AICPA

Enhancing Audit Quality

2017 highlights and progress

Contents

Introduction

Financial statement audits and assurance on other subject matters play a vital role in society. Assurance services can inform citizens about how a town or school district is managing tax dollars. They can help a small business owner get financing to grow. They can guide investors interested in buying a business. They can provide a community with information on how a local business is replenishing natural resources. And they can let clients, customers and investors know that systems are in place to protect sensitive information from cyberattacks.

As business and regulatory environments evolve and become increasingly complex, the CPA profession's commitment to performing quality audits becomes even more essential. With this in mind, the American Institute of CPAs (AICPA) launched the Enhancing Audit Quality (EAQ) initiative in 2014. The initiative aligns all AICPA audit- and assurance-related activities with the goal of supporting firms' quality improvement.

The AICPA's *6-Point Plan to Improve Audits* is a roadmap for integrating quality improvement throughout the audit process, from pre-licensure through enforcement.

aicpa.org/EAQ

A data-driven approach to audit quality enhancement

EAQ uses a data-driven approach to obtain insights into quality trends in the profession and to support the development of resources for auditors and auditees.

Analyze data	Detect audit quality trends	Take action

Analyze data

- Peer Review Program
  - Enhanced oversights of peer reviewers
  - Results of reviews
- Ethics investigations
- Other sources

Detect audit quality trends

Take action

- Consider standards implications
- Raise awareness about findings
- Provide education and resources to support quality enhancement
- Reinforce through peer review

Enhancing Audit Quality areas of focus

Through EAQ's data-driven approach to quality enhancement, the AICPA identified several key areas of focus in 2017.

Peer Review

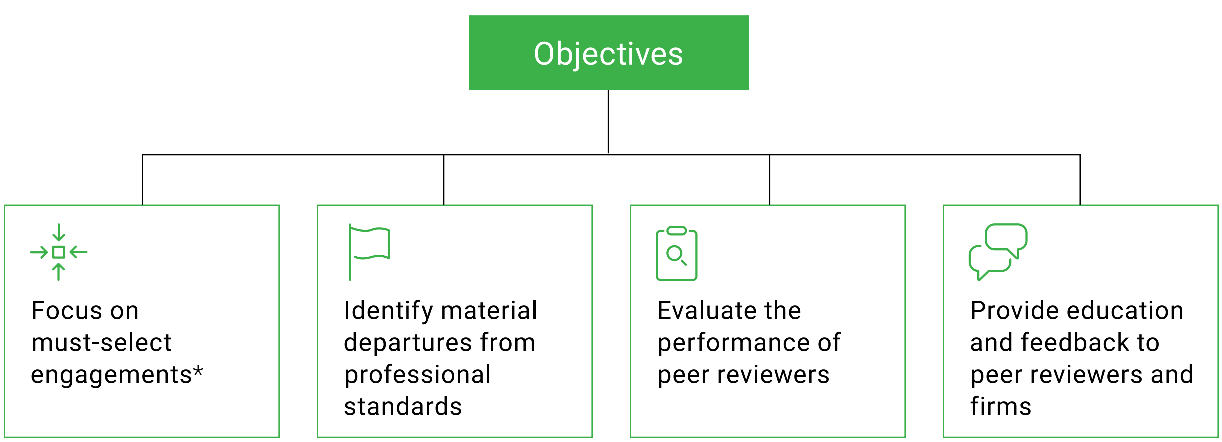
Reinforcement of compliance with auditing, independence and quality control standards through peer review is at the heart of EAQ. Through their personal connections with firms, peer reviewers are uniquely positioned to carry the quality message and help firms address issues of concern. However, without peer reviewers effectively detecting where audits do not fully comply with professional standards, reviewers may leave firms with the impression that prevalent quality challenges do not pertain to them. As a result, firms may not recognize opportunities where they can improve their performance.

The Peer Review Enhanced Oversight Program

To gather data on the factors driving audit quality and evaluate the performance of peer reviewers and the firms they review, the Peer Review Program conducts enhanced oversights. In the Enhanced Oversight Program (see figure 1), subject-matter experts review a sample of firms' audit engagements after they've been subject to peer review, but before they have been evaluated by the Peer Review Committee.

A "non-conforming engagement" is an engagement that was not performed and/or reported on in conformity with applicable professional standards in all material respects.

Figure 1: AICPA Peer Review Enhanced Oversight Program



*Refers to high-risk practice areas in which one or more of the engagements a firm performs must be selected in the firm's peer review.

