



Quality Culture in Austrian PIE Audit Firms

Follow-up Survey 2024/2025

June 2026

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The Austrian Audit Oversight Authority (APAB) was established on 27 September 2016 as an independent institution under public law, not subject to instructions, and commenced its activities on 1 October 2016. It is subject to the legal supervision of the Federal Minister of Finance and is entrusted with the oversight of statutory auditors and audit firms. Furthermore, it sets the requirements for authorization to carry out statutory audits. The APAB thus serves as a central institution for ensuring the quality and independence of statutory audits in Austria.

The legal basis for its activities is set out in the Audit Oversight Act (APAG), the Public Accountants' Act (WTBG 2017), the EU Audit Regulation (Regulation (EU) No. 537/2014), and the EU Audit Directive (2006/43/EC as amended). These legal frameworks define the organization, responsibilities, and supervisory powers of the authority and ensure compliance with European and national standards in the field of statutory audit.

The tasks and powers of the APAB include in particular the following:

- quality assurance and its review,
- conducting inspections of statutory auditors and audit firms as well as cooperative auditing associations and the savings banks audit association, as far as these audit public interest entities (PIEs),
- maintaining a public register of statutory auditors and audit firms holding a valid license,
- monitoring the continuing professional education of statutory auditors,
- conducting ad-hoc investigations,
- oversight of public interest entities with regard to compliance with audit-related obligations, insofar as these are not subject to supervision by the Financial Market Authority (FMA),
- European and international cooperation (active participation in the Committee of European Auditing Oversight Bodies – CEAOB and the International Forum of Independent Audit Regulators – IFIAR).

Through its supervisory activities, the APAB contributes significantly to the further development of quality assurance in statutory auditing. The supervisory measures and quality requirements it sets provide a clear framework for effective quality management systems and strengthen transparency, accountability, and confidence in statutory audit.

A. Executive Summary

1. Overview

Ensuring consistently high-quality statutory audits is a central objective of audit oversight. In addition to compliance with professional auditing standards, the organisational framework conditions, the leadership structures, and the culture actually practiced within audit firms all play a significant role. Audit quality does not arise solely from formal rules and control mechanisms, but also from a critical mindset, professional judgment, and a clear awareness of the responsibility to act in the public interest.

With the introduction of the International Standard on Quality Management 1, the international quality framework for audit firms has substantially developed. While the previous standard ISQC 1 focused primarily on formal quality control measures, ISQM 1 pursues a risk-based management approach that places greater emphasis on the responsibility of leadership, governance structures, and the organizational environment. Audit quality is thus understood as the result of an effectively managed quality management system.

Against this background, the Austrian Audit Oversight Authority (APAB) focused on the analysis of the quality environment in audit firms in its work programs for the years 2024/2025. The present report is based on a thematic survey of selected Austrian audit firms that audit public interest entities (PIEs). The objective of the survey was to analyze, in a structured manner, measures for the design, implementation, and monitoring of a quality-oriented audit culture.

The survey is based on a maturity model developed specifically for this purpose, which builds on the requirements of ISQM 1 as well as relevant national regulations, in particular the Regulation of the Austrian Chamber of Tax Advisors and Public Accountants on the Performance of Assurance Engagements (KSW-PRL 2022) and the Quality Assurance Regulation 2024 of the Association of Austrian Cooperative Audit Associations (QS-VO 2024). The assessment is based in particular on document analyses, sample inspections, interviews with members of leadership and other responsible persons, as well as a staff survey. The comparison with the results of the initial survey from the years 2020/2021 additionally allows a classification of key developments in quality culture in recent years.

2. Key Findings

<p>① Maturity of Quality Management Systems</p>	<p>The audit firms examined predominantly achieve overall maturity level 3 of the developed maturity model. This indicates that fundamental elements of a risk-based quality management system under ISQM 1 are structurally established and effectively implemented in key areas. At the same time, the results show that in several audit firms there is still room for improvement, in particular in the systematic integration, governance, and ongoing development of individual components of the quality management system. For leadership, this means that the transition from established structures to a strategically managed, continuously improved quality management system must continue to be actively advanced.</p>
<p>② Operational vs. Systemic Components</p>	<p>The analysis shows a consistent picture: operational elements of the quality management system—particularly resources as well as information and communication—often achieve higher maturity levels than the systemic components. In particular the risk assessment process, governance and leadership, and the monitoring and remediation process show in some cases lower maturity levels. This indicates that operational quality measures are already established in many audit firms, while the systemic governance, integration, and further development of these measures as part of a holistic quality management system still leave room for improvement.</p>
<p>③ Concentration of Strengths and Areas for Development</p>	<p>Both strengths and areas requiring further development are primarily concentrated in systemic components of the quality management system, particularly in the areas of governance and leadership as well as monitoring and remediation. These areas are central to the strategic governance, monitoring, and further development of the quality management system. While some audit firms have already implemented advanced approaches in these areas, in other cases there are still structural or process-related opportunities for further development. These components in particular are a key lever for strengthening audit quality on a sustainable basis.</p>

<p>④ Development of Perceived Quality Culture since 2020/2021</p>	<p>The results of the staff survey show significantly higher levels of agreement compared to the initial survey from 2020/2021 in almost all areas. This applies in particular to the perceived “tone at the top” as well as to the internal communication of quality-related topics. This indicates that measures to strengthen quality culture become noticeable in day-to-day organisational practice. Furthermore, the results show that the pronounced differences in perception between staff below manager level and those at or above manager level identified in the initial survey have decreased in a number of areas. However, statistically significantly higher levels of agreement continue to be observed among staff at or above manager level for many questions compared to staff below the manager level. This underlines the importance of a consistent firm-wide embedding of quality-related expectations, leadership impulses, and communication processes.</p>
<p>⑤ Importance of Systemic Governance</p>	<p>The results show that the sustainable assurance of high audit quality depends to a significant extent on the further development of systemic elements of the quality management system. In particular, improvements in the areas of governance, the risk assessment process, as well as structured monitoring and remediation processes can significantly increase the effectiveness of the system. For audit firms, this results in the necessity to further strengthen the strategic governance and systematic integration of existing quality measures in order to sustainably meet the requirements of the risk-based approach under ISQM 1.</p>

B. Background and Methodology

1. Regulatory Framework of APAB Inspections

Pursuant to Section 43 of the Audit Oversight Act (APAG), statutory auditors and audit firms are required to undergo an inspection by the Austrian Audit Oversight Authority (APAB) if they perform statutory audits of public interest entities (PIEs) within the meaning of Section 2(6) APAG. This obligation also arises from Article 26 of Regulation (EU) No. 537/2014.

The objective of the inspections is to promote the continuous improvement of audit quality. In this context, it is assessed in particular whether the quality assurance measures implemented in the audit firm in connection with statutory audits are appropriately designed and effectively applied.

The inspections are conducted on the basis of the provisions of the APAG as well as the related guidelines and regulations issued thereunder. In addition, the APAB follows the “Common Audit Inspection Methodology” (CAIM) of the Inspections Sub-Group of the Committee of European Auditing Oversight Bodies. For the assessment of the regulations on engagement performance, the relevant professional and legal requirements are applied, in particular the International Standards on Auditing (ISA) as well as the professional pronouncements of the Austrian Chamber of Tax Advisors and Public Accountants (KSW).

An essential component of the quality management system of audit firms is, pursuant to Section 6(1)(1) KSW-PRL 2022, the promotion of a quality culture embedded throughout the entire audit firm. This quality culture shall in particular:

- a) *emphasize the role of the audit firm in serving the public interest through the consistent performance of engagements at a high level of quality,*
- b) *highlight the importance of relevant professional behavioral requirements as well as corresponding values and attitudes,*
- c) *underline the responsibility of all professional staff for the quality of engagement performance within the quality management system and clarify the expected behavior, and*
- d) *recognize and reinforce the importance of quality for the strategic decisions and actions of the audit firm, including financial and operational priorities.*

From the perspective of the APAB, consistently high audit quality does not arise solely from formalized processes, controls, or methodological requirements, but requires a quality culture embedded throughout the entire audit firm, in which the importance of audit quality is recognized and actively practiced at all levels of the organization. Such a culture manifests itself in particular in the values, attitudes, and behaviors of leadership (“tone at the top”) as well as in the incentive, decision-making, and communication structures within the audit firm.

This view is consistent with the requirements of International Standard on Quality Management 1, which explicitly emphasizes the responsibility of the leadership of an audit firm for promoting a quality-oriented corporate culture. Under ISQM 1, leadership is required to ensure that the importance of quality is appropriately considered in the strategic decisions and operational priorities of the audit firm and that the quality management system is designed in such a way that it supports the performance of high-quality engagements (cf. in particular ISQM 1.28). These provisions emphasize that leadership, through its behavior and communication, has a decisive influence on the extent to which audit quality is prioritized within the firm.

Against this background, the APAB defined the analysis of the quality environment of inspected audit firms as a focus area of its inspection activities in its work program for 2024/2025.

