remains ahead, we've made considerable progress in 2023. This foundation will enable us to focus on long-term organizational health and productivity.

We take this opportunity to highlight our 2023 management activities for the IFEA organization.

Our priority at the outset of the year was the effective operational launch of IFEA (without disruption) and the installation of internal processes and controls. The creation of an Executive Leadership Team was an important first step in enhancing governance. While the transition from IFAC was a source of uncertainty for some, the concerns did not materialize, due in part to the excellent support by the IFAC teams, and our team's coordination with them, in achieving a smooth and timely transition.

In parallel, we prioritized work to ensure all staff, regardless of function or location, feel part of one organization with a common culture and shared values. The resulting culture framework will serve as an important reference point as the organization implements its culture action plan and we continue to grow and evolve during 2024.

Strengthening our staff, as envisioned under the MG Recommendations, has remained at the forefront of our attention. Turnover was expected and, in some instances, planned to achieve the right organizational shape and culture. Our recruiting efforts for highly qualified individuals at varying levels of staff and with diversity in backgrounds have succeeded and continue. In 2024 we remain on track on our permanent staff build plan and are now also focusing on staff fellow secondments. Progressing towards establishing an equal framework and approach to career development, compensation and appropriate staffing across the two boards will also continue taking center stage in our management strategic decisions, consistent with the objective of building a fair, healthy and people-oriented culture in the organization.



Gabriela Figueiredo Dias

Chair, IESBA and Co-CEO, International Foundation for Ethics and Audit



Tom Seidenstein

Chair, IAASB and Co-CEO, International Foundation for Ethics and Audit

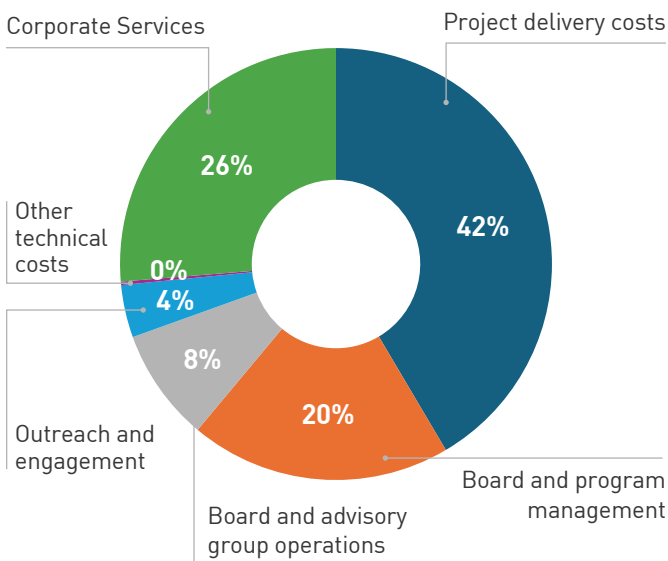
Consistently, we have also agreed on approach for the forward staffing model that will place project leadership more squarely in the hands of the staff. Our goal is to instill a strong sense of ownership and accountability by staff, with transparency and continuous two-way communication between the boards and staff. We have agreed piloting plans to allow us to learn and calibrate based on experience and feedback. In parallel, we are attentively developing the existing staff members for the skills required for a staff-based model. That should create additional capacity and reinforce staff retention and satisfaction.

Finally, we are generally satisfied with our 2023 financial position and result. Our major annual expenditure centers on project delivery and board and program management in delivering the standard-setting boards' strategies and work plans. Budget variability primarily arises from changes in project-based activities and staff vacancies or lags in securing the right talent on a timely basis, especially for highly technical roles.

Operating Expenses

Standard-Setting Board Costs

Project delivery costs	6,418,492
Board and program management	3,025,067
Board and advisory group operations	1,305,252
Outreach and engagement	608,202
Other technical costs	40,081
Corporate Services	4,066,639
Total	15,463,733



IFEA's overall 2023 operating surplus primarily related to variance against the staffing budget. This is due to the actual pace of hiring, which is dependent on the market, against relatively ambitious budget assumptions. The pace of our standard-setting program also warranted a more gradual ramp-up in staff, to ensure a balance in focus between successful onboarding and continued program delivery. As needed, we made continue selective and strategic use of consultants to supplement staff needs as well as deepen our knowledge and processes. Our travel and meeting expenses, including expenditures in support of leadership outreach and project delivery, were slightly lower than planned, as economies were able to offset the additional outreach on sustainability and other priority projects.

We were pleased to receive IFEA Board of Trustees' approval of our 2024 budget, and corresponding funding and operational support by IFAC and the Global Public Policy Committee. The long-term financial stability of the organization, including adequate funding and reserves, is a key area of management attention. The Foundation requires multi-stakeholder participation to fund growth in the Foundation's budget over time. We will continue to develop our analysis and proposals as a priority in 2024.

Gabriela Figueiredo Dias
Co-CEO and Chair, IESBA

Tom Seidenstein
Co-CEO and Chair, IAASB



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