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The public company auditing profession plays a key role in maintaining this confidence. Survey after survey shows that strong majorities of retail and institutional investors view independent auditors as valuable and effective in looking out for investor interests.

An autonomous, nonpartisan, and nonprofit public policy advocacy organization, the Center for Audit Quality (CAQ) guides and supports the public company auditing profession as it does its vital work worldwide.

**WHAT we do**

Each day, the CAQ takes action in numerous ways to support public company auditors and to enhance public trust in the capital markets.

**Advocating Policies and Standards**

Working with its members, the CAQ formulates and advances positions on pressing policy issues facing the public company auditing profession and our capital markets. The CAQ’s policy work is accomplished through continual engagement with policymakers at the Public Company Accounting Oversight Board (PCAOB), the Securities and Exchange Commission, and other regulatory bodies at home and overseas. Areas of interest include regulation of public company auditors; accounting standards; efforts to enhance auditor independence, objectivity, and skepticism; and corporate governance.

The CAQ conveys the profession’s policy views through a number of channels, including comment letters, amicus briefs, and meetings with policymakers.

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**WHo we are**

The CAQ is led by a Governing Board made up of chief executive officers from leading international firm subscriptions. The CAQ is affiliated with American Institute of CPAs, the American Institute of CPAs, and representatives from key stakeholder constituencies such as audit committee members, investors, and academics. Three members of the Governing Board are appointed from outside the public company auditing profession. These independent board members bring insights that provide critical context. The CAQ’s Executive Director, Cindy Fornelli, is responsible for carrying out the mission and vision of the Governing Board.

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**Staff**

Working from offices in Washington, DC and New York, NY, the CAQ’s team includes experts in communications, policy, professional practice, research, stakeholder engagement, and operations. The CAQ’s Policy and Professional Practice Groups include a team of individuals licensed as Certified Public Accountants (CPAs). In addition, the CAQ maintains a Professional Practice Fellowship Program, which brings in CPAs from the profession who help guide the CAQ’s professional practice and public policy activities during 18-month fellowships.

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**Convening and Collaborating With Key Stakeholders**

Investors and the markets benefit greatly when the various constituents of the financial reporting process work together and communicate effectively. To that end, the CAQ convenes and collaborates with other stakeholders to advance the discussion of critical issues.

**LEADING THE WAY:**

Helping Auditors Exercise Effective Judgment

It is critical for the public and capital markets to have trust and confidence in the reasonableness of judgments made by public company auditors. This issue has been a focus area for the profession and regulators, particularly as the complexity of accounting continues to increase. The CAQ established a Judgment Task Force and published a resource aimed at assisting auditors who are responding to judgment challenges arising from the increasing complexity of business transactions, the development of principles-based (or objectives-based) auditing and accounting standards, the increasing focus on estimates, and other highly subjective elements.

The Professional Judgment Resource outlines an example of a decision-making process grounded in five essential actions that include identifying and defining the issue and reviewing the documentation and rationale for the conclusion. Additionally, the Resource identifies several of the more common judgment tendencies and traps that can potentially lead to bias and weaken professional skepticism, and includes illustrative examples of these tendencies, as well as strategies to avoid them. While the Resource was developed with auditors in mind, it can be a useful tool for all capital markets participants.
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