



MEDIA RELEASE

RELEASE OF AUDIT QUALITY REVIEW REPORT

6 November 2023

The FRC is pleased to announce the release of a report into its findings and recommendations. In November 2022, having regard to emerging concerns and limited availability of data, the FRC commenced a review into how audit quality and compliance with auditing and ethical standards by auditors is monitored and supported in Australia.

This review builds on the FRC's 2019 review which provided a qualitative assessment of RCA disciplinary processes. These reviews fulfil the FRC's legislative mandate to provide strategic policy advice and reports to the Minister and the Professional Accounting Bodies (PABs) in relation to the quality of audits conducted by Australian auditors.

The current review focused on how regulators and PABs monitor and support audit quality and identify issues with non-compliance with auditing and ethical standards. It also evaluated whether any improvements were necessary to processes to identify breaches and escalation to disciplinary action.

During the year, the FRC consulted with relevant stakeholder groups to gain their insights into these focus areas. These groups included (among others) regulators, PABs and the six largest audit firms in Australia. The report is also informed by an analysis of relevant programs in other jurisdictions and an assessment of the progress to date on the recommendations from the FRC's 2019 review.

The Review examined the professions' processes to identify breaches and compliance including close examination of ASIC's role in monitoring audit quality. The Review includes 15 recommendations for ASIC, the PABs, and the Government in relation to improvements of audit quality review programs, how compliance with ethical standards are monitored and enforced and possible future legislative changes. Additionally, progress to date on the recommendations from the 2019 disciplinary review have been examined in the report, including a review of any barriers to implementation.

For the full list of the FRC's findings and recommendations, please read the [full report](#).

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