

IFIAR announces next step in audit quality initiative

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The International Forum of Independent Audit Regulators (IFIAR), a global membership organization of 56 independent audit regulators, today announced the next step in an initiative to drive improvements in audit quality. The continuing initiative, first launched in 2015, measures the frequency of inspection findings over a four-year period and compares them against a goal established by IFIAR's Global Audit Quality Working Group (GAQWG).¹

The GAQWG challenges the Global Public Policy Committee (GPPC)² networks and their member firms to collectively reduce the percentage of listed public interest entities (PIE) audits inspected with one or more findings by at least 25% over a four-year period between 2023 and 2027. The aim is a reduction in the percentage of inspected audits with findings from 32% in 2023 to 24% by the end of the measurement period in 2027, based on the results of the IFIAR Survey of Inspection Findings. Past initiatives were based on a subset of IFIAR Members participating in the IFIAR Survey of Inspections Findings, whereas the current initiative includes all IFIAR Members reporting to the IFIAR Survey of Inspections Findings.

The GPPC networks have agreed to the reduction metric established by the GAQWG.

The GAQWG will continue to examine each individual GPPC network's accountability for audit quality through its regular engagement with GPPC leadership and will use the Survey of Inspection Findings Report to comment annually on progress on the reduction metric and other audit quality initiatives.

About IFIAR's Annual Survey

IFIAR conducts an annual survey of the findings from its Members' individual inspections of audit firms. For the purposes of the survey, an inspection finding relates to a significant deficiency in satisfying the requirements of auditing standards. The survey results are derived from inspection reports issued during IFIAR Members' most recent reporting period. It is important to note that the survey is a lagging indicator and may not reflect the current state of audit performance. While inspection findings are not the sole measure of progress in audit quality, the survey's information provides a useful point of reference for discussions about audit performance. Findings from inspections of individual audit engagements do not necessarily indicate that the audited financial statements are misstated. Nonetheless, an inspection finding indicates that the audit firm did not obtain sufficient audit evidence to support its opinion and audit firms are required to conduct audits consistently in accordance with auditing standards. More information about the survey, including reports summarizing the annual survey results, is found on IFIAR's [website](#).

¹ This initiative is based on data collected by IFIAR through an annual survey of its Members' respective inspection programs. With respect to findings from inspections of individual audit engagements, the survey collects data only related to audits of listed public interest entities (PIE). See the "About the Survey" section of this announcement for additional details about IFIAR's annual survey.

² Each of the GPPC networks is comprised of a group of legally separate firms operating locally in countries or regions around the world. The GPPC networks participate in the Global Public Policy Committee (GPPC), represented by the following entities: BDO International Limited, Deloitte Touche Tohmatsu Limited, Ernst & Young Global Limited, Grant Thornton International Limited, KPMG International Cooperative, and PricewaterhouseCoopers International Limited.

About IFIAR and the GAQWG

Established in 2006, the International Forum of Independent Audit Regulators comprises independent audit regulators from 56 jurisdictions representing Africa, North America, South America, Asia, Oceania, and Europe. Our mission is to serve the public interest, including investors, by enhancing audit oversight globally. IFIAR provides a platform for dialogue and information-sharing regarding audit quality matters and regulatory practices around the world; and promotes collaboration in regulatory activity. IFIAR's official observer organizations 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, the Public Interest Oversight Board and the World Bank.

Through the GAQWG, IFIAR carries out an ongoing dialogue with the six largest international audit networks who are members of the GPPC with the objective of improving audit quality globally.

For more information about IFIAR, visit www.ifiar.org.
