AUDIT QUALITY in ACTION
YEAR IN REVIEW 2014
MISSION

The Center for Audit Quality (CAQ) is dedicated to enhancing investor confidence and public trust in the global capital markets by:

• Fostering high quality performance by public company auditors

• Convening and collaborating with other stakeholders to advance the discussion of critical issues requiring action and intervention

• Advocating policies and standards that promote public company auditors’ objectivity, effectiveness, and responsiveness to dynamic market conditions

MEMBERSHIP

The CAQ is an autonomous, nonpartisan, and nonprofit public policy advocacy organization that is affiliated with the American Institute of CPAs (AICPA). With over 550 members, the CAQ is funded entirely by member support.

Membership in the CAQ is open to U.S. accounting firms registered with the Public Company Accounting Oversight Board (PCAOB). Associate membership is available for U.S. accounting firms not registered with the PCAOB. The CAQ also offers international firm subscriptions.

LEADERSHIP

The CAQ is led by a Governing Board made up of chief executive officers from leading public company auditing firms and the AICPA, as well as three independent members from outside the public company auditing profession. These independent board members bring insights that provide critical context to the work of the CAQ.
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The U.S. public company auditing profession knows the importance of action, not just words, when it comes to audit quality. Survey data shows that confidence in capital markets, audited financial statements, and investing in publicly traded companies is high. Further strengthening that confidence requires a meaningful commitment to enhance audit quality continuously in tangible ways.

The Center for Audit Quality embodies this commitment from the public company auditing profession. As this Year in Review shows, the CAQ took a wide array of actions in 2014 to enhance audit quality.

- **Engaging with policymakers.** On key initiatives, such as developing audit quality indicators and updating the auditor’s report, CAQ staff, working with the profession, engaged with policymakers in Washington and overseas, offering constructive input and advocating for effective, practical standard setting and rulemaking.

- **Developing resources.** The CAQ issued multiple member alerts and developed new guides to help public company auditors, including an in-depth resource to facilitate important auditing and accounting judgments in a professionally skeptical manner.

- **Collaborating.** The CAQ worked closer than ever with partners—notably those in the Anti-Fraud Collaboration and the Audit Committee Collaboration—to produce information and tools aimed at improving the operation of the financial reporting supply chain.

- **Supporting research.** The CAQ published new research, including a comprehensive report on financial restatements, and helped to foster new academic studies on a range of topics related to audit quality.

In this global economy, marked by ever-evolving financial markets, 2015 will undoubtedly prove to be another eventful year for public company auditors. Responding to ongoing developments and rising to new challenges, the CAQ will continue to work with its member firms to enhance audit quality, to promote understanding of the profession, and to bolster confidence in capital markets.
# The CAQ by the Numbers

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<tr>
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<th>Description</th>
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<tr>
<td>4</td>
<td>Number of Access to Audit Personnel Program projects awarded in 2014</td>
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<td>Number of comment letters filed by the CAQ in 2014</td>
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<td>Number of consecutive years the CAQ has conducted its annual <em>Main Street Investor Survey</em></td>
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<td>Number of member alerts issued by the CAQ in 2014</td>
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<td>Number of projects funded by CAQ Research Advisory Board grants since 2009 (including four in 2014)</td>
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<td>75</td>
<td>Percentage of investors in the CAQ’s 2014 <em>Main Street Investor Survey</em> expressing confidence that auditors are looking out for their interests</td>
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<td>120</td>
<td>Number of 2014 conferences or events in which the CAQ participated</td>
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<td>Number of technical and administrative inquiries fielded by CAQ staff in 2014</td>
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<td>551</td>
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<td>Followers of Cindy Fornelli’s LinkedIn Influencer posts, as of December 2014</td>
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<td>73,484</td>
<td>Number of minutes of CAQ videos watched on YouTube in 2014</td>
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“The set of potential audit quality indicators proposed by the Center for Audit Quality is the result of a focused effort to find objective measurements for audit work. The CAQ paper is the culmination of a two-year effort with the CAQ’s member firms to develop perspectives regarding which indicators may be most relevant, and how and to whom they should be communicated.”

