

Press release

Press enquiries:
+41 61 280 8138
Joe.Perry@fsb.org

Ref: 24/2019
7 June 2019

2019 FSB Roundtable on External Audit

The Financial Stability Board (FSB) held the latest in a series of roundtables on External Audit (“the Roundtable”) in Toronto on 6-7 June, hosted by Canada’s Office of the Superintendent of Financial Institutions (OSFI), and chaired by Superintendent Jeremy Rudin. The objective of the Roundtable was to engage in constructive dialogue regarding ways to promote international financial stability by enhancing public confidence in auditors and the quality of audits, especially for systemically important financial institutions.

Roundtable participants comprised senior representatives from FSB members, including national prudential authorities, market regulators and audit oversight bodies, the International Forum of Independent Audit Regulators (IFIAR), the international auditing standard-setter and the six largest global audit networks (“the global networks”).

In the context of the Roundtable’s objective, the following areas were considered:

- The recurrence, level and root causes of audit inspection findings identified by IFIAR members in their individual inspections of audit firms affiliated with the global networks;
- Observations from initial audits of expected credit loss estimates under IFRS 9, including the audit work needed to assess the related governance and controls, management judgments and assumptions, and the resulting presentation and disclosures;
- The global networks’ progress in preparing for the implementation of IFRS 17 and the related audits;
- Support for IFIAR in promoting collaboration in regulatory activity to foster the effectiveness of audit oversight globally;
- Effective avenues to strengthen the dialogue between the official sector and the global networks, as a means to inform strong financial sector policies to advance audit quality and promote international financial stability;
- Characteristics of audit services, particularly for financial statement audits of systemically important financial institutions, and the potential implications for the role of financial reporting in international financial stability; and
- The importance of a robust and proactive approach by the global networks in continuing to improve audit quality.

The Roundtable’s chair will report the outcomes of the Roundtable to the FSB’s Standing Committee on Supervisory and Regulatory Cooperation.

Notes to editors

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes the implementation of effective regulatory, supervisory, and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with approximately 70 other jurisdictions through its six Regional Consultative Groups.

Since 2012, the FSB has regularly held roundtables with key parties involved in advancing audit quality, including representatives of the global audit networks and IFIAR.

The FSB is chaired by Randal K. Quarles, Vice Chairman for Supervision, US Federal Reserve; its Vice Chair is Klaas Knot, President, De Nederlandsche Bank. The FSB Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the [FSB website](#).

IFIAR was established in 2006, with the mission to serve the public interest, including investors, by enhancing audit oversight globally. It comprises independent audit regulators from 55 jurisdictions. For further information on IFIAR, visit www.ifiar.org.

IFRS 9 is the international financial reporting standard that addresses the accounting for financial instruments. It was published in July 2014, and became effective on 1 January 2018. It introduces a new expected credit loss model for the recognition of credit impairment.

IFRS 17 is the international financial reporting standard that addresses the accounting for insurance contracts. It was published in May 2017. In November 2018, the International Accounting Standards Board (IASB) proposed to postpone its effective application date to 1 January 2022.