Figure 2

90 → 190

engagements subject to Enhanced Oversights from 2015 (pilot year) to 2016

55%

of engagements found to be materially non-conforming in 2016

200

Approximate number of oversights to be performed in 2017

Most common causes of non-conformity:

- Inadequate or nonexistent audit documentation
- No testing of internal controls over compliance in single audits
- No testing of one or more applicable compliance requirements in single audits
- No evidence of SOC 1 report evaluation in employee benefit plan audits

Peer Review Program improvements

Throughout 2017, the Peer Review Board (PRB) continued to implement a variety of reforms that require reviewers to meet additional, more stringent qualifications. The PRB reforms will also expedite the process for remediating and removing poor performers. This has led to better reviewer performance, improved detection of non-conformity with professional standards and firms obtaining appropriate remediation, which the AICPA believes will ultimately result in improved audit quality.

While these reforms were necessary, the PRB recognizes that balance is key. To support peer reviewers throughout these changes and encourage feedback, in ongoing efforts to "get it right," the AICPA conducted a member "listening tour" in 23 states in 2017, ran a peer review staff training on leading change in the program, conducted a "Peer Reviewer Q&A" webcast, held a focus group at the Peer Review Conference and undertook personal outreach to the highest-volume peer reviewers.

Figure 3: Results of Peer Review Program changes

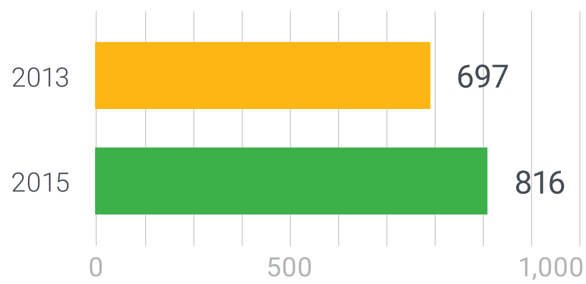
3x The rate of non-conformity with professional standards peer reviewers detected on must-select engagements has more than tripled since 2015.

4x Poor-performing peer reviewers are getting the remediation they need to improve their performance. The number of reviewers subject to remediation has quadrupled since 2014.

Despite changes to the program, the ratio of firms to peer reviewers has not suffered. In fact, as a result of PRB actions to strengthen the peer reviewer pool, the number of firms per reviewer nationwide has shrunk from 18.12 in 2010 to 14.65 in 2017. However, certain states continue to experience challenges with the size of their peer reviewer pools and acquiring reviewers with specialized industry experience. The AICPA is committed to supporting these states in addressing these challenges.

Since reviewers are improving the identification of firms' audit quality issues, more firms are receiving the remedial action they need.

Figure 4: Firms required to undergo pre- or post-insurance review as corrective action



Firms that fail to remediate are terminated from the Peer Review Program. The number of firms terminated for failing to remediate nearly doubled from 2015 to 2016.

Importantly, the Peer Review Program can only help firms detect their quality issues if they are properly enrolled in the program and provide a complete population of engagements. To identify firms that were not in compliance with Peer Review requirements, the AICPA reviewed public databases and found that not all firms were properly enrolled (see figures 5 and 6).

Figure 5: Firms in the United States Department of Labor EFAST2 database not properly enrolled in Peer Review or failed to report to their peer reviewer that they performed an employee benefit plan audit (evaluation performed in 2012–13 for year-ends in 2011).

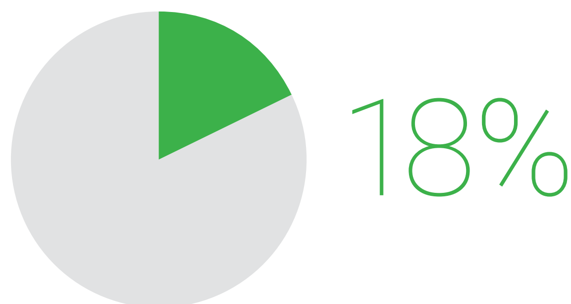
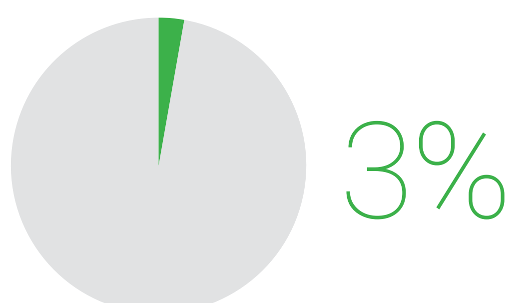


Figure 6: Firms in the Federal Audit Clearinghouse (FAC) database not properly enrolled in Peer Review or failed to report to their peer reviewer that they performed a single audit (evaluation performed in 2015–16 for year-ends in 2013).