—JOURNAL OF ACCOUNTANCY, APRIL 2014
**LEADING THE WAY ON AUDIT QUALITY**

**DEVELOPING AUDIT QUALITY INDICATORS**

In 2014, the CAQ released a set of audit quality indicators (AQIs) that could improve the dialogue around audit quality, help narrow the expectations gap, better communicate the contributions of auditors to the capital markets, and provide a useful tool for the profession, audit committees, and others.

- **CAQ Approach to Audit Quality Indicators.** Released in April 2014, this in-depth paper detailed the CAQ’s thoughts on an initial approach to communicating a set of potential AQIs. The CAQ, recognizing the audit committee’s critical role in oversight of the audit, recommended that communications of AQIs be directed at audit committees. It also suggested that communication of audit quality indicators focus largely on engagement-level indicators as a targeted and effective means to improve audit quality. The CAQ’s *Approach* generated significant discussion in both the profession and in regulatory and academic communities.

- **Pilot testing AQIs.** CAQ member firms launched a pilot-testing initiative to obtain feedback from auditors and audit committees on the *Approach*. The pilot testing will be complete in 2015, with findings released publically.

**UPDATING THE AUDITOR’S REPORTING MODEL**

The CAQ and its members made substantial contributions to the ongoing efforts to update the auditor’s reporting model (ARM).

- **Policy engagement.** The CAQ continued to evaluate the ARM proposals from the PCAOB, released in August 2013, and to consider a variety of possible changes that could enhance information presented in the auditor’s report while minimizing unnecessary costs and helping to mitigate risks. The CAQ filed related comments with regulators overseas, notably the International Auditing and Assurance Standards Board (IAASB) in July 2014 on its ARM proposal.

  *With respect to critical audit matters field testing, certain enhancements could be made to the proposed auditor reporting standard that we believe would make it more operational in practice.*

  —CAQ comment to PCAOB, June 2014
Field testing the PCAOB ARM proposals. The CAQ in June 2014 released findings from a collaborative effort of its members to field test aspects of the PCAOB’s ARM proposal. Public company auditing firms of various sizes participated in the field-testing initiative, which gathered general observations about the time and effort that may be involved in implementing the PCAOB proposal. Among other findings, the field testing revealed that the high number of potential “critical audit matters” (CAMs) could be reduced by explicitly including materiality relative to the financial statements as an additional factor in determining CAMs. Further, field testing indicated that focusing the source for CAMs to only those matters communicated to the audit committee may be more effective and efficient.

IN ACTION ➔ PROFESSIONAL JUDGMENT RESOURCE

The CAQ issued the Professional Judgment Resource in August 2014. The tool provides auditors with a clear decision-making process to consider using for facilitating auditing and accounting judgments in a professionally skeptical manner. 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.

The Resource can assist auditors as they proactively and constructively respond to judgment challenges in the audit process arising from the evolving complexity of business transactions, the development of principles-based auditing and accounting standards, and the increasing focus on estimates and other highly subjective elements.
“No important development in auditing is complete until Fornelli and her team at the CAQ have weighed in on its merits, offering their insight and analysis, as well as research and resources for the audit world as a whole.”

—ACCOUNTING TODAY, TOP 100 MOST INFLUENTIAL PEOPLE, SEPTEMBER 2014
FORMULATING PROFESSION VIEWS

In its policy engagement, the CAQ leveraged its professional committees and task forces, including, the Professional Practice Executive Committee, the SEC Regulations Committee, the Smaller Firm Task Force, and the International Practices Task Force. These bodies and others provide a forum for member firms to express their views on technical and regulatory matters.

ENGAGING WITH POLICYMAKERS ON KEY ISSUES

In 2014, the CAQ submitted eight comment letters to the PCAOB, the SEC, IAASB, the Association of Chartered Certified Accountants (ACCA), and Institutional Shareholder Services (ISS). These letters provided profession views on a range of important public policy matters for public company auditors, including the following:

• **Accounting estimates and fair value.** The CAQ cautioned the PCAOB against “one-size-fits-all” approaches in this complex area, and said standards should recognize uncertainty inherent in accounting estimates.