2. Quality Culture and Audit Quality

The importance of organizational culture for the quality of statutory audits is increasingly emphasized both in academic literature and in international supervisory practice. Corporate culture shapes the values, attitudes, and behaviors of professional staff and thereby has a decisive influence on how auditing standards are applied in practice. It thus affects the actual performance of audit engagements beyond formal rulebooks and control mechanisms.¹

A quality-oriented organizational culture is reflected in particular in the leadership behavior of senior management (“tone at the top”), in appropriate incentive and remuneration structures, as well as in open communication and learning processes within the organization. These factors influence, among other things, the exercise of professional judgment, the application of professional skepticism, and the handling of complex audit matters. Research findings show that leadership behavior, perceived quality priorities, and internal incentive structures in particular have a significant influence on the behavior of audit teams and thus on the quality of audit judgments.²

Recent empirical studies indicate that internal organizational factors such as leadership behavior, quality priorities, and internal governance mechanisms are associated with differences in audit quality. Studies show, for example, that audit firms differ systematically in their audit quality and that these differences can in part be attributed to internal organizational factors.³ Furthermore, studies on decision-making in audit teams show that aspects of organizational culture can significantly influence the degree of professional skepticism as well as the quality of audit judgments.⁴

International supervisory authorities also regularly emphasize the importance of organizational culture for ensuring high audit quality. For example, the Public Company Accounting Oversight Board as well as the International Forum of Independent Audit Regulators highlight that leadership behavior, clear quality priorities, and effective governance and control mechanisms are key prerequisites for consistently high-quality statutory audits.⁵ Sustainable improvements in audit quality are not achieved solely through the introduction of additional rules, but above all through firm-wide embedding of quality objectives and responsibilities.

Organizational culture is therefore of increasing strategic importance in the regulation and supervision of statutory audits. An effectively developed quality culture contributes to ensuring that quality requirements are not only formally met but are embedded throughout the organization and consistently implemented in day-to-day audit practice.

3. Objective of the Thematic Survey

The inspection focus areas of the APAB are part of the annual work program and serve to analyze selected elements of quality management systems pursuant to ISQM 1⁶ as well as their practical implementation in audit firms in greater depth.

In this context, the present thematic survey pursues the objective of assessing the quality culture in Austrian PIE audit firms. In particular, it examines:

¹ cf. Knechel et al., 2013; DeFond & Zhang, 2014

² cf. Schein, 2017; Christensen et al., 2016; Knechel et al., 2013

³ cf. Aobdia, 2023

⁴ cf. Christensen et al., 2016

⁵ cf. PCAOB, 2015; IFIAR, 2023

⁶ References to ISQM 1 always include the corresponding provisions of KSW-PRL 2022 and QS-VO 2024.

- the maturity level at which the requirements of ISQM 1 have been implemented,
- which organizational measures exist to promote a quality culture, and
- to what extent these measures are reflected in operational processes and in quality-relevant aspects of engagement performance.

On the one hand, the results are intended to create transparency regarding the state of development of quality culture in the inspected audit firms. On the other hand, they are intended to provide guidance for these and other audit firms in the further development of their quality management systems in accordance with ISQM 1.

The survey explicitly does not pursue the objective of defining a uniform or normatively prescribed “target culture.” In line with the fundamental principles of ISQM 1, the APAB recognizes that the specific design of organizational culture depends on factors such as size, structure, risk profile, and client portfolio of the respective audit firm. Different cultural characteristics are therefore not only permissible but also reflect the differing organizational framework conditions of audit firms.

As part of a continuous improvement process, this report is intended to contribute to ensuring that statutory audits continue to be performed at a high level of quality even in an increasingly complex and regulated environment. At the same time, the report is intended to promote dialogue on audit quality between supervisors, the profession, and other stakeholders and thereby contribute to the further development of an integrated quality culture.

4. Survey Design and Data Basis

The survey is based on a structured maturity model that was developed for the systematic analysis of the audit and quality culture in the audit firms examined. Conceptually, the model is based on the Quality Management Maturity Grid (QMMG)⁷, an instrument established in organizational and quality management research for assessing the level of development of management systems. Maturity models are used in numerous disciplines to systematically capture complex organizational capabilities and to make further development measurable.⁸

The model developed in the context of this survey applies this approach to the quality management of audit firms and at the same time takes into account the requirements of International Standard on Quality Management 1. For this purpose, key aspects of audit and quality culture were divided into eight components, which are conceptually aligned with key elements of the quality management system under ISQM 1. The model thus enables a comparable assessment of key organizational and cultural factors that can significantly influence audit quality.

The eight components defined in the model are – as shown in Figure 1 – divided into systemic components (risk assessment process, governance and leadership, relevant ethical requirements as well as monitoring and remediation process) and operational components (acceptance and continuance, engagement performance, resources as well as information and communication). Systemic components are assigned a weighting factor of 2 in the model, and operational components a weighting factor of 1. This differentiation reflects the insight that overarching governance and control mechanisms have a decisive influence on the effectiveness of operational processes, as they shape their design, application, and further development.⁹ The higher weighting of systemic components therefore takes into account their structural importance for the functioning of the entire quality management system.

⁷ cf. Crosby, 1979

⁸ cf. Paulk et al., 1993; Wendler, 2012

⁹ cf. Crosby, 1979; Paulk et al., 1993; IAASB, 2020

WEIGHT: 2 systemic	Risk Assessment Process (ISQM 1.23-27)	Governance and Leadership (ISQM 1.28)	Relevant Ethical Requirements (ISQM 1.29)	Monitoring and Remediation (ISQM 1.35-47)
	<ul style="list-style-type: none"> – Identification and prioritization of quality risks – Updating the risk assessment process – Linkage of risks and responses 	<ul style="list-style-type: none"> – Mission statement, values and tone at the top – Behavioral reinforcement mechanisms – Performance management of staff – Performance management of partners – Performance evaluation and accountability – Responsibilities and escalation paths 	<ul style="list-style-type: none"> – Understanding of values and purpose – Sanctions and disciplinary regime – Speak-up/ whistleblowing mechanisms – Independence 	<ul style="list-style-type: none"> – Continuous improvement – Root cause analysis – Overall evaluation of the quality management system
	Acceptance and Continuance (ISQM 1.30)	Engagement Performance (ISQM 1.31)	Resources (ISQM 1.32)	Information and Communication (ISQM 1.33)
	<ul style="list-style-type: none"> – Acceptance and continuance process – Ability to perform high-quality audits – Rejection/ termination 	<ul style="list-style-type: none"> – Responsibility and involvement of the engagement partner – Engagement quality review – Consultation and differences of opinion – Team communication, feedback and working environment – Promotion of a critical mindset and professional skepticism 	<ul style="list-style-type: none"> – Competency model and personnel development – Knowledge management and audit tools – Education and training – External resources and outsourcing – Time and personnel resources – IT systems and tools 	<ul style="list-style-type: none"> – Top-down communication – Bottom-up communication – External communication
	WEIGHT: 1 operational			

Figure 1: The components of audit and quality culture

To determine the maturity level of the individual components, several component objects were defined – as shown in Figure 1 – each representing specific aspects of audit and quality culture. For each component object, possible characteristics were described on the basis of a five-level maturity model. The maturity levels range from a low degree of structure to a systematically integrated and continuously developed state. Maturity models are typically based on successive stages of development, with higher maturity levels reflecting an increasing institutionalization and systematic governance of organizational processes.¹⁰

The five maturity levels defined for the purpose of the thematic survey are shown in Figure 2.

¹⁰ cf. Crosby, 1979; Paulk et al., 1993; Wendler, 2012

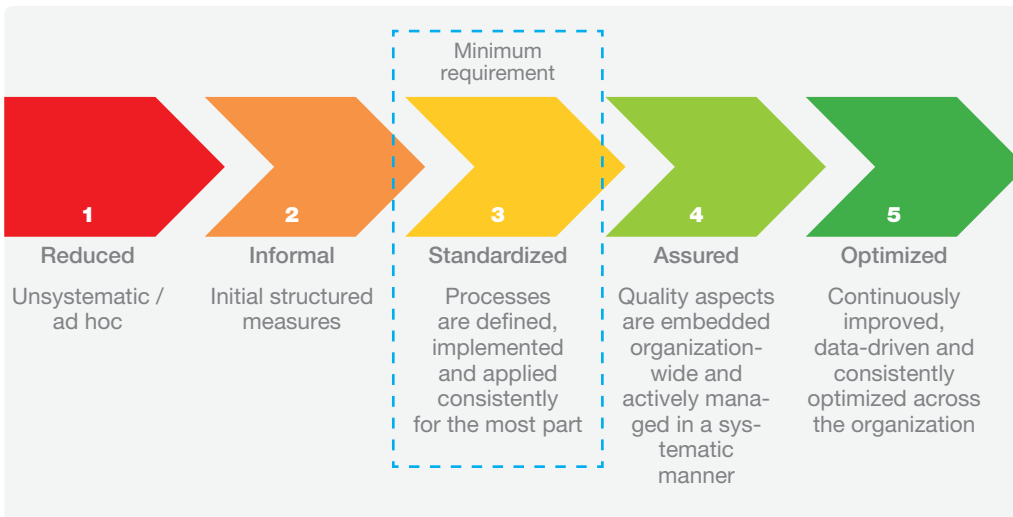


Figure 2: The maturity levels used in the survey

The assessment of the individual component objects was carried out in the course of the inspections using various survey instruments, as illustrated in Figure 3.

