



## The Independent Audit Is Highly Valued

**By wide margins, investors, audit committees, and other key users of financial statements see independent auditors playing a critical and valuable role in capital markets.**

By law, US publicly traded companies are required to file financial statements audited by an independent CPA. In [the words of the US Securities and Exchange Commission](#), this requirement exists to provide the public "with additional assurance—beyond managements' own assertions—that a company's financial statements can be relied upon." Investors, audit committees, preparers and others value this additional assurance highly, as research has shown consistently.

### Main Street Investors

Individual investors express robust confidence in auditors and audited financial statements. Since 2007, the Center for Audit Quality (CAQ) has published its [annual Main Street Investor Survey](#), which gauges the confidence of investors in capital markets, public companies, and audited financial statements. In this period—which encompasses the worst market crisis since the Great Depression—US investor confidence in audited financial statements has never dropped below 69 percent. In the 2016 edition of the survey, investor confidence in audited financials registered at 78 percent.

The CAQ's Main Street Investor survey also queries respondents on how much confidence they have in a number of different entities across the financial reporting supply chain when it comes to effectiveness in looking out for investors. Each year since 2011—the first year the CAQ asked this survey question—investors have expressed the most confidence in independent auditors. According to the CAQ's 2016 survey, auditors have an 84 percent confidence rating from investors on this measure.

### Institutional Investors

The views of these Main Street investors comport with the robust confidence expressed by institutional investors (such as investment companies, pension funds, or others that oversee assets entrusted to them by businesses and individuals). In 2014, the CAQ surveyed US institutional investors, capturing the views of portfolio managers, analysts, governance professionals, and others. Of those surveyed, 89 percent said that the external audit conducted by public company auditors is valuable. Forty-five percent described the audit as "very valuable."

# Audit Facts



## Audit Committees

Audit committees, who have important audit and financial reporting oversight responsibilities on behalf of investors, also tend to see the audit as a vital feature of our markets. In 2015, [Deloitte released a survey](#) showing that 70 percent of audit committee members believe that "the audit profession is fundamental to maintaining confidence in capital markets." That agreement was shared by 66 percent of financial statement users and 74 percent of financial statement preparers surveyed. Deloitte's survey echoed [a 2010 report](#)—commissioned by the Standards Working Group of the Global Public Policy Committee (GPPC)—with findings from a survey of 200 chief financial officers, audit committee members, and financial analysts on the value of the audit. The GPPC report found that "both CFOs and audit committee members regard the auditor as a useful source of knowledge, an expert on accounting issues, and a second pair of eyes."

## Driving Continual Improvement

For the US public company auditing profession, these consistently high levels of support and confidence across varying groups are a good sign. Yet solid approval ratings, no matter how consistent or longstanding, are no cause for complacency. For auditors, high expectations and levels of confidence serve as an impetus for continual improvement—they drive the profession's proactive and constructive efforts to strengthen its role for the benefit of investors and markets.

## About the Center for Audit Quality

The Center for Audit Quality (CAQ) is an autonomous public policy organization dedicated to enhancing investor confidence and public trust in the global capital markets. The CAQ fosters high quality performance by public company auditors, convenes and collaborates with other stakeholders to advance the discussion of critical issues requiring action and intervention, and advocates policies and standards that promote public company auditors' objectivity, effectiveness, and responsiveness to dynamic market conditions. Based in Washington, DC, the CAQ is affiliated with the American Institute of CPAs. For more information, visit [www.thecaq.org](http://www.thecaq.org).