• **Engagement partner identification.** Reiterating its broad support for PCAOB efforts to enhance transparency into the audit, the CAQ suggested that the appropriate place to identify the engagement partner would be the Form 2 filing, or in the audit committee report (or elsewhere in the proxy statement), as opposed to including the information in the auditor’s report.

• **Auditor ratification.** The CAQ conveyed its view that ISS should not change its proxy voting benchmark policy to include auditor tenure as a critical evaluation factor for auditor ratification. The CAQ noted that there is no indication that longer audit firm tenure impairs auditor independence, objectivity, or professional skepticism.
ADVOCATING FOR THE PROFESSION

IN ACTION ➔ CAQ MEMBER ALERTS

To help public company auditing firms adapt to policy developments and emerging risks, the CAQ issued eight member alerts in 2014. In March 2014, for example, the CAQ responded to growing concerns about cybersecurity with an alert explaining the role of the auditor. The CAQ also collaborated closely with the AICPA to produce two alerts related to audits of broker-dealers.

TAKING A GLOBAL VIEW OF POLICY

Coordinating its efforts with the Global Public Policy Committee, the CAQ continued to expand its international work through policy engagement and initiatives with global implications.

- **The global discussion around the role of audit committees.** Cindy Fornelli moderated roundtable discussions at 2014 International Corporate Governance Network Regional Conferences in Amsterdam and Tokyo. At both events, participants explored the evolution of the audit committee and implications of that evolution for a range of participants in the financial reporting supply chain.

- **EU audit legislation.** A European Union law with major implications for public company auditors became effective in 2014. As the legislation progressed, the CAQ voiced clear positions on behalf of the profession. Among other views, the CAQ noted the risk that multiple versions of audit firm rotation could spring up across the EU, potentially creating unnecessary costs and a patchwork of conflicting regulatory regimes that could ultimately have an adverse impact on audit quality.

- **IFIAR and audit quality indicators.** The CAQ’s *Approach to Audit Quality Indicators* sparked interest worldwide on the topic of AQIs. In April 2014 the CAQ was invited to present its views on AQIs before the plenary meeting of the International Forum of Independent Audit Regulators (IFIAR). Building on the IFIAR presentation, the CAQ subsequently discussed AQIs with regulators from Australia, Canada, Singapore, and Turkey.

CAQ Executive Director Cindy Fornelli with Kenneth Yap, Chief Executive of Singapore’s Accounting and Corporate Regulatory Authority, at its August 2014 Public Accountants Conference.
“Individual investors are regaining confidence in the U.S. economy but still remain worried about gridlock in Washington...Seventy-three percent of retail investors, those who trade stocks for themselves on a smaller scale, said they have confidence in U.S. capital markets, according to the Center for Audit Quality’s annual Main Street Investor Survey.”

—THE HILL, OCTOBER 2014
ANALYZING TRENDS IN FINANCIAL RESTATEMENTS

The CAQ published a new research report, *Financial Restatement Trends in the United States: 2003–2012*, in July 2014. This study, commissioned by the CAQ and authored by Professor Susan Scholz of the University of Kansas, focuses on the decade following the implementation of the Sarbanes-Oxley Act of 2002. It examines developments in the number and seriousness of restatements over this period and Chronicles policy changes that may have had an impact on restatements. The report shows, among other findings, that the number of restatements declined significantly from a 2006 peak, while the number of accounting issues underlying each restatement reported also decreased.