Survey	Document analysis	Interviews
<p>– Overall response rate: 62 %</p> <p> ■ Employees below Manager level ■ Employees at Manager level and above </p> <p>Response rate by survey group:</p> <ul style="list-style-type: none"> Below Manager: 55,81 % (562) Manager and above: 74,56 % (378) 	<p>– Analysis of guidelines, manuals, internal work and organizational requirements etc.</p> <p>– Sample testing</p> <ul style="list-style-type: none"> • Risk assessment process • Governance and leadership • Relevant ethical requirements • Acceptance and continuance • Engagement performance • Resources • Information and communication • Monitoring and remediation process 	<p>– Various interviews with technical, organizational and operational responsible people regarding the following areas:</p> <ul style="list-style-type: none"> • Risk assessment process • Governance and leadership • Relevant ethical requirements • Acceptance and continuance • Engagement performance • Resources • Information and communication • Monitoring and remediation process

Figure 3: Instruments used in the survey

Combining these different sources of information provides methodological triangulation, which increases the informative value and validity of the results and brings together different perspectives on the quality culture in audit firms.

After determining the maturity levels at the level of the individual component objects, the respective component maturity levels were determined taking into account defined control mechanisms – in particular maturity-limiting minimum requirements and maturity caps. Based on the defined weighting of the components, the overall maturity level was then determined. This approach enables a transparent and comprehensible assessment and at the same time creates a basis for structured comparisons between audit firms.

The data set of the present survey consists of a sample of nine Austrian audit firms that perform statutory audits of public interest entities (PIEs) and were inspected by the APAB

in the years 2024 and 2025.¹¹ Only those firms that met predefined criteria were included. These included in particular a minimum number of staff as well as the absence of extraordinary structural or strategic developments at the time of the survey (e.g., network changes or comprehensive organizational restructurings). These criteria were intended to ensure that the results of the staff survey could be collected validly and evaluated without restriction.

The staff survey was conducted in two waves. For those audit firms that were inspected in 2024, the survey was conducted in October 2024; for those audit firms that were inspected in 2025, it was conducted in October 2025. Methodologically, the survey distinguished between staff below manager level and staff at or above manager level. The two groups received partly different sets of questions. This differentiation is necessary because both groups perform different functions within the audit firm and therefore have different insights into the design, application, and effectiveness of the quality management system.

Interns and partners were not included in the survey population. The exclusion of interns is due to their usually short duration of employment and limited involvement in core audit processes. The exclusion of partners is necessary because they are not only addressees of the quality management system but are also, to a significant extent, responsible for its design, implementation, and monitoring. This would create an increased risk of self-assessment bias.

The overall response rate of the staff survey was 62%, corresponding to 940 usable responses. Around 60% of responses were attributable to staff below manager level and around 40% to staff at or above manager level. The response rate was 56% among staff below manager level and 75% among staff at or above manager level. This enables a robust and meaningful analysis of the perceived quality culture in the audit firms included.

¹¹ According to notifications pursuant to Section 21 (11) APAG, these audit firms jointly generated PIE audit fees of EUR 40,112,951.76 and EUR 41,467,468.32 in the calendar years 2024 and 2025, respectively, which corresponds to market shares of 97.42% and 96.73% of the Austrian PIE audit market, respectively, and thus enables a meaningful analysis of the quality culture in the Austrian PIE audit market.

C. Results

In this section, the results of the survey are presented in detail. Following an introductory overview of the overall result, the results of the staff survey are first compared between the initial survey 2020/2021 and the follow-up survey 2024/2025. This is followed by an analysis of the results at the level of the individual components of the maturity model. Subsections 3.1 to 3.4 relate to the systemic components, and subsections 3.5 to 3.8 to the operational components. The section concludes with a summary presentation of the key strengths and areas for development of the audit firms included.

1. Overall Result

The overall result of the survey shows that the overall maturity levels achieved by the audit firms included in the survey are in the range of maturity level 3. At the same time, differentiations upward and downward are evident. Two audit firms each show clear tendencies toward the next higher or next lower maturity level, as shown in Figure 4.

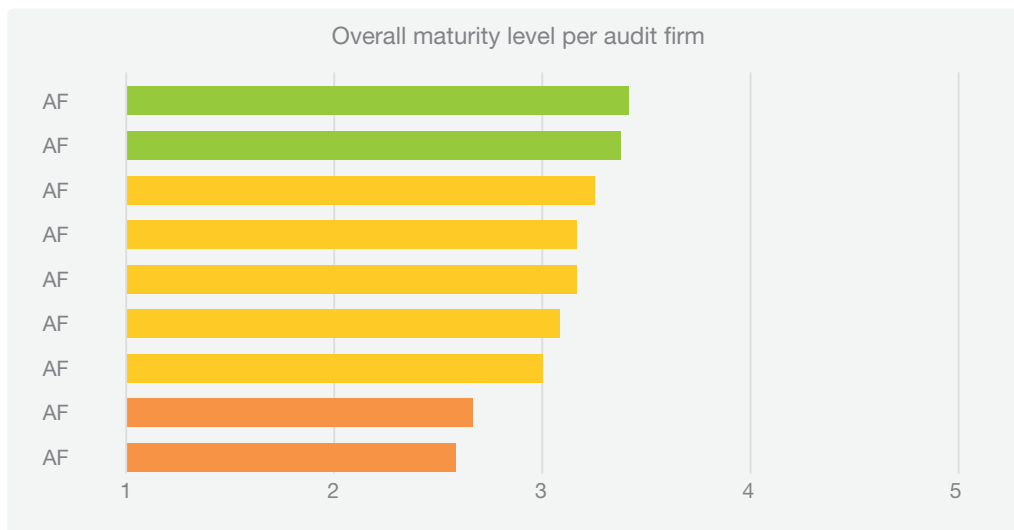


Figure 4: Overall maturity level per audit firm

Maturity level 3 in the developed model is characterized by fundamental processes that are defined and implemented in key areas, while at the same time there is still potential for systematic integration, governance, and continuous further development.

Overall, it is evident that the level of overall maturity is primarily determined by the maturity levels achieved in the systemic components. These range between maturity levels 2 and 4 and are assigned a weighting factor of 2 in the model. As shown in Figure 5, the arithmetic mean (represented by a dot) is below Maturity Level 3 for three of the four systemic components.

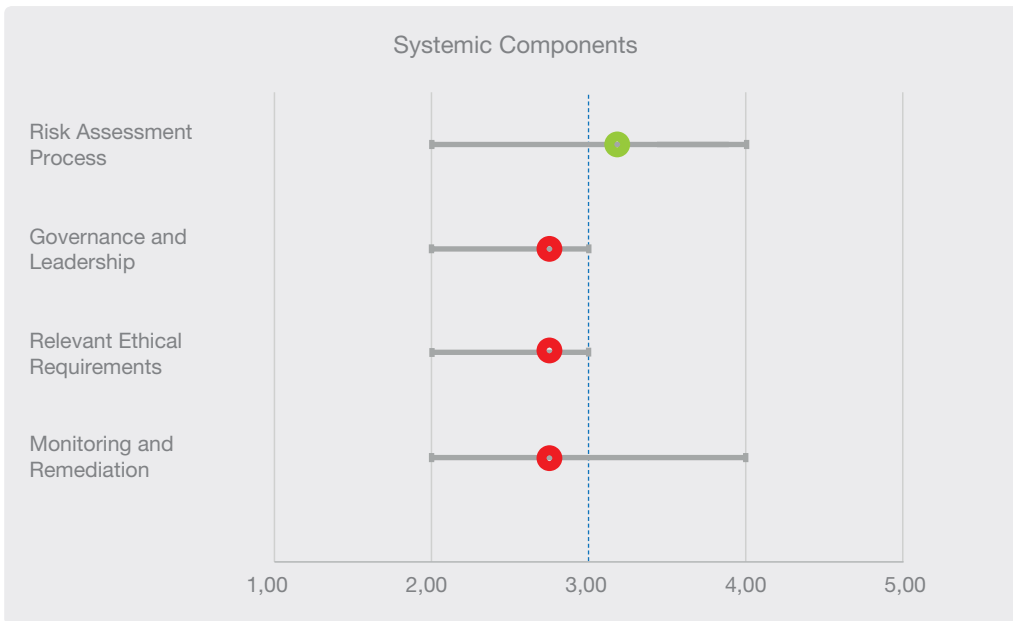


Figure 5: Maturity levels of the systemic components

The operational components also achieve maturity levels ranging from 2 to 4.5, with the arithmetic mean consistently exceeding maturity level 3 (see Figure 6).

