



## MEDIA RELEASE

### AUDIT QUALITY

**24 January 2019**

The Financial Reporting Council (FRC) welcomes the release of the Australian Securities and Investments Commission's (ASIC) latest Audit Inspection Program results. The FRC notes that the results cover audits from 20 Australian audit firms undertaken in the 18 months to 30 June 2018, covering financial reports for years ended 30 June 2016 to 31 December 2017.

Nevertheless, these results confirm the continuing need for the [FRC's Audit Quality Action Plan](#), which aims to increase audit quality by working with stakeholders, including ASIC, accounting firms and professional accounting bodies.

The Chair of the FRC, Mr Bill Edge said, "Based on the evidence to date, the FRC believes that external audits continue to assist in maintaining trust and confidence in financial reports".

"The FRC is confident that the leadership of the accounting firms in Australia are displaying appropriate seriousness about concerns over audit quality and are continually implementing initiatives to address the issue."

Since the start of the Audit Quality Action Plan, the FRC has found no evidence of systemic issues or major concerns that external auditing was not satisfying its core role of maintaining trust and confidence in financial statements prepared by companies through stakeholder consultation.

In addition to the Audit Quality Action Plan, the FRC conducted an Audit Committee Chair (ACC) Survey in conjunction with the Auditing and Assurance Standards Board to gather stakeholder views and suggestions for improvement.

The survey was sent to ACCs of the ASX top 300 companies, and overall the results indicate that ACCs are very satisfied with the quality of the auditors.

The Government also asked the FRC to review the adequacy of auditor disciplinary functions as an extension of its work on audit quality, following recommendations from the Parliamentary Joint Committee on Corporations and Financial Services' Report on the 2016-17 annual reports of bodies established under the ASIC Act. The FRC expects to provide a report to the Government in March 2019.

For more information on the FRC's oversight of audit quality, refer to the [FRC Annual Report 2017-18](#) Section 3 released on 20 September 2018.

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