TRACKING INVESTOR CONFIDENCE IN MARKETS, PUBLIC COMPANIES, AND AUDITORS

Given public company auditing’s essential role in the capital markets, the CAQ regularly surveys investors to gauge their confidence and to gain insights into their views and concerns. In 2014, the CAQ published the eighth edition of its Main Street Investor Survey, which each year measures individual investor confidence in capital markets, audited financial information, and investing in publicly traded companies. The 2014 survey results showed strong—in some instances record—levels of investor confidence. A follow-up “pulse” poll examined the significant improvement in investor confidence in the major U.S. stock exchanges, finding that data security, regulatory oversight, and longevity are top factors in rising confidence levels.
In August 2014, the CAQ held its sixth Annual Symposium, an event providing the opportunity for an open exchange of ideas between the profession and academia. Hosted by EY, this year’s Symposium featured panels on audit quality indicators and audits of internal control over financial reporting. In addition to representatives from academia and the auditing profession, attendees included regulators from the PCAOB, the SEC, and the Canadian Public Accountability Board.

The CAQ, in conjunction with the Auditing Section of the American Accounting Association (AAA), continued its program to provide access to audit personnel in the conduct of scholarly research on topics of interest to the profession. From 36 proposals received in response to a January 2014 request for proposals, the Review Committee, comprising members from academia and the auditing profession, selected four projects to support. These Access to Audit Personnel projects represent a significant commitment on the part of the profession, involving participation of nearly 580 audit personnel.
INFORMING AND IMPACTING THROUGH RESEARCH

SUPPORTING INDEPENDENT ACADEMIC RESEARCH

The CAQ received 29 research proposals in response to a December 2013 request for proposals on prominent auditing topics. After consideration of the proposals, the CAQ’s Research Advisory Board (RAB)—also drawn from both academia and the profession—selected four independent academic research projects to support, with topics including audit committee reporting, management bias and accounting estimates, disclosure of critical audit matters, and professional skepticism. To date, six RAB projects have been published in peer-reviewed journals, and two have won awards.

IN ACTION ➔ HOW TO WRITE AN EFFECTIVE GRANT PROPOSAL

The CAQ produced two short videos in 2014 that provide guidance to academics who may wish to submit proposals to CAQ research programs. The videos explain the differences between the CAQ’s programs, and highlight the features that proposal reviewers look for when evaluating submissions.

In the videos, leading auditing and accounting academics, as well as CAQ grant recipients, offer tips for identifying a good research question and discuss techniques for effectively crafting a research proposal that will resonate with the profession. They also explain the benefits and value of participating in the CAQ research grant program.

Jacqueline S. Hammersley, Associate Professor at the University of Georgia’s J.M. Tull School of Accounting, shares thoughts on developing a successful research proposal.
2014 HIGHLIGHTS

JANUARY
• Cindy Fornelli debuts as a LinkedIn Influencer.
  The American Accounting Association bestows its Special Award of Merit to the CAQ and jointly to the CAQ’s Director of Research Margot Cella and Executive Director Cindy Fornelli.
• CAQ hosts Audit Committee Roundtable on Audit Quality Indicators.

FEBRUARY
• The Anti-Fraud Collaboration publishes Carolina Wilderness Outfitters Case Study.
• PRNews recognizes CAQ for its work on the Annual Main Street Investor Survey.
• CAQ files comment letter on PCAOB proposal to disclose audit engagement partner.

MARCH
• Cindy Fornelli addresses financial disclosure effectiveness at U.S. Chamber of Commerce’s 8th Annual Capital Markets Summit.
• CAQ publishes member alert on cybersecurity and role of auditor.
• SEC hosts Cybersecurity Roundtable.

JULY
• Anti-Fraud Collaboration hosts webcast on whistleblower programs.
• IASB publishes the final version of IFRS 9, Financial Instruments.
• NACD names Cindy Fornelli to the “Directorship 100” for the sixth time.

AUGUST
• CAQ hosts sixth Annual Symposium.
• CAQ publishes Professional Judgment Resource.
• The Financial Accounting Standards Board (FASB) issues guidance to improve financial reporting of going concern uncertainties.
• SEC names James Schnurr Chief Accountant.