The AICPA has taken action with all of those firms, including recalling peer review report acceptance, referring individuals to the AICPA Ethics Division and implementing other remediation as appropriate.

Peer Review Integrated Management Application (PRIMA)

One innovation that will elevate EAQ's data-driven approach to quality improvement is the Peer Review Integrated Management Application (PRIMA), a web-based tool that launched in May 2017, replacing the AICPA's previous peer review information system. This new platform allows the Peer Review Program to adapt faster to the needs of practice monitoring and users.

PRIMA will take virtually all the information collected during a peer review, much of which was historically entered on paper forms, and store it in an online system. This system will allow the AICPA to analyze trends in quality across all 30,000 enrolled firms, and the results of that analysis will inform standard-setting, education, the Peer Review Program and more.

The platform also will allow the AICPA to identify firms that take on their first engagement in a new industry or area and provide them with targeted resources, most of which would be free. This is a result of a new reporting requirement in which firms will submit additional information on an annual basis, as opposed to the previous requirement of every three years.

Referrals to state boards of accountancy

State boards of accountancy have important roles in facilitating audit quality. To promote high professional standards of practice, the Peer Review Program attempts to remediate firms when deficiencies are identified. In cases of non-cooperation or when remediation is inadequate, enrollment in the program may be terminated, in which case the applicable state board of accountancy is notified.

Independent of Peer Review, the Professional Ethics Division and participating state CPA societies attempt to remediate members when deficiencies are identified. When violations are egregious, the AICPA takes additional action, such as admonishment, suspension or expulsion, in which case the applicable state board of accountancy is notified.

The AICPA relies on state boards to take appropriate action with respect to firm and individual licenses. Actions state boards take are essential to resolving these egregious issues and continuing to support audit quality.

Figure 7: AICPA referrals to state boards of accountancy (Jan. 1, 2014-May 31, 2017)

300

individual referrals

346

firm referrals

48

state boards to which referrals were made

Documentation

What the AICPA found

The most common quality issue encountered in Enhanced Oversights was inadequate or no audit documentation, indicating auditing procedures were either not performed, or, where performed, not documented in accordance with standards.

More than 50% of all non-conformity detected was due to inadequate or no documentation.

To obtain sufficient appropriate audit evidence necessary to support the audit opinion, auditors must comply with AU-C section 230, *Audit Documentation*. This standard indicates that written documentation should be sufficiently detailed to give an experienced auditor not previously involved in the audit a clear understanding of the work performed, the evidence obtained and the conclusions reached. The standard states that an auditor is required to document:

- The nature, timing and extent of procedures
- The results of those procedures and evidence obtained
- Any significant findings, issues or professional judgments

If sufficient appropriate audit evidence necessary to support the audit opinion was not appropriately documented, then the audit was not conducted in accordance with Generally Accepted Auditing Standards (GAAS) and the auditor would not have a basis to render an opinion. Put simply: If an auditor's work is **not documented**, the auditor is **not done** obtaining evidence to support his or her opinion.

What the AICPA is doing

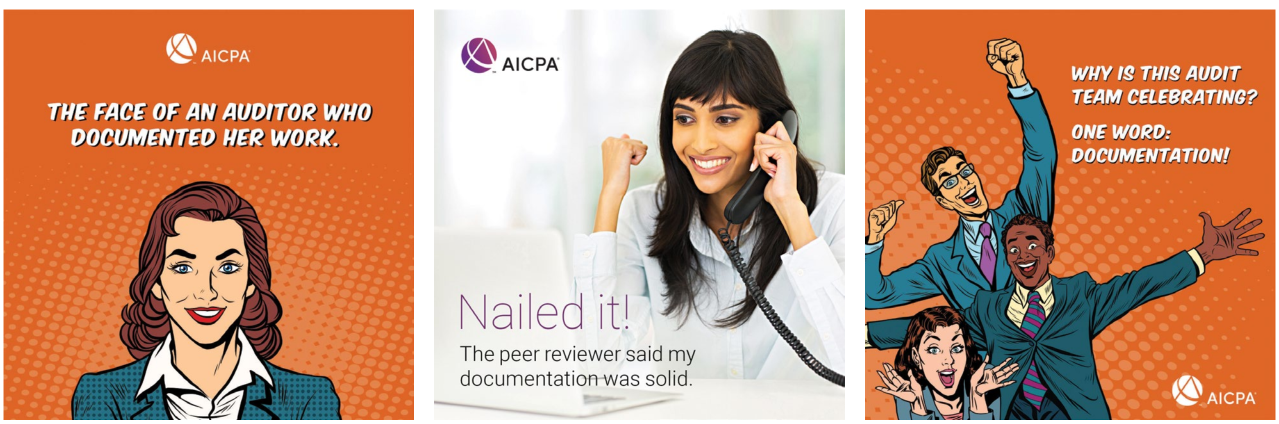
AICPA Auditing Standards Board (ASB) representatives evaluated whether the *Audit Documentation* standard was clear, and concluded that while the standard's requirements were clear, a few common misconceptions were inhibiting compliance. In response, the AICPA developed an awareness campaign that includes a free documentation toolkit found at aicpa.org/documentation. The toolkit contains resources for auditors such as:

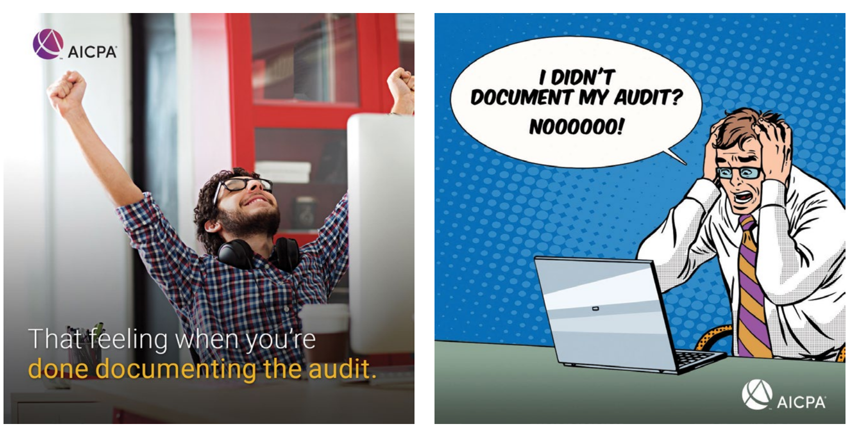
- Sample working papers
- A tool for SOC 1™ consideration
- A dual-purpose testing practice aid
- An internal inspection aid
- A PowerPoint presentation firms can present to their staff
- A nano-learning segment

The AICPA also developed targeted communications and education to raise awareness, including blog posts, *Journal of Accountancy* articles, email newsletters, communications to state CPA societies and state boards of accountancy and a social media meme campaign. The response to this campaign has been significant, with more than 10,000 page views to the toolkit and more than 4,500 downloads of the documentation resources in the first six months.

A June 1 *Journal of Accountancy* article titled "Audit documentation: Tips for getting it right" got more than 5,000 page views in three weeks. In a show of the campaign's reach, a United States Department of Labor (DOL) representative recommended the documentation toolkit to attendees at the Florida Institute of CPAs 2017 Mega CPE Conference.

Figure 8: Documentation social media meme campaign





The AICPA will continue to promote the importance of adequate audit documentation and available documentation resources in 2018.

Single audits

Single audits are a highly specialized type of compliance audit performed on state and local governments and not-for-profit organizations that expend $750,000 or more of federal assistance in a fiscal year. Both federal agencies that provide federal assistance and the public rely on single audits to confirm that these organizations are managing federal funds appropriately.

What the AICPA found

Data from Enhanced Oversights showed single audits with year-ends on or before Nov. 30, 2015, had concerning levels of non-conformity with the Uniform Guidance, the regulation that dictates single audit requirements.

Figure 9: Common causes of non-conformity in single audits

23%

of all single audits subject to enhanced oversight were materially non-conforming with professional standards due to failure to properly test controls over compliance.

16%

of single audits subject to enhanced oversight were materially non-conforming due to failure to properly test direct and material compliance requirements.

In 2016, the AICPA studied a random sample of 87 single audits and identified three key factors that strongly correlated to quality performance in that sample (shown in figure 10).

What the AICPA is doing

Through the Enhanced Oversight Program, the AICPA identified inconsistencies in regulations and guidance that created challenges for auditors. Those inconsistencies will be communicated to the appropriate federal regulatory bodies along with recommended revisions that would support the broader effort to enhance quality.

