

Daily Report for Executives

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AICPA Joins Forces With Top Firms To Launch Center for Audit Quality

The American Institute of Certified Public Accountants and eight public company auditing firms announced Jan. 30 that they have established the Center for Audit Quality, an organization based in Washington, D.C., to aid investors and issuers in "a time of growing financial complexity and market globalization," according to a news statement.

The Center for Audit Quality's stated goal is to work to increase users' confidence in the audit process and make public company audits reliable and relevant. According to the center, it will achieve these goals "by advancing suggestions for change rooted in the profession's core values of integrity, objectivity, honesty and trust."

The center was created by the AICPA and the accounting firms of BDO Seidman LLP, Crowe Chizek and Company LLC, Deloitte & Touche USA LLP, Ernst & Young LLP, Grant Thornton LLP, KPMG LLP, McGladrey & Pullen LLP, and PricewaterhouseCoopers LLP. It includes members of firms of all sizes that audit public companies, according to the statement.

Cynthia Fornelli, executive director of the center and a former official with the Securities and Exchange Commission, said in the statement, "We believe that investors and the capital markets will benefit from a robust voice representing the public company auditing profession."

The center said it plans to bring together public company auditors and public leaders in the investor and corporate communities to discuss the issues facing the capital markets. To this end, the center will try to foster a national public dialogue through scheduled events with key stakeholders across the country.

Goal to Facilitate Dialogue

During this dialogue, the center will serve as facilitator of a discussion about improvements to the quality, relevance, and integrity of financial reporting and how it can better evolve to meet investors' business information needs, according to the center. It will also undertake research on these topics and make recommendations in the effort to foster confidence in the capital markets.

Fornelli said in the statement, "The Center for Audit Quality aims to become an expert resource and catalyst for public education and discussion. This undertaking is vital, because the ways in which public companies report, and auditors audit, financial information matter greatly to almost everyone."

The center will focus on the following issues:

- enhancing public company audit quality through research and communications of current developments and their implications, with the goal of promoting continual improvements to the process of public company auditing;
- narrowing the "expectations gap" between regulatory standards of performance and public expectations by pursuing approaches that help issuers and auditors address fraudulent financial reporting;
- building public confidence and trust in the public company audit by fostering a greater understanding of the value of the independent public company audit and the firms that perform this service; and
- providing public company auditing professionals useful information on key issues in public company auditing.

The Center for Audit Quality will be led by a governing board that comprises the chief executive officer of the AICPA, chief executives of the six largest firms and two rotating firms, and leaders from the investor and issuer communities. Membership in the center is open to all U.S. public company auditing firms registered with the Public Company Accounting Oversight Board and associate membership is available for U.S. accounting firms that are not registered.