SEPTEMBER
• Expert panel selects winning team in GW/CAQ Initiative on Rethinking Financial Disclosure.
• PCAOB issues practice alerts on auditing revenue and going concern.
• Women in Capital Markets meets to discuss “Balancing Regulation and Economic Growth.”
• Accounting Today names Cindy Fornelli to “Top 100 Most Influential People in Accounting.”
• Cindy Fornelli accepts ALS “Ice Bucket Challenge” from CAQ Governing Board Chair Robert E. Moritz.
2014 HIGHLIGHTS

APRIL
• CAQ publishes its Approach to Audit Quality Indicators.
• The CAQ and the University of Delaware’s Weinberg Center for Corporate Governance host event on audit committee disclosure.
• Women in Capital Markets meets to discuss “Governance for the Long Term vs. Short Term.”
• European Parliament gives plenary approval of audit market legislation.

MAY
• With the AICPA, the CAQ issues joint alert on audits of broker-dealers.
• The CAQ and the George Washington University announce the Initiative on Rethinking Financial Disclosure.
• CAQ funds new round of independent academic research.
• The International Accounting Standards Board (IASB) and FASB jointly issue converged standard on revenue recognition.

JUNE
• PCAOB adopts Auditing Standard No. 18, Related Parties.
• CAQ provides field-testing findings to PCAOB on its proposed auditor’s report.
• CAQ and AAA Auditing Section announce 2014 Access to Audit Personnel Program awards.

OCTOBER
• PCAOB hosts meeting of Investor Advisory Group.
• CAQ publishes 2014 Main Street Investor Survey.
• Fornelli delivers keynote remarks at Sustainability Accounting Standards Board conference.
• Graduate students use Carolina Wilderness Outfitters Case Study to compete at Internal Audit Case Study Competition in Los Angeles.

NOVEMBER
• Initiative on Rethinking Financial Disclosure publishes final report.
• Anti-Fraud Collaboration hosts teaching of the Hollate Manufacturing Case Study in Washington, DC, including representatives from the regulatory community.
• CAQ comments on PCAOB staff consultation paper, Auditing Accounting Estimates and Fair Value Measurements.
• Anti-Fraud Collaboration issues The Fraud-Resistant Organization.
• CAQ and AICPA issue joint member alert highlighting independence rules in non-issuer audits and attestation engagements.

DECEMBER
• CAQ and Audit Analytics issue first-ever Audit Committee Transparency Barometer.
• CAQ Gallery on Corporate Governance opens in the virtual museum and archive of the history of financial regulation at www.sechistorical.org.
• CAQ issues member alert on emerging risks in 2014 audit cycle.
• Women in Capital Markets meets to discuss “Reforming Financial Disclosures.”
“The Carolina Wilderness Outfitters Case Study is the second case study published by the Anti-Fraud Collaboration after the Hollate Manufacturing Case Study got positive reviews for helping facilitate training on understanding the conditions that can lead to fraud and misrepresentation in financial reporting.”

—COMPLIANCE WEEK, FEBRUARY 2014
CONVENING AND COLLABORATING

FIGHTING FRAUD

In 2014, the CAQ took a leading role in expanding the work of the Anti-Fraud Collaboration, an initiative whose members also include Financial Executives International, The Institute of Internal Auditors, and the National Association of Corporate Directors.

• Carolina Wilderness Outfitters Case Study. On behalf of the Anti-Fraud Collaboration, the CAQ in February 2014 published a second case study for members of the financial reporting supply chain. Titled “Carolina Wilderness Outfitters,” the new case explores the issue of how and when to conduct an internal investigation when fraud is suspected in an organization. With its Anti-Fraud Collaboration partners, the CAQ helped coordinate efforts to have these anti-fraud case studies taught across the country.

• Webcasts. The CAQ led the Anti-Fraud Collaboration’s efforts to produce a series of CPE-worthy webcasts to leverage and share the Collaboration’s collective expertise. Webcasts in December 2013 and April 2014 examined the importance of sustaining an ethical corporate culture. In July 2014, the webcast focused on a key part of fraud deterrence and detection: whistleblower programs.

