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Janine van Diggelen, IFIAR Vice Chair

**Opening Statement on the International Forum of Independent Audit Regulators
Report on 2013 Survey of Inspection Findings**

April 10, 2014

Good morning, good afternoon and good evening to everybody here, on the phone and watching our live stream.

I am Janine van Diggelen, Vice Chair of IFIAR and head of the Audit and Reporting Quality Division at the Netherlands Authority for the Financial Markets, the AFM.

As Lewis Ferguson said, the survey outcomes we present today are a wake-up call.

First of all, for the audit firms:

The recurrence of global inspection findings indicates that audit firms should take steps to develop robust root-cause analyses. A well performed root-cause analysis will provide the firms with a thorough understanding of the factors that underlie these findings, which also include governance, cultural and behavioral aspects relevant to the deficiencies.

This is necessary for audit firms to take appropriate remedial actions. Apart from the need to remediate the findings-- through root-cause analysis and improvements based thereon -- the findings also demonstrate the need for firms to continue improving their auditing techniques, as well as their internal monitoring policies and procedures.

The efforts by the firms at local levels also will be monitored, of course, by our Members.

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At IFIAR, we will continue to monitor developments in audit quality, by conducting surveys and engaging with the largest audit firm networks, among other things.

We expect that the root-cause analyses and remediation efforts, as I mentioned before, will result in demonstrable improvement in audit performance. We will continue to meet with global network firm leaders to discuss inspection results and actions the firms will take.

In these meetings, IFIAR expects the firms to provide information about the results of root-cause analyses, the performance measures used to assess progress, and whether measurable improvements are being made. The global network firms have agreed to provide such information.

The survey results also can be used to inform standard-setting activities, both nationally and internationally. Our Members can use the survey to inform their respective inspection programs.

We believe the only way to improve audit quality is to strive for sustainable solutions.

Investors and other stakeholders need to be able to rely on the auditor's work. During the financial crisis, too many questions were raised about the role of the auditors. The public's trust in the audit function needs to be strengthened.

This is one of the fundamental challenges that the firms are facing. As regulators, we recognize our responsibility to see that firms worldwide make the changes needed to meet investor needs and also improve audit quality on a global scale.

Thank you.