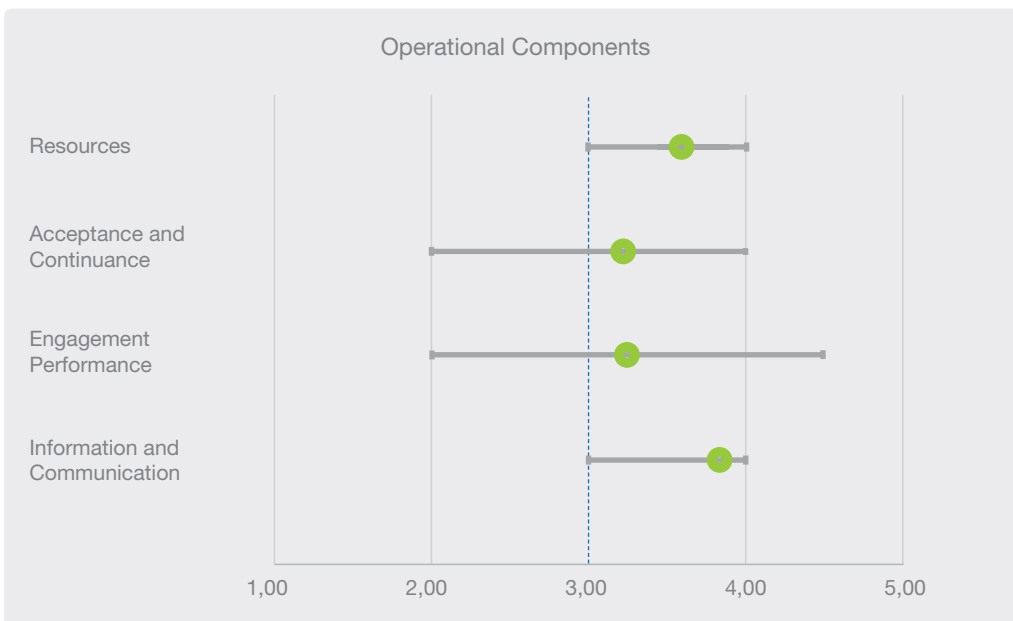


Figure 6: Maturity levels of the operational components

This indicates that many audit firms have already implemented mature operational processes and tools. At the same time, the results suggest that operational measures can often be implemented more quickly than the comprehensive organizational embedding of a risk-based quality management system. This observation is generally consistent with findings from the literature on maturity models in quality management, according to which organizations often first reach a phase of process standardization before a more comprehensive organization-wide integration and optimization takes place.¹²

In summary, the audit firms examined have a solid foundation of quality-related structures and measures, many of which already go beyond basic minimum requirements. At the same

¹² cf. Paulk et al., 1993; Wendler, 2012

time, the results show that in the systemic components of the quality management system there is still potential for development in individual audit firms. Their further development can make a significant contribution to strengthening the effectiveness of the quality management system as well as the sustainable assurance of high audit quality.

2. Development of the Results of the Survey between 2020/2021 and 2024/2025

2.1. Introduction and Methodological Basis

The comparison between the initial survey 2020/2021 and the follow-up survey 2024/2025 serves to highlight changes in the quality culture perceived by staff in Austrian PIE audit firms. The aim is to identify developments in those areas that are of particular importance for the practical effectiveness of the quality management system under International Standard on Quality Management 1 as well as for the firm-wide embedding of a quality-oriented corporate culture.

A total of seven audit firms were included in the staff survey as part of the initial survey 2020/2021, and a total of nine audit firms in the follow-up survey 2024/2025. The population of audit firms included is therefore not completely identical, but sufficiently comparable in its structure and target group to allow developments in perceived quality culture to be meaningfully analyzed at an aggregated level. The following results are therefore to be understood as a structured comparison of two survey points in time, but not as a fully panel-identical longitudinal analysis.

As part of the follow-up survey 2024/2025, staff below manager level and staff at or above manager level were asked a total of 31 closed questions. Of these, 27 questions were addressed to both groups. A further four questions were directed exclusively at staff below manager level or exclusively to staff at or above manager level, respectively.

Of the 27 questions addressed to both staff groups, 20 had already been included in the initial survey 2020/2021 in a comparable form in terms of content and could therefore be included in the change analysis. In addition, of the four questions directed exclusively to one hierarchy level, three had already been asked in the initial survey, so that a comparative evaluation was also possible for these. Overall, the comparative analysis therefore includes both questions addressed to both levels across the organization and questions that were specifically tailored to the respective hierarchy level.

The statistical significance of the differences between the initial survey and the follow-up survey was determined using the Wilcoxon rank-sum test. A p-value of less than 0.05 indicates that the response distributions differ statistically significantly between the two survey periods, based on an accepted error probability of less than 5%. The following analysis is initially carried out at an aggregated level for those 20 questions that were addressed to both hierarchy levels in the same way. This is followed by a presentation of the differences between the initial and follow-up surveys separately for staff below manager level and for staff at or above manager level, including those questions that were asked exclusively of one of the two levels.

For the purpose of interpretation, it should be emphasized that the observed changes are not considered in isolation but are mapped in each case to the affected components and component objects of the developed maturity model. This shows in which sub-areas of the quality management system progress is particularly evident, in which areas no statistically significant changes are observed, and in which aspects differences between hierarchy levels (continue to) exist.

2.2. Aggregated Development between Initial and Follow-up Survey

The aggregated comparison between the initial and the follow-up survey shows an overall significantly more positive perception of quality culture in the audit firms examined.

For 19 of the 20 comparable questions explained in Section 2.1, statistically significantly higher levels of agreement are observed across both hierarchy levels in the follow-up survey than in the initial survey. This indicates a significantly improved perception of key aspects of quality culture by staff in the audit firms examined compared to 2020/2021. The results suggest that numerous measures to strengthen quality-oriented leadership impulses, to promote professional skepticism, to improve internal communication, and to support high-quality audit performance have been implemented compared to 2020/2021. The results therefore not only indicate isolated improvements but point to an overall clearly more positive perception of key quality aspects across many topic areas.

Only in the case of one of the 20 comparable statements¹³ is there an improvement compared to the initial survey, which is, however, not statistically significant.

However, the differentiated analysis by hierarchy levels shows that the overall positive development does not manifest itself to the same extent across both groups in all sub-aspects.

2.3. Development among Staff below Manager Level

Among staff below manager level, higher levels of agreement are observed for 19 of the 20 questions that were asked of both hierarchy levels compared to the initial survey. Of these, 16 were statistically significant. This shows that the strong improvements are also perceived at the level of staff below manager level and are reflected there in a broader positive assessment of key elements of quality culture.

For the statement *“My supervisors encourage me to incorporate elements of surprise when performing audits”* levels of agreement declined compared to the initial survey; however, this decline is not statistically significant (see Figure 7; component: engagement performance; component object: promotion of a critical mindset and professional skepticism).

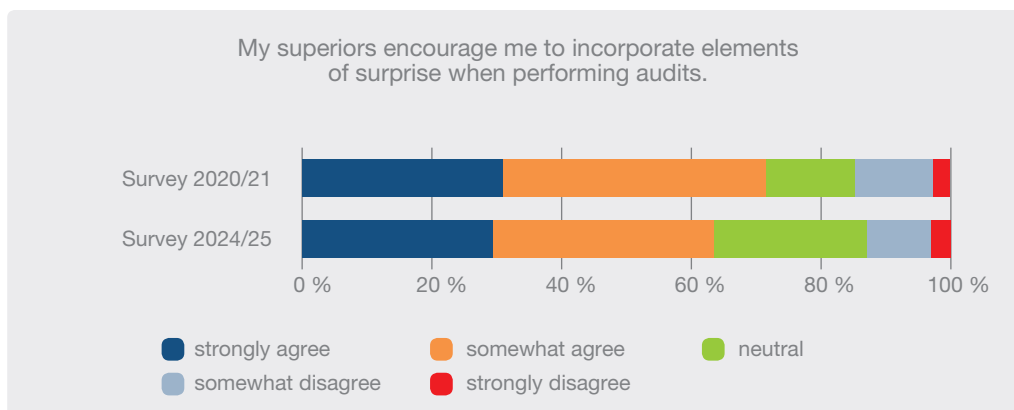


Figure 7: Perceived encouragement to use elements of surprise (below manager level)

In addition, among staff below manager level, higher levels of agreement are observed for the questions relating to the recognition of high audit quality by leadership as well as to incentives for promoting high-quality audit performance; however, these are not statistically significant.

For the questions¹⁴ that were already asked exclusively of staff below manager level in the

¹³ This refers to the statement that *“A high-quality audit delivers benefits to society by contributing to the proper functioning of markets”*.

¹⁴ *“I receive adequate on-the-job training to improve my performance and the quality of my audit work.”; “Communication within the audit team and with the engagement manager is open and respectful, and differing opinions are discussed.”*; see also Figure 8

initial survey, statistically significantly higher levels of agreement are observed for all three compared to the initial survey. This shows that a positive development can also be identified in specific aspects of quality culture related to this hierarchy level.

Particularly noteworthy is the perception of the quality-promoting behavior of audit managers, which shows a particularly strong increase in agreement ($p = 0.001$; see Figure 8; component: governance and leadership; component object: tone at the top).

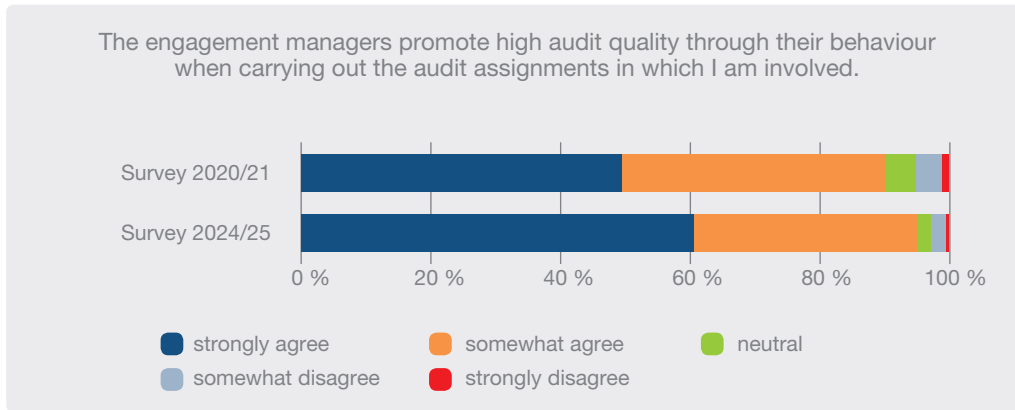


Figure 8: Perceived promotion of the delivery of high audit quality through the behavior of engagement managers (below manager level)

The result suggests that audit managers are perceived to a greater extent in the follow-up survey as quality-promoting and supportive leaders than in the initial survey.

