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CENTER FOR AUDIT QUALITY
Serving Investors, Public Company Auditors & the Markets

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DEAR CENTER MEMBERS

CAQ Issues Resource on Audit Quality Reporting by U.S. Audit Firms

Public company audit firms serve the public interest and play an important role in the capital markets through the performance of audits that enhance the reliability of financial statements. Given this important role, the CAQ encourages those audit firms that audit U.S. public companies to publicly report, on a voluntary basis, information about a firm that demonstrates its commitment to audit quality and provides transparency about the firm's structure, operations and monitoring of its internal system of quality control. The CAQ believes that audit quality reporting can foster greater confidence in the public company audit process by assisting stakeholders (e.g., financial statement users, audit committee members, regulators) in understanding how an audit firm's management and operations support the performance of high quality audits.

Today, the CAQ issued a [Resource on Audit Quality Reporting](#) that highlights some important elements of audit quality that U.S. audit firms could consider in developing or refining their own audit quality reporting. While we are aware that some firms currently issue specific audit quality reports, and currently report this type of information in various forms, this resource is being issued as part of the CAQ's commitment to share best practices across its member firms.

Generally, the CAQ believes that the elements of a firm's system of quality control that must be established and maintained in accordance with professional standards could serve as a framework for audit quality reporting. Importantly, this resource is not intended to include all possible audit quality reporting topics, nor is this resource setting a requirement that such topics be reported.

This resource provides examples of possible firm-specific information that could be reported in the following six areas, but is intended to provide each firm with the flexibility to determine what, when, and how information on audit quality is reported:

- Firm Leadership and Tone at the Top
- Independence, Objectivity and Skepticism
- Audit Process, Methodology and Performance
- Professional Development and Competency
- Monitoring
- Firm Organization and Structure

The CAQ encourages individual firms to tailor this type of reporting to best describe the specifics of its practice and periodically update such reporting to highlight any significant changes in firm policies and practice or recent investments in audit quality. We believe that the breadth, size, and complexity of a firm's public company audit practice are relevant factors when considering the nature, timing, and extent of reporting on audit quality.

Stay Informed

As a member of the Center for Audit Quality (CAQ), you will receive timely communication of important regulatory and legislative developments related to the public company auditing environment through our *Alerts* and *Public Policy Monitor*. We welcome your feedback. Questions or comments can be submitted to CAQ staff by e-mail: center@theCAQ.org or by phone: 1-888-817-3277. Have a technical inquiry? Please visit our [technical inquiry resource](#).

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