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## IFIAR Releases Report on Seventh Annual Survey of Audit Inspection Findings

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IFIAR released today a report on the results of its seventh annual survey of inspection findings arising from its member regulators' individual inspections of audit firms affiliated with the six largest global audit firm networks. IFIAR collected information about two categories of activities: inspections performed on firm-wide systems of quality control and inspections of individual audit engagements.

IFIAR members reported in the 2018 survey that 37% of audit engagements inspected had at least one finding, compared to 40% in the 2017 survey and to 47% in the first survey capturing this percentage (2014 survey). While the downward trend is encouraging, the recurrence and level of findings reflected in the survey indicate a lack of consistency in the execution of high quality audits and the need for a sustained focus on continuing improvement.

The survey results do not measure precisely - and are not the sole factor when considering developments in - firms' progress in improving audit quality. Members' inspection processes follow a risk-based methodology and are not necessarily intended to select a representative sample of all firms, firms' quality control elements or all assurance work throughout the year. A comprehensive evaluation of audit quality involves consideration of various factors beyond numerical information about deficiencies identified and reported over the course of an inspection.

While responsibility for improving audit quality rests with audit firms, IFIAR seeks to influence progress towards consistent, high quality audits globally through various activities. IFIAR encourages audit firms to execute on an ongoing cycle of continuous improvement, a topic that has been - and will remain - a prominent aspect of IFIAR's dialogue with the GPPC networks and knowledge sharing among IFIAR members.

To augment the survey's information about inspection findings, in the 2018 survey IFIAR collected information about its members' practices with respect to reporting the results of inspections to the inspected audit firms, audit committees / those charged with governance, and the public. The 2018 survey also includes data about certain initiatives, beyond inspections, pursued by IFIAR members individually that are designed to contribute to improving audit quality. Forty-five IFIAR members contributed to the 2018 survey.



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## **About the Survey**

IFIAR's annual Inspection Findings Survey collects data on key results from IFIAR Members' inspections of audit firms' systems of quality control and audits of listed public interest entities (PIEs), including systemically important financial institutions (SIFIs). Inspection findings for PIE audits are deficiencies in audit procedures that indicate that the audit firm did not obtain sufficient appropriate audit evidence to support its opinion, but do not necessarily imply that those financial statements are also materially misstated.

## About IFIAR

Established in 2006, the International Forum of Independent Audit Regulators (IFIAR) comprises independent audit regulators from 55 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. For more information about IFIAR, visit <a href="https://www.ifiar.org">www.ifiar.org</a>.