

IFIAR Releases 2022 Report on Annual Survey of Audit Inspection Findings

March 15, 2023

IFIAR released today a report on the results of its eleventh annual survey of inspection findings arising from its Member regulators' individual inspections of audit firms affiliated with the six largest global audit firm networks (the Global Public Policy Committee networks, or "GPPC networks"). IFIAR collected information about two categories of activities: inspections of firm-wide systems of quality control and inspections of individual audit engagements. IFIAR Members from fifty-one jurisdictions contributed to the 2022 survey.

IFIAR Members reported in the 2022 survey that 26% of audit engagements inspected had at least one finding, compared to 30% in the 2021 survey, and down from 47% in the first survey capturing this metric in 2014.

Approximately 64% of the results of inspections submitted in the 2022 survey are in relation to audits with year-ends in 2020 or 2021, thus reflecting year-ends that would have fallen during the pandemic. While the majority of inspections during this period may have been performed remotely, the rigor of inspection programs, including the number of listed public interest entity (PIE) audits inspected, remained consistent with prior years.

While the survey findings have shown improvement since tracking began in 2014, there remains over a quarter of listed PIE audits inspected with at least one finding. IFIAR urges the GPPC networks and their member firms to make continued efforts to enhance audit quality, reduce the number of audits with findings, and remain vigilant towards changes in the business and economic environment, where current conditions may increase audit risk and affect audit quality.

IFIAR monitors general trends in survey findings over time, as individual year-over-year changes in aggregate results across our Members' inspections programs are not necessarily indicative of lasting changes in audit quality. Furthermore, the survey results are not the sole factor when considering 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 or of all their quality control elements or assurance work throughout the year.

While responsibility for improving audit quality rests with audit firms, IFIAR seeks to influence progress towards consistent, high-quality audits globally through various activities, including by advancing the regulatory oversight capabilities of its Members and by regularly engaging with and challenging the GPPC networks to achieve higher quality audits.

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 54 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 www.ifiar.org.