• The Fraud-Resistant Organization. In November 2014, the Collaboration released The Fraud-Resistant Organization: Tools, Traits, and Techniques to Deter and Detect Financial Reporting Fraud. Drawing on a wealth of recent research, the comprehensive report provided valuable information about the conditions that might make an organization more susceptible to fraud—and how to mitigate those conditions.
**CONVENING AND COLLABORATING**

**HIGHLIGHTING THE VITAL WORK OF AUDIT COMMITTEES**

Independent audit committees, which hire and oversee external auditors, are a vital component of U.S. corporate governance. Through the Audit Committee Collaboration—a group including the National Association of Corporate Directors, NYSE Governance Services, Tapestry Networks, the Independent Directors Council, the Mutual Fund Directors Forum, the Association of Audit Committee Members, Inc., and The Directors’ Council—the CAQ helped to further the dialogue around how to highlight and enhance the work of audit committees.

- **A robust conversation around the Call to Action.** In November 2013, the Audit Committee Collaboration released *Enhancing the Audit Committee Report: A Call to Action*. The publication discussed developments around the issue of audit committees’ public disclosures. It also included examples of emerging, voluntary practices of strengthened audit committee disclosures. To continue the conversation around the *Call to Action* in 2014, the CAQ undertook an active and sustained campaign, highlighting the paper and related audit-committee issues at conferences, webcasts, and roundtables.

- **Audit Committee Transparency Barometer.** Building on the *Call to Action*, the CAQ issued the *Audit Committee Transparency Barometer* in December 2014. Starting with a research universe of the S&P Composite 1500—an index which includes small-cap, mid-cap, and large-cap companies—the Barometer found that companies across the spectrum tend to provide more disclosure than is required regarding the activities of audit committees. Produced in partnership with Audit Analytics, the Barometer also found that many of these disclosures are either consolidated in the audit committee report, or in dedicated sections of the proxy statement.

- **Video on auditor assessment tool.** In October 2014, the CAQ created an educational video explaining the benefits of a previous Collaboration publication, the *Audit Committee Annual Evaluation of the External Auditor*.

- **Roundtables on internal and external auditors.** The CAQ joined The Institute of Internal Auditors in hosting a set of fall 2014 roundtable discussions on how audit committees, internal auditors, and external auditors can optimize their intersecting roles and responsibilities with respect to risk management and external reporting. Takeaways from the discussion will be captured in a document set to be published in 2015.
CONVENING AND COLLABORATING

IN ACTION ➔ EFFECTIVE FINANCIAL DISCLOSURE

The CAQ has worked extensively with relevant stakeholders in response to SEC Chair Mary Jo White’s January 2014 challenge to rethink corporate financial disclosure. In the spring of 2014, the CAQ convened business, investor, and financial groups—such as the Council of Institutional Investors, the U.S. Chamber of Commerce, the Investment Company Institute, and others—to explore this issue and possible recommendations. The CAQ also partnered with George Washington University to launch the Initiative on Rethinking Financial Disclosure. In this project, teams of graduate students competed to come up with novel ways to improve 10-K filings. In October 2014, students briefed SEC officials on their recommendations, which included creating focused summaries of key 10-K items, stratifying risk factors according to importance to the company, and offering clearer breakouts of company strategy.

POOLING EXPERTISE ON CAPITAL MARKETS

The CAQ officially launched the “Women in Capital Markets” initiative in April 2014. The focus of the project has been a series of luncheons that bring together top business leaders, policymakers, and academics to discuss critical issues facing capital markets. Featured topics at these events have included the health of U.S. capital markets, long-term versus short-term views in the marketplace, balancing regulation and economic growth, and reforming the system of financial disclosures.

Elizabeth Moehlenbrock of the George Washington University School of Business presents her team’s recommendations as part of the Initiative on Rethinking Financial Disclosure, September 2014.

Leslie Seidman, Executive Director of Pace University’s Center for Excellence in Financial Reporting, moderates a Women in Capital Markets discussion in September 2014.
COMMUNICATING PROFESSION VIEWS

PROJECTING PROFESSION VIEWPOINTS IN THE MEDIA

In the news media, the CAQ serves as a voice for the public company auditing profession.

