

## Press release

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### FSB holds 2023 Roundtable on External Audit

The Financial Stability Board (FSB) held the 2023 Roundtable on External Audit on 1 – 2 June in Madrid, Spain. Margarita Delgado, Deputy Governor of the Banco de España, chaired the in-person meeting. Participants comprised senior representatives from FSB member authorities, regulatory bodies, audit oversight bodies, the International Forum of Independent Audit Regulators (IFIAR), the Committee of European Auditing Oversight Bodies (CEAOB), the International Auditing and Assurance Standards Board (IAASB), the International Ethics Standards Board for Accountants (IESBA) and its oversight body the Public Interest Oversight Board (PIOB), and the six largest global audit networks.

The discussion focused on ways to promote financial stability by enhancing public confidence in external audits. The issues covered included:

- Progress made by the global audit networks on achieving consistency of high-quality audits, and their role in relation to fraud;
- Various issues around the accounting for financial instruments in light of the current economic conditions and geopolitical tensions;
- Industry preparedness for the implementation of IFRS 17 *Insurance Contracts*, and related audit considerations;
- The rising demand for independent third-party verification of sustainability-related disclosures, and related assurance challenges.

Participants acknowledged the progress achieved by the global audit networks on audit quality, as evidenced by the gradual decrease in terms of audit inspection findings reflected in the [2022 IFIAR Survey of Inspection Findings](#). At the same time, participants highlighted the need for independent auditors to continually seek to further improve audit performance. The current challenging economic environment further highlights the need for consistent high-quality audits.

Participants emphasised the need for both management and independent auditors to closely monitor the impact of rising interest rates and the overall geopolitical uncertainty on the classification and measurement of financial instruments, including expected credit losses.

IFRS 17 *Insurance Contracts* became effective in January 2023. Timely implementation of this important milestone in international accounting is crucial. However, participants remain

concerned about the existing variations in the level of industry preparedness and agreed to continue to monitor, assess and share best practices in order to promote consistency and comparability across the industry.

Participants welcomed the upcoming finalisation of the International Sustainability Standards Board's sustainability-related and climate disclosure standards. The reliability of sustainability-related disclosures could be enhanced by third-party assurance. Participants welcomed the work of the IAASB and IESBA to develop profession-agnostic assurance and ethics standards in sustainability reporting and agreed on the need to achieve global consistency in the assurance over these disclosures. Participants also highlighted the benefits of a strong linkage between sustainability-related disclosures and information provided in financial statements.

## 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 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](http://www.fsb.org).