To spread awareness of the factors driving single audit quality, the AICPA:

- Developed an infographic highlighting the results of the 2016 study
- Reached out to auditors, auditees and other stakeholders about these factors
- Created webcasts, alerts and other resources for firms

The first step in the AICPA's research into single audit quality was to identify *what* factors drive audit quality; the next step is to determine *why* those factors made a difference. The AICPA plans to drill down further into the data to learn more about these factors.

The AICPA also developed auditee resources available at aicpa.org/auditeeresources to help them prepare for their single audits. The resources include web events, explanations of key sections of the Uniform Guidance and auditee practice aids. Additionally, the Governmental Audit Quality Center (GAQC) developed a webcast and other communications to spread awareness of **the most common single audit issue: auditors not testing internal controls over compliance**.

Figure 10: The three key factors driving single audit quality

1. Practice makes perfect

The more single audits a firm performed every year (regardless of firm size), the more likely a given single audit was to conform to professional standards.

Number of single audits performed annually

1

38% conformity

2 to 10

51% conformity

11 or more

85% conformity

Recommendation: Firms should only accept engagements that they are competent to perform and, when needed, engage knowledgeable third parties to serve on engagement teams.

2. Commitment to quality

Governmental Audit Quality Center (GAQC) firm members had

2X greater conformity

than non-members.

Recommendation: Learn more about GAQC membership at **aicpa.org/GAQC**.

100% conformity

GAQC members who performed 11 or more single audits annually

3. Qualified engagement partners

Number of single audits the engagement partner performed annually

1

32% conformity

2 to 10

56% conformity

11 or more

75% conformity

Qualifications of the engagement partner mattered.
Non-conformity spiked when the engagement partner:

- Had less than six years of experience performing single audits → Provide appropriate resources for consultation
- Had non-conforming engagements previously → Consider the need for engagement quality control review (EQCR)
- Took less than nine hours of single audit-specific CPE within the past three years → Establish firm policies requiring engagement partners to take robust single audit-specific CPE

Recommendations:

Employee benefit plan audits

Employee benefit plan (EBP) audits are essential to protecting savings and benefits earned by workers throughout their careers. These include audits of pensions, health and welfare and 401(k) plans subject to the Employee Retirement Income Security Act of 1974 (ERISA) under the regulatory authority of the DOL.

What the AICPA found

Enhanced Oversights found concerning levels of non-conformity with the standards as well as two primary areas challenging EBP audit practitioners:

Figure 11: The two primary areas challenging EBP audit practitioners

20%

of engagements had material non-conformity related to improper utilization of SOC reports and certifications.

>50%

of engagements had material non-conformity related to inadequate or no documentation.

What the AICPA is doing

The AICPA Employee Benefit Plan Expert Panel and Employee Benefit Plan Audit Quality Center (EBPAQC) Executive Committee brought to the Financial Accounting Standards Board's (FASB) attention the need for employee benefit plan reporting simplification. As a result of these advocacy efforts, the FASB issued a new accounting standard, ASU 2015-12, to simplify EBP audit reporting. The EBPAQC also has developed webcasts and tools on ASU 2015-12 implementation, audit planning, EBP audit best practices and more to help member firms perform high-quality audits.

In April 2017, the ASB released a proposal to create a new standard for auditor reporting on EBP audits subject to ERISA. The purpose of the proposal is to help auditors better understand their responsibilities with respect to EBP audits and to provide financial statement users with more information about auditors' responsibilities. The ASB received a robust response to the proposal and will continue to consider comments as they determine the future direction of the proposal.

The AICPA also plans to:

- Develop free tools, aids and education related to the common quality issues listed in figure 11
- Raise awareness about these aids through targeted outreach
- Continue to reinforce detection of these issues through Peer Review

Quality control

What the AICPA found

Having a strong quality control structure in place helps firms avoid quality issues and promote a commitment to quality in their practices. Through Enhanced Oversights, the AICPA uncovered common quality control issues having an impact on audit quality, including the following:

- Many firms copy quality control documents word for word from templates obtained from third-party providers and fail to tailor them to their firms' unique risks, leading to those risks not being addressed.
- Many firms were not performing key required quality control functions, such as consultations or engagement quality control reviews.

What the AICPA is doing

For the past several years, the AICPA has collaborated with the International Auditing and Assurance Standards Board (IAASB) on its quality control project, which may ultimately lead to revisions to the AICPA standard QC Section 10, *A Firm's System of Quality Control*. The AICPA is bringing its audit quality findings to the IAASB for consideration during its project.