2.4. Development among Staff at or above Manager Level

Among staff at or above manager level, an overall positive development compared to the initial survey 2020/2021 is also observed. Of the total of 20 questions, all again show higher levels of agreement in this group; however, the improvements are statistically significant only for 9 questions. This indicates that at this hierarchy level, a significantly stronger perception of quality-related leadership, communication, and governance mechanisms is also present in several areas than in 2020/2021. However, at this hierarchy level, a higher level of agreement was already present in the initial survey, which means that further improvements are statistically less pronounced.

These improvements are particularly pronounced for statements that can be assigned to the component engagement performance or to the component object promotion of a critical mindset and professional skepticism. This applies in particular to the statements that staff are encouraged by their supervisors to critically question audit evidence (see Figure 9) as well as to incorporate elements of surprise into the audit (see Figure 10). In both cases, statistically significantly higher levels of agreement are observed among staff at or above manager level compared to the initial survey.

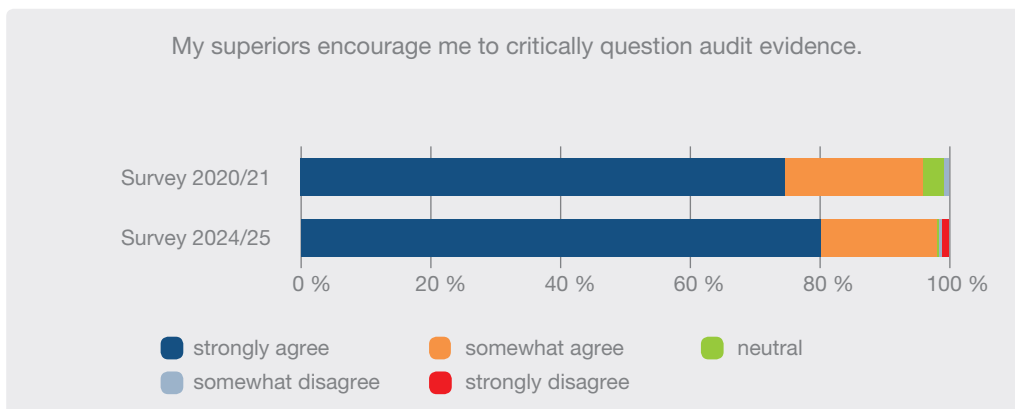


Figure 9: Perceived encouragement to adopt a critical mindset (at or above manager level)

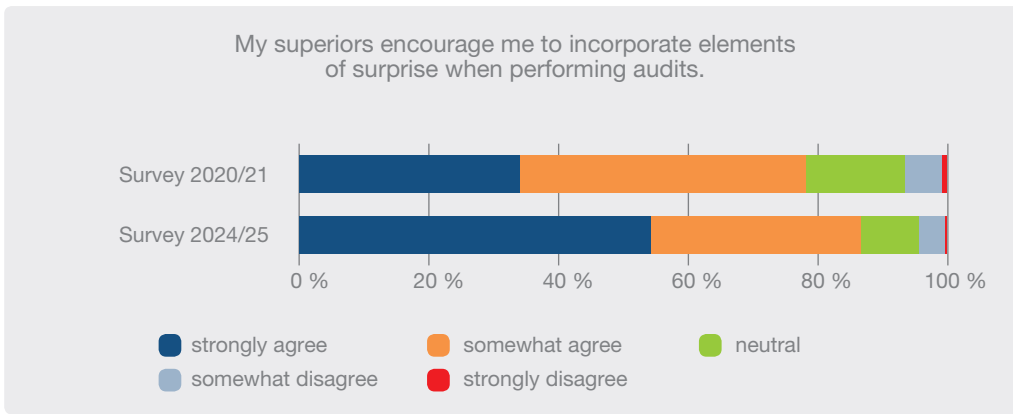


Figure 10: Perceived encouragement to use elements of surprise (at or above manager level)

Similarly, in the group of staff at or above manager level, statistically significantly higher levels of agreement are observed for the question relating to the incentives set to promote high-quality audit performance ($p = 0.01620$; see Figure 11; component: governance and leadership; component object: measures and mechanisms for behavior control in line with values [Behavioral Reinforcement]).

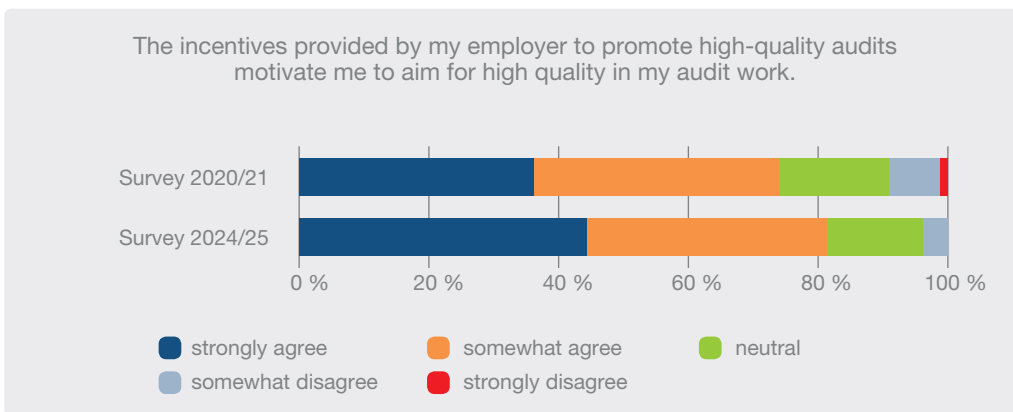


Figure 11: Perceived motivation through incentive system (at or above manager level)

For two¹⁵ of the three questions assigned exclusively to this group, higher levels of agreement are also observed compared to the initial survey, although these differences are not statistically significant.

For one of the three questions – specifically the statement: *“In the past two years, I was able to achieve an improvement in the audit quality of my area through a variety of measures (e.g. training programs, work tools).”* – lower levels of agreement are observed compared to the initial survey, although these are also not statistically significant (see Figure 12; component: resources; component object: education and training).

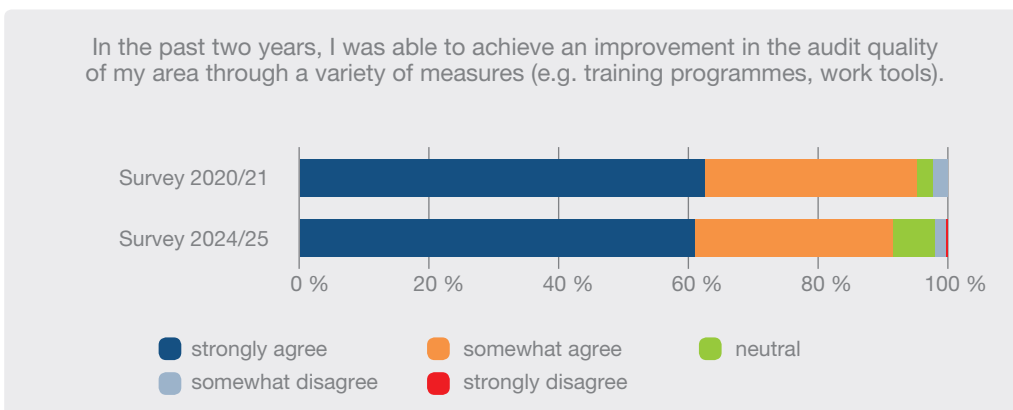


Figure 12: Perceived improvement in audit quality (at or above manager level)

¹⁵ „Communication within the audit team and with the auditor responsible for the engagement is open and respectful, and differing opinions are discussed.“ and „I have observed leadership-driven initiatives aimed at improving audit quality over the past two years.“

This is therefore the only question in the entire survey for which a decline in agreement is observable compared to the initial survey. This could indicate that measures to improve audit quality at this hierarchy level continue to be assessed positively in principle, but their concrete effectiveness in each respondent's own area of responsibility is assessed more critically than in 2020/2021. At the same time, it is conceivable that, given the relatively strong improvements in perceived audit quality identified in the initial survey, the perceived level of audit quality was already comparatively high, leaving no significant additional potential for improvement.

2.5. Overall Assessment

Overall, the comparison between the initial and the follow-up survey shows a clearly positive development. The results indicate that the perception of central elements of quality culture in the audit firms examined has improved statistically significantly in almost all areas since 2020/2021. This applies in particular to aspects of quality-oriented leadership, the promotion of professional skepticism, internal communication, as well as incentive and support mechanisms in connection with high-quality audit performance.

At the same time, the analysis differentiated by hierarchy levels shows a more nuanced picture. On the one hand, it is positive that the previously existing difference in the perception of quality culture between staff below manager level and those at or above manager level has decreased in several areas. This can be attributed in particular to the fact that statistically significant improvements can be identified for a larger number of statements among staff below manager level.

On the other hand, the group of staff at or above manager level continues to show statistically significantly higher levels of agreement for a large number of questions. This applies in particular to aspects related to the perception of leadership behavior, the promotion of quality-oriented working practices, as well as involvement in quality-relevant decision-making and communication processes.

From the perspective of the APAB, this indicates that measures to strengthen quality culture are increasingly having an organization-wide effect but are still perceived to varying degrees across different hierarchy levels. In particular, staff below manager level appear to perceive quality-related expectations, leadership impulses, and support mechanisms less clearly or less consistently in some cases.