• **Print media.** In 2014, the CAQ’s work and positions were featured in hundreds of stories, including publications such as the Wall Street Journal, Forbes, Reuters, Bloomberg, Compliance Week, The Hill, and Corporate Secretary magazine.

• **Broadcast media.** Cindy Fornelli sat for interviews with broadcast outlets ranging from C-Span to China’s CCTV to Bloomberg and Accounting Today. She also appeared regularly on both NYSE Governance Services’ “This Week in the Boardroom” and NACD’s “BoardVision” to discuss corporate governance trends, audit committee disclosure, disclosure effectiveness, and fraud.

• **Social media.** The CAQ shared its work and expressed its views via social media channels such as Twitter, LinkedIn, and YouTube. The CAQ’s following in these channels grew 73 percent on average in 2014.

Fornelli discusses financial regulation and investor confidence on C-Span’s “Washington Journal” in October 2014.

PARTICIPATING IN KEY STAKEHOLDER EVENTS

At conferences and other high-profile events across the globe, the CAQ articulates profession views on issues such as auditor independence, objectivity, and skepticism; financial reporting fraud deterrence and detection; and public company auditing policy and regulation. In 2014, the CAQ participated in 120 conferences, roundtables, and other gatherings.
IN ACTION ➔ CAQ COMMENTARY

CAQ op-eds in 2014—covering topics such as the health of U.S. capital markets, EU audit reform, and audit quality indicators—appeared in Accounting Today, American Banker, Accountancy, The CPA Journal, NACD Directorship, and The Hill. Throughout the year, Cindy Fornelli also conveyed profession views via her participation in LinkedIn’s “Influencers” program, a commentary platform featuring select business and thought leaders.

“Anecdotal and statistical evidence suggest that Americans’ attitudes about government and regulation are quite complex. Understanding the implications of this complexity could help to guide us as we continually strive to rethink and improve our approach to regulation.”

—CINDY FORNELLI,
“BRINGING NUANCE BACK TO REGULATORY DEBATES”
AMERICAN BANKER, NOVEMBER 2014
GOVERNING BOARD

GOVERNING BOARD CHAIR

Robert E. Moritz
Chairman and Senior Partner
PricewaterhouseCoopers LLP

GOVERNING BOARD CO-CHAIRS

Charles M. Allen
CEO
Crowe Horwath LLP

Harvey Goldschmid
Former Commissioner
U.S. Securities and Exchange Commission

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Grant Thornton LLP

Joe Echevarria
CEO
Deloitte LLP

Cindy Fornelli
Executive Director
Center for Audit Quality

Michele J. Hooper
President and CEO
The Directors’ Council

Stephen R. Howe, Jr.
Americas Managing Partner and Managing Partner of the U.S. Firm
EY

Barry Melancon
President and CEO
American Institute of CPAs

Lynn S. Paine
John G. McLean Professor of Business Administration and Senior Associate Dean for Faculty Development
Harvard Business School

John B. Veihmeyer
Chairman, KPMG International Chairman and CEO, KPMG-U.S.

* This list is comprised of Governing Board members who served during calendar 2014.
SERIAL LEADERSHIP

