

Press release

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FSB holds virtual roundtable on external audit

The Financial Stability Board (FSB) held the 2020 Roundtable on External Audit on 23 September. Jeremy Rudin, Superintendent of Canada's Office of the Superintendent of Financial Institutions, chaired the virtual meeting. Participants comprised senior representatives from FSB member authorities, audit oversight bodies, the International Forum of Independent Audit Regulators (IFIAR), the Committee of European Auditing Oversight Bodies, the International Auditing and Assurance Standards Board and its oversight body the Public Interest Oversight Board, and the six largest global audit networks ("the global networks").

As in previous roundtables, the objective was to enable constructive dialogue on ways to promote financial stability by enhancing public confidence in the quality of external audits. The discussion focused on current challenges, linked to the economic downturn and volatility in financial markets, to the estimation of expected credit losses, goodwill impairment and other complex components of banks' financial statements.

Participants acknowledged regulatory authorities' reliance on the ability of auditors to deal with these challenges and assess the reasonableness of those estimates, which represent a relevant input for the evaluation of safety and soundness and financial stability. Discussions highlighted the importance of auditors exhibiting professional scepticism when they challenge management judgments inherent in complex estimates and consider any potential sources of bias. Participants also noted the importance of enhanced, entity-specific public disclosures that facilitate users' understanding of the assumptions, processes and methodologies used by management to determine the estimates.

The challenges in addressing going concern assessments of companies affected by COVID-19 were also stressed. There was agreement regarding the importance of reviews underway in the auditing standards and educational material on going concern, and more broadly on the relevance of sound and consistent application of the existing standards.

Participants discussed the benefits of new approaches to the use of technology by auditors, particularly in responding to current operational challenges. There was also interest in the steps of the global networks to enhance consistency of their respective global methodologies and quality controls across member firms and engagement teams. At previous roundtables participants have acknowledged IFIAR's efforts to advance the oversight capabilities of its member authorities and to leverage their collective knowledge and experience in engaging with the global networks and promoting high quality auditing.

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.

The FSB is chaired by Randal K. Quarles, Vice Chairman, US Federal Reserve; its Vice Chair is Klaas Knot, President of 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, www.fsb.org.