Additionally, the AICPA created a free Invigorate the Focus on Quality Toolkit found at aicpa.org/pcps/quality to help firms with their quality control systems. The toolkit includes resources such as:

- An audit and accounting practice aid firms can use to develop the policies and procedures for their system of quality control (available at aicpa.org/qc4me)
- Quality control checklists
- A practice aid on establishing and maintaining a system of quality control
- An article on how firms can create and promote a culture of quality

The AICPA will continue to reinforce detection of quality control issues in Peer Review as well as promote these free quality control resources so that firms can benefit from them.

Driving audit quality in the future

The audit is changing. New, emerging technologies are transforming how we work and live, and the market is seeking assurance on information not contained in traditional financial statements. The profession needs to prepare for these changes to meet clients' needs, create value and continue to provide quality services. Through its Auditing in the Future initiative, the AICPA is getting auditors ready for the needs of tomorrow's marketplace.

Changing talent needs

Enhancing audit quality starts not when an auditor accepts an engagement, but at the beginning of the auditor's career — with relevant, forward-looking education and a Uniform CPA Examination that evaluates candidates based on the skills and competencies auditors truly need. As the audit continues to evolve, the AICPA is committed to preparing the next generation of the profession for the services auditors will perform in the future.

Updated Uniform CPA Examination

Core content knowledge remains fundamental to the CPA profession, but with changing market forces and technological advances, newly licensed CPAs are performing more value-added services than ever before. These services require certain essential skills to be used in tandem with core knowledge to be an effective CPA. The updated Examination, released April 1, 2017, is significantly different from previous versions due to its greater focus on the higher-order skills seen in figure 12.

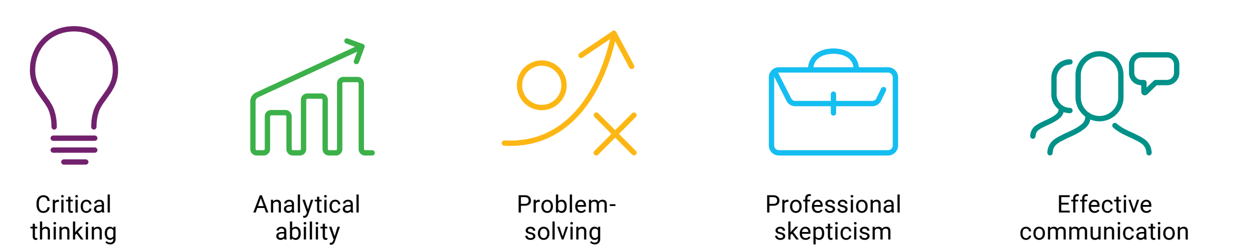
To maintain the Examination's alignment with professional practice, the AICPA continually engages with firms, educators, state boards and other stakeholders who are a critical resource when evaluating potential changes or enhancements.

Accounting Doctoral Scholars Program 2.0

The AICPA believes that professionals with recent public accounting experience can add significant value to the college-classroom experiences of the next generation of CPAs. In 2008, the AICPA Foundation, state CPA societies and major accounting firms created the Accounting Doctoral Scholars Program (ADS) to advocate for an increased number of accounting professors with real-world experience in audit and tax by funding eligible doctoral candidates. That program resulted in 100 new Ph.D.s with practical accounting experience placed in classrooms at 47 universities across the country.

As a result of its success, in the latest iteration of the program, "Accounting Doctoral Scholars 2.0" (launched in August 2016), 45 to 50 doctoral candidates with at least three or more years of recent public accounting experience will be selected for funding. Twelve of those individuals started their Ph.D. programs in 2017. More information is available at adsphd.org.

Figure 12: Higher-order skills evaluated on the Uniform CPA Examination



Revised audit report

Users of financial statements and the auditor's report have requested more information about significant aspects of the audit, resulting in a call for changes to the auditor reporting model in the United States and other jurisdictions around the world. In developing proposed changes to U.S. GAAS relating to auditor reporting, the ASB considered input from investors, regulators, corporate governance organizations, auditors and others in response to numerous proposals and requests for public comment. Consistent with its strategic policy, the ASB has considered the revisions to the auditor's report resulting from IAASB and Public Company Accounting Oversight Board (PCAOB) auditor reporting projects in developing its proposal. The ASB's goal is to make the report more informative and further clarify auditors' responsibilities, thereby increasing the public's confidence in audits and related financial information. Changes include:

- A mandated opinion section in the first paragraph
- The option to include key audit matters
- Expanded descriptions of auditor and management responsibility, including those related to going concern

The ASB expects to issue an exposure draft by November 2017, with a 90-day comment period. The proposed Statements on Auditing Standards (SASs) and related proposed amendments are estimated to be adopted for audits with year-ends as early as June 15, 2019.