Against the background of the requirements of ISQM 1, in particular with regard to information and communication as well as the promotion of a quality culture embedded throughout the organization, a clear recommendation for action emerges: audit firms should ensure that quality-related objectives, expectations, and messages are not only established and communicated at the level of leadership, but also effectively reach the operational levels and are consistently perceived there.

From the perspective of the APAB, this requires in particular:

- a target group-specific design of communication measures that addresses different hierarchy levels,
- a stronger translation of strategic quality objectives into concrete expectations for operational audit activities, and
- systematic feedback on the extent to which these content elements are actually understood by staff and implemented in day-to-day work.

The levels of agreement of staff below manager level are, as already in the initial survey, lower than those of staff at or above manager level in a large number of questions. However, improvements can be observed here: the difference has decreased in many areas in recent years.

Such a differentiated and impact-oriented design of information and communication processes can make a significant contribution to further reducing existing differences in perception between hierarchy levels and to embedding quality culture more strongly across the organization in line with ISQM 1.

3. Result by Component

3.1. Component 1: Risk Assessment Process

Under International Standard on Quality Management 1, the *risk assessment process* forms the central foundation of the quality management system, as it provides the basis for defining quality objectives, identifying and assessing risks to audit quality, and establishing tailored responses. Accordingly, from a supervisory perspective, this component has a central governance function for the effectiveness of the entire quality management system.

As part of the survey, the following component objects were assessed:

- **identification, analysis and prioritization of quality risks as well as documentation,**
- **linkage of risks and responses, and**
- **updating of the risk assessment process.**

Overall, this component shows a heterogeneous picture with achieved component maturity levels ranging from 2 to 4. The distribution of the achieved object maturity levels within the component can be seen in Figure 13 below, with the dots marking the arithmetic mean across all audit firms.

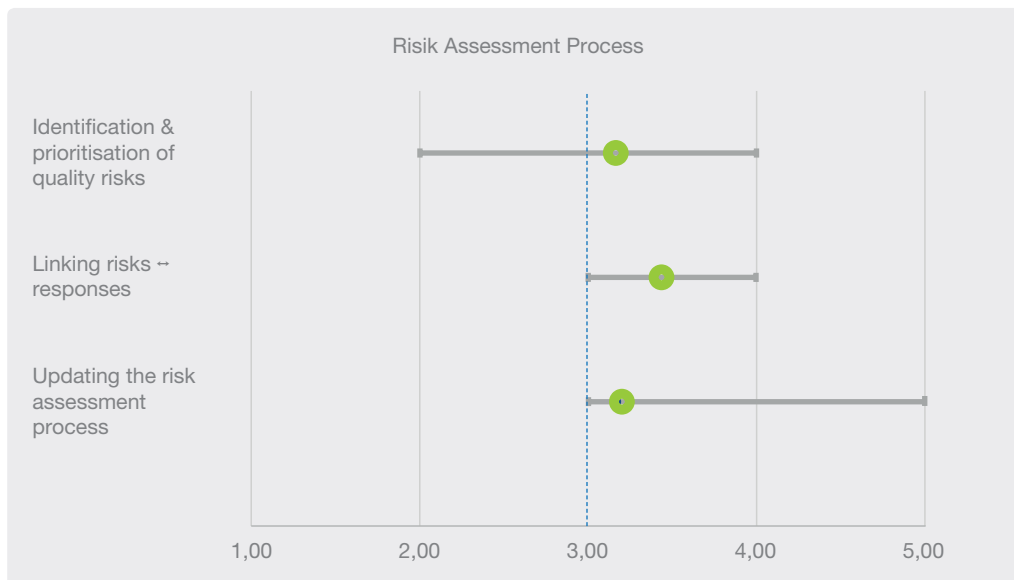


Figure 13: Distribution of results by component object in the risk assessment process component

Areas for development are evident in particular in the component object *identification, analysis and prioritization of quality risks as well as documentation*. Several audit firms do have processes for the identification of quality risks, however, structured prioritization of these risks is not carried out in all cases. This was justified, among other reasons, by the fact that defined responses are tested regularly regardless of the risk classification. From the perspective of the APAB, however, structured prioritization is an essential element of a risk-based quality management system, as it enables targeted allocation of resources and forms the basis for effective governance and further development of the quality manage-

ment system. Without prioritization, there is a risk that significant risks are not addressed with the required intensity.

The **quality of the documentation of the risk assessment process** is closely linked to this component object. In several audit firms, potential for improvement was identified with regard to the traceability of risk assessments. This particularly concerns the documentation of considerations made in identifying and assessing quality risks as well as the justification of the defined responses.

From a supervisory perspective, robust documentation is of central importance, as it ensures transparency and verifiability and at the same time serves as an essential basis for the continuous further development of the quality management system. In this context, a tool implemented by one audit firm for the comprehensive documentation, evaluation and monitoring of the quality management system should be highlighted as a **best practice**. This tool combines quality objectives, identified risks, defined responses, monitoring activities as well as derived measures and their implementation and effectiveness. Such an integrated approach increases traceability and supports consistent governance of the risk assessment process.

In the component object **linkage of risks and responses**, an overall higher maturity level is evident. In most audit firms, the connection between identified risks and defined responses was clearly traceable. The linkage was frequently established in the form of risk-response matrices or comparable instruments.

Nevertheless, it was evident in certain audit firms that these linkages partly still rely too heavily on external templates and have not been sufficiently adapted to the specific circumstances of the respective audit firm. However, from the perspective of the APAB, firm-specific adaptation is essential in order to ensure that identified risks actually reflect the specific risk profiles of the respective audit firm and are subsequently adequately addressed.

With regard to the component object **updating of the risk assessment process**, it is evident that corresponding mechanisms are generally in place. However, their degree of systematization and traceability vary across audit firms. Nevertheless, it appears essential to update the risk assessment process regularly and in a structured manner in order to take account of changes in the risk environment in a timely manner, including regulatory developments, changes in the client portfolio and internal organizational adjustments.

In this context, it should be highlighted as a **best practice** that one audit firm established a detailed and documented self-assessment involving all process owners, as part of which identified risks and corresponding responses are regularly reviewed and updated. From the perspective of the APAB, such approaches particularly strengthen the timeliness, traceability and firm-specific governance of the risk assessment process.

3.2. Component 2: Governance and Leadership

Under ISQM 1, the **governance and leadership** component represents a key element of an audit firm's quality culture. It significantly shapes the extent to which audit quality is embedded in strategic decisions, operational priorities and daily behavior within the organization. From the perspective of the APAB, this component is therefore of particular importance, as it significantly influences whether quality in the audit firm is only formally addressed or is actually governed, demanded and exemplified throughout the organization.

As part of the survey, the following component objects were assessed:

Best Practice

One audit firm implemented a tool in which the quality management system is comprehensively documented, evaluated, and monitored. The tool brings together quality objectives, identified risks, defined responses, monitoring activities, and the resulting remedial actions, including information on their implementation and effectiveness.

Best Practice

One audit firm established a frequent and documented self-assessment of process owners, within the framework of which identified risks and the corresponding responses are regularly reviewed and updated.

- **mission/values and communication (tone at the top),**
- **measures and mechanisms for behavior control in line with quality values (behavioral reinforcement),**
- **performance management of staff,**
- **performance management of partners,**
- **governance in the quality management system, including performance evaluation and accountability,** as well as
- **responsibilities and defined escalation paths.**

Overall, this component presents a homogeneous picture. Almost all audit firms included in the survey achieve a component maturity level of 3. This indicates that fundamental governance structures as well as key mechanisms for promoting a quality-oriented corporate culture are largely established in the audit firms examined. The distribution of the assigned maturity levels at the object level is shown in Figure 14 below.

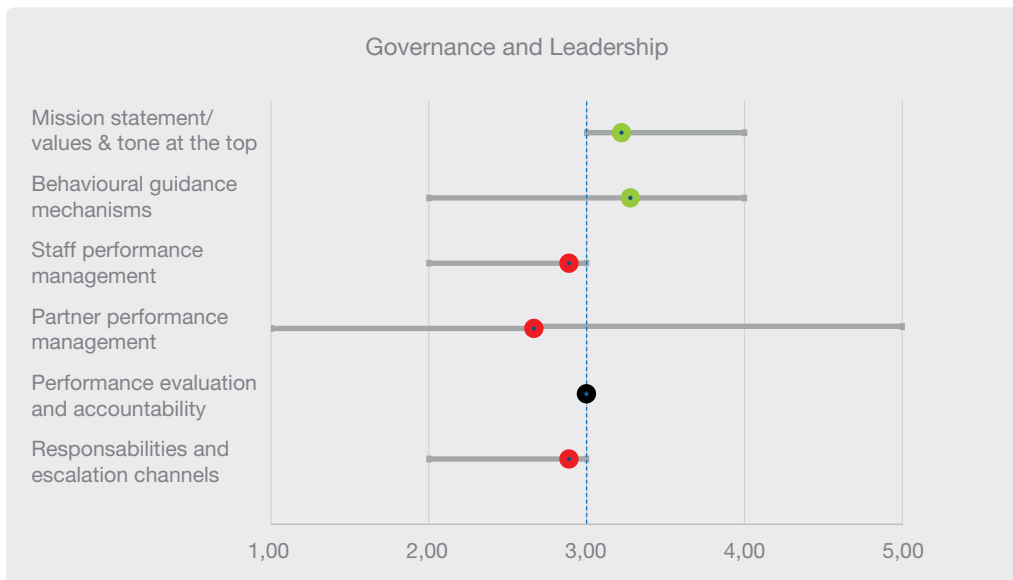


Figure 14: Distribution of results by component object in the governance and leadership component

The component object *mission/values and communication (tone at the top)* shows consistently high maturity levels, ranging from 3 to 4. This demonstrates that the audit firms are making significant efforts to establish a quality culture as required under ISQM 1, in which high audit quality, a critical mindset and compliance with professional principles are visibly exemplified and communicated by leadership.

