



CENTER FOR AUDIT QUALITY

Serving Investors, Public Company Auditors, & the Markets

Tuesday, January 30, 2007

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Center for Audit Quality Formed to Foster Confidence in the Capital Markets in Time of Growing Globalization and Financial Complexity

*~~Public company auditing profession will join with investors and issuers
for national dialogue on the capital markets~~*

Washington, D.C. -- The American Institute of CPAs (AICPA) and eight public company auditing firms announced today a new organization designed to aid investors and issuers in a time of growing financial complexity and market globalization. The Center for Audit Quality will work to increase confidence in the audit process and make public company audits even more reliable and relevant by advancing constructive suggestions for change rooted in the profession's core values of integrity, objectivity, honesty and trust.

“From retirement funds to college tuition savings, the American public today is more personally involved in the capital markets than ever before. This new dynamic brings with it an increased need for transparent, easy-to-understand financial information. Improvements within the public company auditing profession, along with new laws and regulations, have helped significantly. But, there is more to do,” Cynthia Fornelli, executive director of the Center, said.

“As the umpires in the capital markets, public company auditors stand at the intersection between investors and corporations. This unique perspective gives us the opportunity, and more important, the responsibility to actively participate in the conversation about the future of the capital markets. We believe that investors and the capital markets will benefit from a robust voice representing the public company auditing profession,” Fornelli added.

The Center for Audit Quality will 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 convene a national public dialogue through scheduled events with key stakeholders across the country. During the public 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. It will also conduct research on these topics and ultimately make recommendations that will foster confidence in the capital markets.

Affiliated with the American Institute of CPAs

“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. In the end, reliable financial information is the bedrock foundation of investor confidence in the capital markets -- which are the lynchpin of the global economy,” said Fornelli.

In addition to the public dialogue, 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.
- Serving as a catalyst to bring market participants together to discuss improvements to the quality, relevance and integrity of financial and business reporting.
- Narrowing the “expectations gap” between regulatory standards of performance and public expectations. This will be accomplished by pursuing approaches that help issuers and auditors address fraudulent financial reporting. By working with regulators, standard setters, the Center’s members and other market participants, the Center will work to find practical ways to come closer to meeting public expectations through standards, transparency, performance and other changes in the policy and legal environments.
- 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.
- Providing public company auditing professionals useful information on key issues in public company auditing.

The Center was created by the American Institute of CPAs, 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, and includes members of all size firms that audit public companies. Membership is open to all U.S. public company auditing firms registered with the Public Company Accounting Oversight Board. Associate membership is available for U.S. accounting firms not registered with the PCAOB.

The Center for Audit Quality will be led by a governing board that comprises the CEO of the American Institute of CPAs, chief executives of the six largest firms and two rotating firms, and leaders from the investor and issuer communities. Each of the board’s members is committed to the concept that advancements in the relevance and reliability of financial information provided to investors is fundamental to the public interest and to capital markets.

The Center for Audit Quality is an autonomous, nonpartisan, nonprofit group affiliated with the AICPA and based in Washington, D.C. The Center’s mission is to foster confidence in the audit process and to aid investors and the capital markets by advancing constructive suggestions for change rooted in the profession’s core values of integrity, objectivity, honesty and trust.

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