Data analytics

Guide to Audit Data Analytics

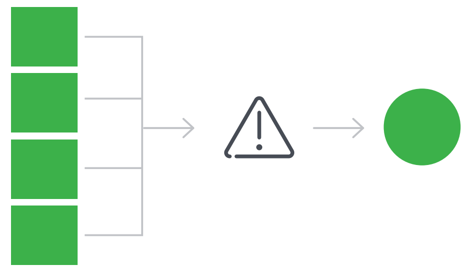
Understanding how new and emerging technologies can be used throughout the audit process is an important step in advancing the profession and enhancing audit quality. This fall, the AICPA is releasing the Guide to Audit Data Analytics, which will discuss the issue at a foundational level while also describing how these techniques can be integrated into the audit process to improve effectiveness and bring additional insights. The AICPA will launch learning resources associated with the guide and plans to release advanced guidance in 2018.

Rutgers AICPA Data Analytics Research (RADAR) initiative

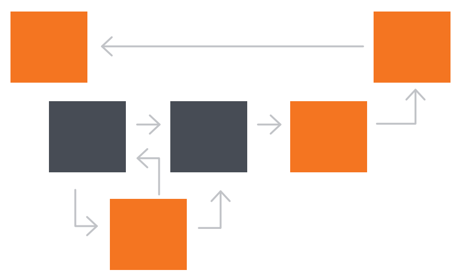
The goal of the RADAR initiative is to demonstrate through research how further integration of data analytics into the audit process can effectively lead to advancements in the public accounting profession. The RADAR research teams bring together experts from the profession and academia, currently working on three projects, displayed on figure 13 on the following page.

Figure 13: Current RADAR projects

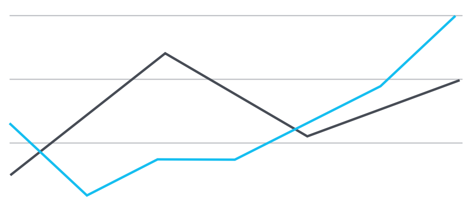
Multidimensional Audit Data Selection (MADS)
Seeks to articulate a process for filtering large populations of data, identifying items that may be more likely to contain or result in material misstatement(s).



Process mining
Leverages process mining techniques to analyze business processes and help form a view of the effectiveness of internal controls.



Visualization
Explores the potential use of visualization to enhance the ability to gain insights from audit data analytics.



The research findings will help to inform the development of standards and guidance to facilitate the use of data analytics in the audit, with a goal of supporting a continued focus on audit quality through enhanced audit insights. More information can be found at aicpa.org/RADAR.

Assurance Research Advisory Group (ARAG)

The Assurance Research Advisory Group, consisting of representatives from academia and public practice, funds research projects addressing private company topics of interest to practitioners and standard setters. Accounting educators who submit an approved research proposal are eligible for up to $15,000 in funding and, where applicable, access to firm personnel or anonymized firm data the AICPA Peer Review Program provides with firm consent. The AICPA funds research proposals that provide the profession with valuable insight into the factors that affect the quality of assurance services.

Accounting educators who submit an approved research proposal are eligible for up to $15,000 in funding.

In December 2016, ARAG approved its first two proposals:

- "Identifying Significant Components and Determining Component Materiality in Group Audits: Does a Focus on Size Miss the Mark?"
- "Lost in Translation? A Comparative Analysis of Auditors' Perceptions of the Firms' Tone at the Top"

These projects are expected to inform the ASB's efforts as they consider changes to the Group Audit and Quality Control standards. Additionally, the ARAG program is being expanded for 2017 and beyond.