From the perspective of the APAB, this component object is of central importance, as the prioritization of audit quality depends significantly on whether firm leadership and engagement partners consistently communicate these values and visibly exemplify them in day-to-day operations.

In this context, it should be highlighted as a **best practice** that one audit firm uses particularly frequent and diverse means to communicate mission, values and quality-promoting behaviors. Communication takes place through various channels – such as emails, newsletters, intranet, podcasts, notices, etc. – and thus contributes to broad and repeated visibility of quality-related content within the audit firm.

These efforts are reflected in the results of the staff survey. As already presented in Chapter C.2, the comparison with the initial survey 2020/2021 shows overall statistically significantly higher levels of agreement for numerous questions related to “tone at the top”.

Best Practice

One audit firm used a particularly broad range of communication tools, such as emails, newsletters, intranet, podcasts or notices, to communicate the mission statement, values and quality-promoting behaviors to staff.

With regard to the question of whether the audit firm’s leadership consistently emphasizes the central importance of professional skepticism and high audit quality in their internal communications, statistically significant differences in levels of agreement are observed between audit firms (see Figure 15). However, the level of agreement is generally very high. Even in the audit firm with the lowest level of agreement, almost 70% of staff strongly agreed with the statement.

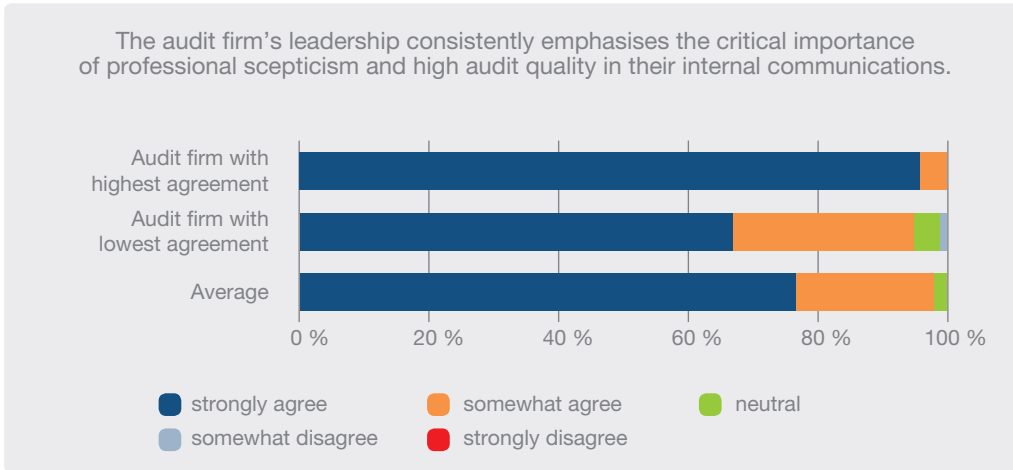


Figure 15: Perceived communication of a critical mindset by the audit firms’ leadership across audit firms

Responses to the question asking whether the behavior of the auditors responsible for the audit engagements involving staff promotes the provision of high-quality audits, vary more substantially across audit firms. While almost 80% of staff in the audit firm with the highest level of agreement strongly agree with this statement, only slightly more than 50% do so in the audit firm with the lowest level of agreement (see Figure 16). From the perspective of the APAB, this is particularly relevant as engagement partners perform a key role in the actual implementation of quality culture at engagement level.

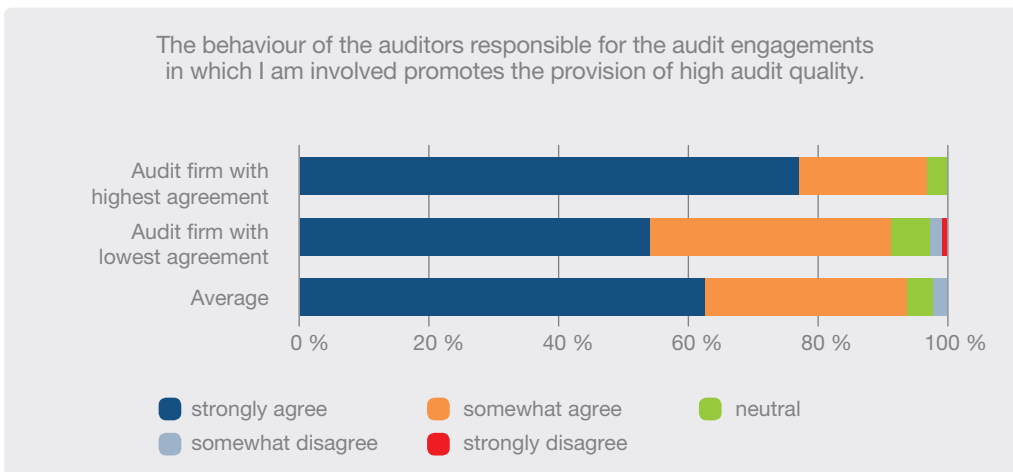


Figure 16: Perceived promotion of high-quality audits through engagement partners’ behavior, by audit firm

In the component object *behavioral guidance mechanisms*, maturity levels range from 2 to 4 and thus show a heterogeneous picture. For example, apart from the annual staff evaluation, some audit firms have not implemented any additional incentives intended to motivate staff to strive for high-quality audit performance. This is also supported by the staff survey, which shows statistically significant differences in levels of agreement between audit firms regarding these incentives (see Figure 17).

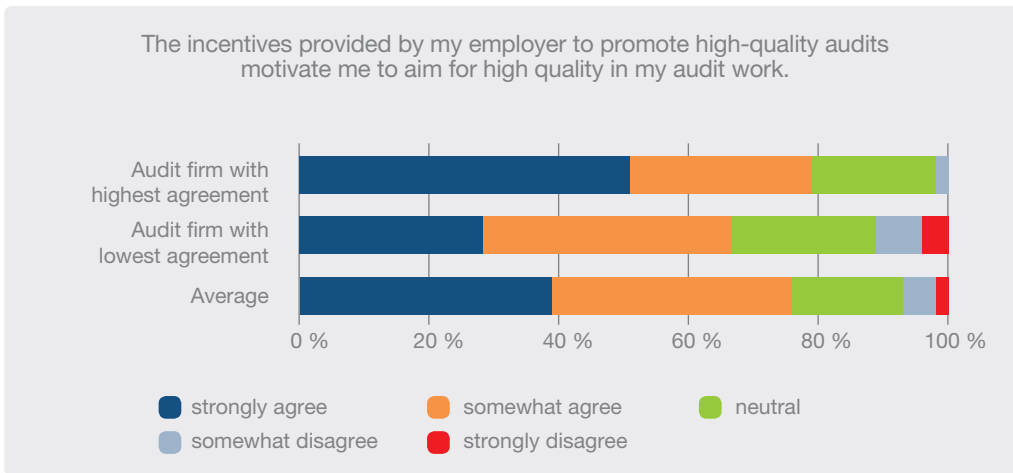


Figure 17: Perception of incentives provided by the employer to promote high-quality audits, by audit firm

From the perspective of the APAB, this component object is of particular importance, as a lived quality culture becomes effective not only through communication, but above all through consistent behavior control and incentives. Quality-related expectations must therefore also be reflected in the actual governance mechanisms of an audit firm.

In certain audit firms, areas for development were identified in the component object **performance management of staff**. These relate in particular to the design and documentation of evaluation processes as well as the question of the extent to which quality objectives are systematically integrated into performance evaluations, promotion decisions and career paths.

From the perspective of the APAB, this is of essential importance, as performance management represents a central lever in shaping which behaviors and priorities are actually rewarded and reinforced within the audit firm. If quality objectives are not sufficiently embedded in evaluation and development systems, there is a risk that other target variables, such as efficiency or revenue aspects, carry greater weight in practice than audit quality.

The results of the staff survey show statistically significant differences between audit firms (see Figure 18) as well as between hierarchy levels in perceptions of whether the quality of the work performed on audit engagements influences the evaluation and promotion of staff. While in the audit firm with the lowest level of agreement only slightly more than 60% of staff strongly or somewhat agree with the statement that the quality of the work performed on audit engagements plays a significant role in evaluation and promotion, it is close to 90% in the audit firm with the highest level of agreement.

