

2025 update on audit quality

Ernst & Young LLP
March 2025



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Enhancing audit quality

At Ernst & Young LLP (EY US or the Firm), enhancing audit quality remains a top priority. We are proud to foster a culture of continuous improvement and innovation, empowering our people to lead in this rapidly evolving assurance landscape.

The Public Company Accounting Oversight Board (PCAOB) recently released its 2024 inspection report of EY US (generally covering audits of 2023 financial statements), which indicates the actions described in the [2024 EY US audit quality report](#) are having a positive impact on audit quality. While there is still work to do, we are pleased that our Part I.A findings rate has continued to decrease, dropping to 28% in 2024.

We are confident that our actions will continue to drive consistency in audit execution, strengthen our system of quality control and further reduce inspection findings.



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Enhancing audit quality is at the center of our transformation strategy as we continue to adopt new and advanced technologies while making bold investments in our people.

Dante P. D'Egidio
US Vice Chair - Assurance



PCAOB inspection results

Part I.A of the 2024 PCAOB inspection report

Part I.A of the PCAOB's inspection report discusses deficiencies that relate to the sufficiency or appropriateness of evidence we obtained to support our audit opinion(s) on the issuer's financial statements and/or internal control over financial reporting.

We are encouraged by the progress we have made in enhancing audit quality. The overall results of our PCAOB inspection for the 2024 inspection cycle, which generally covers our audits of 2023 financial statements, were in line with our expectations communicated in our 2024 audit quality report.



Part I.B of the 2024 PCAOB inspection report

Part I.B of the PCAOB's inspection report discusses instances of noncompliance with PCAOB standards or rules other than those included in Part I.A and Part I.C. The Part I.B deficiencies in our 2024 inspection report relate to required communications with the audit committee and management, our reporting on critical audit matters and on Form AP, and our testing of journal entries, among other topics. We have taken steps to address each of these findings.

Part I.C of the 2024 PCAOB inspection report

Part I.C provides information on apparent noncompliance with Securities and Exchange Commission (SEC) rules and noncompliance with PCAOB rules on maintaining independence that the PCAOB identified and that the firm identified and reported.

Part I.C cites noncompliance identified by the PCAOB related to evidence of engagement preapproval by the audit committee and unpaid fees for professional services. Part I.C also cites noncompliance that we identified through our monitoring activities. For a 12-month period, we identified instances in approximately 4% of our issuer audits where we or our personnel appeared to have impaired our independence. The most common instances of apparent noncompliance related to financial relationships, business relationships and non-audit services. In each of these instances, we concluded that our objectivity and impartiality were not impaired.

Part II of the 2020 PCAOB report

Part II of the inspection report addresses the PCAOB's observations about a firm's system of quality control, based on both the results of its review of the firm's quality control policies and inferences that can be drawn from deficiencies in the performance of individual audits. These observations are only released publicly if the PCAOB determines that a firm has not addressed the criticisms to its satisfaction during the remediation period.

The PCAOB made public its criticism in its 2020 inspection report of compliance by our managers, senior managers and managing directors with our policies for financial holding disclosures after determining that we didn't address the issue to its satisfaction during the required remediation period.

We understand and accept the criticism, and we have taken and continue to take actions, including proactively working with our people to update their independence reporting and making investments in technology that are expected to facilitate compliance.

Above all, we are committed to executing high-quality audits with integrity to promote confidence in financial reporting and trust in the capital markets, while providing the companies we audit with important insights about their operations.



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