Valuation credentials

Certified in Entity and Intangible Valuations™ (CEIV™) credential

Fair value measurement deficiencies present challenges not only for valuation professionals, but also for their clients, investors and regulators, as well as others placing trust in a company's financial statements and auditors reviewing these valuations. To address the need for increased competence and improved quality, consistency and transparency in the performance of fair value measurements, in early 2017 the AICPA launched the new Certified in Entity and Intangible Valuations (CEIV) credential and Mandatory Performance Framework for CPAs and finance professionals. CEIV credential holders will follow the new framework, which defines how much work is necessary to provide supportable and auditable fair value measurements for financial reporting. CEIV credential holders will also participate in an ongoing, proactive Quality Monitoring Program designed to provide confidence to markets and regulators that CEIV credential holders are performing high-quality valuations in compliance with the Mandatory Performance Framework. With more consistency and transparency in the valuation process, auditors reviewing valuations performed by CEIV credential holders can more effectively assess the work done to determine fair value measurements.

Certified in the Valuation of Financial Instruments (CVFI™) credential

Similar to the CEIV credential, Certified in the Valuation of Financial Instruments (CVFI) will also have a disclosure framework that credential holders will be expected to follow. The CVFI credential, expected to launch in 2018, will provide everyone in the valuation chain with a more accurate and transparent method for disclosing what goes into complex calculations when valuing financial instruments and securities.

Assurance services beyond financial statements

As customers, investors, suppliers and the public increasingly rely on information outside of financial statements to make decisions, CPAs are in the best position to provide trusted assurance on more information than ever before.

Cybersecurity

With data breaches occurring on a near-daily basis, cybersecurity has gained increased attention among business directors, regulators, vendors and customers. Organizations are evaluating the effectiveness of their cybersecurity risk management programs and looking at ways to communicate the results to interested stakeholders.

In 2017, the AICPA launched a cybersecurity risk management reporting framework that uses a common language — similar to what GAAP is for accounting — to help organizations of all sizes, in industries worldwide, take a proactive approach against cyberattacks.

Vendor/supply chain

The AICPA is also developing guidance for CPAs to help manufacturers and distributors better understand cybersecurity risk in their supply chains. It is expected to be released in 2018.

Figure 14: Cybersecurity risk management reporting framework

Description Criteria for Management's Description of an Entity's Cybersecurity Risk Management Program

Trust Services Criteria (Control Criteria) for Security, Availability, Processing Integrity, Confidentiality and Privacy

SOC for Cybersecurity Guide for Reporting on an Entity's Cybersecurity Risk Management Program and Controls

Management resources

Companies can use the framework as a guide in creating and evaluating their cybersecurity risk management programs.

Advisory services

Companies can work with a CPA skilled in information management and technology to assess controls, identify gaps and develop a robust response plan to strengthen their existing cybersecurity programs.

Attestation engagement

Companies can engage a qualified CPA to perform an examination to provide stakeholders with confidence in the organization's cybersecurity efforts — letting clients, customers and investors know that steps and systems are in place to protect sensitive information and to help prevent disruptive events.

Sustainability reports (ESG)

In July 2017, the AICPA released an authoritative guide on sustainability assurance engagements. These reports can help users know if a company has met requirements related to greenhouse gas emissions, achieved company goals on water consumption or lived up to promises to manufacture products in an environmentally safe way. As companies look to increase the credibility and reliability of their reported sustainability information, they are engaging CPAs to provide assurance on this data. The AICPA's authoritative guide equips CPAs for engagement acceptance, planning and performance, as well as reporting.

Figure 15

20% → 82%

2011 **2016**

S&P 500 companies who publish some type of sustainability report, even though it is voluntary[1]

73%

of portfolio managers and research analysts take sustainability matters into account when making investment decisions.[2]

69%

of portfolio managers and research analysts believe it is important that sustainability information be subject to independent assurance.[2]

[1] Source: Governance & Accountability Institute, 2017
[2] Source: CFA Institute's Environmental, Social and Governance (ESG) Survey, 2015

Conclusion

Enhancing Audit Quality is a strategic, comprehensive commitment by the AICPA and the profession to promote quality services. Through this long-term initiative, the AICPA is guiding the profession through continuous, steady quality improvement that will lead to enhanced performance over time. And as EAQ supports auditors in their goal of improved audit quality, those auditors will in turn be able to support small business owners, investors, the public and more with valuable, trusted services.

Looking to the future, EAQ will continue to:

- Implement reforms to make the Peer Review Program more effective
- Promote the value of audit and assurance in the marketplace
- Conduct research to uncover more meaningful information about audit quality trends

CPAs have long been considered one of the most trusted professions by the public, and a commitment to quality is key to maintaining that trust. As the business environment continues to evolve at an unprecedented pace, the AICPA is dedicated to helping firms improve their audit quality and reinforcing the value of assurance services.

AICPA®