Cindy Fornelli  
Executive Director

Jane Cobb  
Senior Director of Operations and Chief of Staff

Gregory McElroy  
Senior Director of Administration

Barbara Van Allen  
Senior Director of Stakeholder Relations and Communications

Susan Brooke, CPA  
CAQ Professional Practice Fellow

Kevin Lavin, CPA  
CAQ Professional Practice Fellow

CAQ STAFF

Mark Anderson  
Director of IT

Margot Cella  
Director of Research

Crystal Cooke  
Project Specialist

Cherissa Cruz  
Receptionist

Luba Dinitis, CPA  
Director of Professional Practice

Erin Dwyer  
Director of Stakeholder Engagement

Andrew Gillies  
Deputy Director of Communications

Erica Hurtt  
Director of Communications

Rita Johnson  
Executive Assistant

Marie Kallio  
Administrative Manager, Member Services

Melissa Marbury  
Executive Assistant

Thomas Payne  
Research Manager

Ajish Punnackal  
Manager, IT Operations

Jeffrey Rapaglia, CPA  
Technical Director, Professional Practice

Annette Schumacher, CPA, CGMA  
Senior Technical Manager, Professional Practice

Schuyler Simms, CPA  
Senior Technical Manager, Professional Practice

Giselle Soriano  
Office Manager

Casey Watson, CPA  
Technical Manager, Professional Practice

Joel Yaccarino  
Manager of Events
### 2014 COMMENT LETTERS

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<td>January 30</td>
<td>PCAOB</td>
<td>Proposed Auditing Standards on the Auditor’s Report and the Auditor’s Responsibilities Regarding Other Information and Related Amendments: Update on CAQ field-testing</td>
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<td>February 3</td>
<td>PCAOB</td>
<td>Improving the Transparency of Audits: Proposed Amendments to PCAOB Auditing Standards to Provide Disclosure in the Auditor’s Report of Certain Participants in the Audit</td>
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<tr>
<td>February 14</td>
<td>ISS</td>
<td>Benchmark Policy Consultation Document on Auditor Ratification</td>
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<td>March 24</td>
<td>SEC</td>
<td>Proposed Rule Amendments for Small and Additional Issues Exemptions Under Section 3(b) of the Securities Act</td>
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<td>June 19</td>
<td>PCAOB</td>
<td>Proposed Auditing Standards on the Auditor’s Report and the Auditor’s Responsibilities Regarding Other Information and Related Amendments: CAQ field-testing addendum</td>
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<td>July 14</td>
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<td>Proposed International Standard on Auditing (ISA) 720 (Revised), the Auditor’s Responsibilities Relating to Other Information</td>
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<td>August 28</td>
<td>ACCA</td>
<td>Creating Value Through Governance—Towards a New Accountability</td>
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<td>November 3</td>
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<td>Staff Consultation Paper–Auditing Accounting Estimates and Fair Value Measurements</td>
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2014 PUBLICATIONS AND VIDEOS

CAQ PUBLICATIONS

• Carolina Wilderness Outfitters Case Study, February 2014 (with the Anti-Fraud Collaboration)

• CAQ Approach to Audit Quality Indicators, April 2014


• CAQ Resources for Academics, July 2014 (CAQ brochure)

• Professional Judgment Resource, August 2014

• The CAQ’s Eighth Annual Main Street Investor Survey: Focus on Weathering Risk, October 2014

• Leading the Way on Audit Quality, October 2014 (CAQ brochure)

• The Fraud-Resistant Organization: Tools, Traits, and Techniques to Deter and Detect Financial Reporting Fraud, November 2014 (with the Anti-Fraud Collaboration)

• Initiative on Rethinking Financial Disclosure, November 2014 (with the Institute for Corporate Responsibility at the George Washington University School of Business)

• Audit Committee Transparency Barometer, December 2014 (with Audit Analytics)

SELECT VIDEOS AND WEBCASTS FEATURING THE CAQ

• "Enhancing the Audit Committee Report: A Call to Action," Association of Corporate Counsel, April 2014

• "Your Role in Sustaining a Culture That Deters Fraud," Anti-Fraud Collaboration, April 2014

• "Corporate Governance in the New Century," SEC Historical Society, June 2014

• "How to Improve Your Whistleblower Program and Address Impediments to Reporting," Anti-Fraud Collaboration, July 2014

• "CAQ Research Grant and Access Awards Overview," CAQ, August 2014

• "How to Write a Successful Research Proposal," CAQ, August 2014

• "2014 CAQ Annual Symposium," CAQ, August 2014


• "External Auditor Assessment Tool Video," Audit Committee Collaboration, September 2014

• "The Anti-Fraud Collaboration: An Evergreen Alliance," AuditChannel.tv, October 2014

• "Closing the Expectation Gap," AuditChannel.tv, October 2014

All CAQ publications and resources are publicly available at no charge at TheCAQ.org.