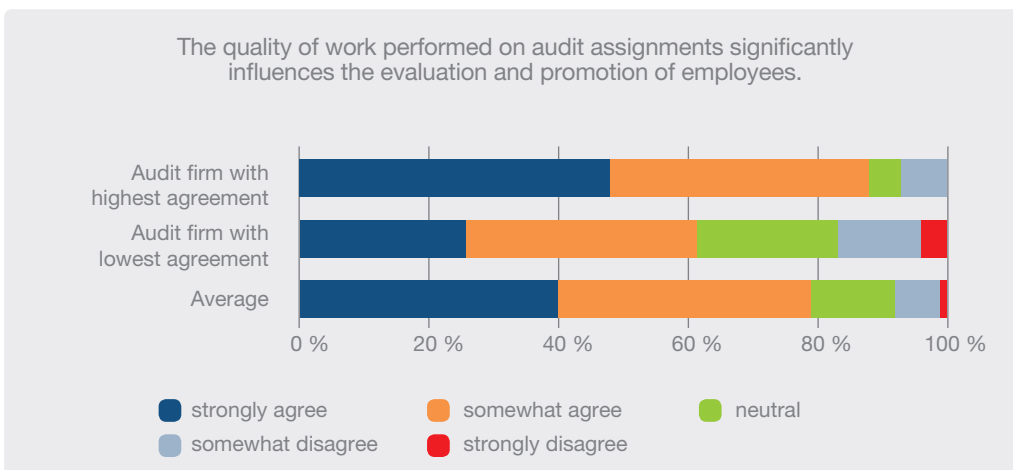


Figure 18: Perceived importance of the audit work quality performed for evaluation and promotion, by audit firm

Further development opportunities are also evident in the component object **performance management of partners**, in certain audit firms. These relate in particular to the systematic and traceable consideration of quality-related criteria in the evaluation of partners as well as in appointment and career decisions at this level.

From the perspective of the APAB, this component object is particularly relevant, as partners bear central responsibility for the design and enforcement of quality culture. Accordingly, it is essential that at this hierarchy level as well, quality is anchored not only as a professional requirement, but also as an explicit evaluation and governance criterion.

In this context, it should be highlighted as a **best practice** that two audit firms already use a comparatively large and broad set of audit quality indicators or key performance indicators in the partner evaluation process. This supports a more quality-oriented and traceable performance evaluation.

In addition, areas for improvement exist in some cases in the systematic design of partner appointments, in particular with regard to the transparent consideration of quality criteria. As a **best practice**, one audit firm should be highlighted whose partner appointment process includes the documented consideration of several quality indicators.

For the component objects **governance of the quality management system** as well as **responsibilities and escalation paths**, areas for improvement are evident in certain audit firms, in particular with regard to the clear allocation of roles, responsibilities and accountabilities as well as the clear definition and documentation of escalation paths.

This relates above all to the need to define responsibilities more clearly and allocate them appropriately in order to avoid overburdening individual role holders as well as potential independence or self-review threats. In addition, clearly defining and documenting escalation paths in connection with the entire quality management system, and thus beyond escalation processes in the context of consultations or disagreements, should ensure that quality-related issues, conflicts or identified deficiencies of the quality management system can be escalated in a timely manner to the respective responsible body and effectively addressed there.

3.3. Component 3: Relevant Ethical Requirements

The component **relevant ethical requirements** under International Standard on Quality Management 1 comprises those regulations and mechanisms intended to ensure that integrity, objectivity, professional ethical principles and independence are effectively embedded within the audit firm. It thus provides a key foundation for trustworthy and high-quality statutory audits.

From the perspective of the APAB, this component is of particular importance, as violations of ethical requirements can not only impair the quality of individual audits but can also jeopardize confidence in statutory audit as a whole.

As part of the survey, the following component objects were assessed:

- **understanding of values and purpose,**
- **sanction/disciplinary regime,**
- **speak-up/whistleblowing mechanisms,** as well as
- **independence.**

Similar to the component **governance and leadership**, this component presents overall a homogeneous picture. The majority of the audit firms examined achieved a component

Best Practice

At two audit firms, performance evaluations incorporate, in addition to financial and leadership-related indicators, a comparatively broad range of quality-related key performance indicators (KPIs).

Best Practice

One audit firm also uses documented quality indicators in the partner appointment process to assess the suitability of candidates.

maturity level of 3. This indicates that fundamental rules and processes exist, but their systematization, documentation and practical implementation can in part still be further developed. The characteristics at the object level are shown in Figure 19.

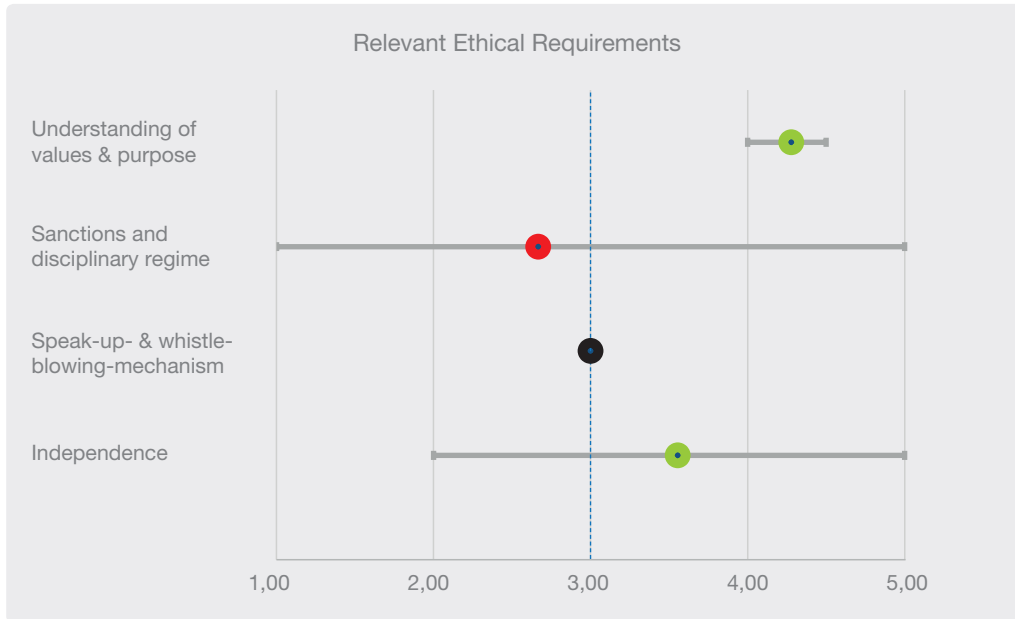


Figure 19: Distribution of results by component object in the component relevant ethical requirements

For the component object **understanding of values and purpose of staff**, a generally very high level of agreement is evident regarding both satisfaction with the contribution made to society and the perceived societal benefit of high-quality statutory audits. Statistically significantly higher levels of agreement are observed among staff at or above manager level ($p = 0.0464$ and $p = 0.0064$ respectively; see Figures 20 and 21).

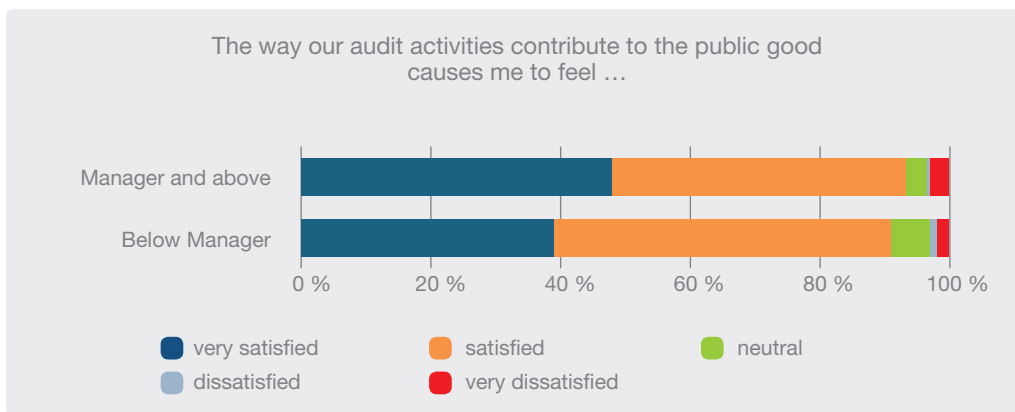


Figure 20: Perceived satisfaction with contribution to society

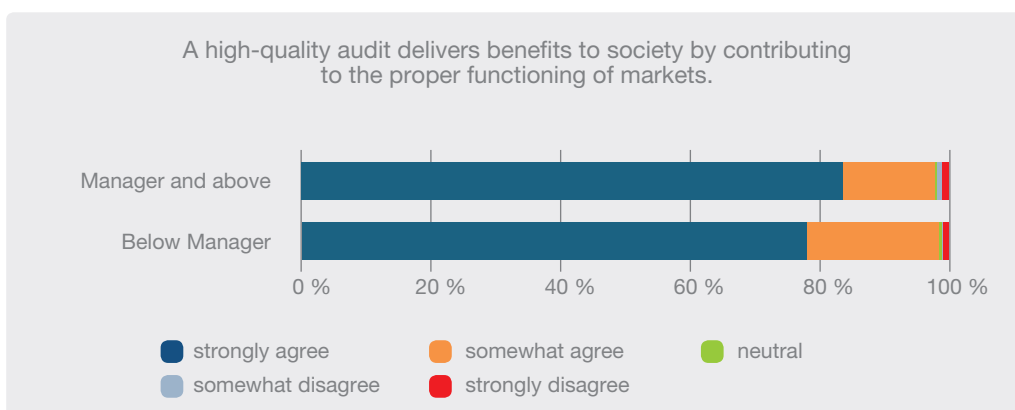


Figure 21: Perceived societal benefit of high-quality statutory audits

This indicates that the understanding of the societal significance of statutory audit is broadly embedded within audit firms, but is perceived even more strongly at higher hierarchy levels.

Central areas for development are evident in the component object **sanctions and disciplinary regime**. In several audit firms, there is a lack of a formally documented or up-to-date framework that clearly defines sanctions or disciplinary measures in the event of violations of professional or internal behavioral requirements.

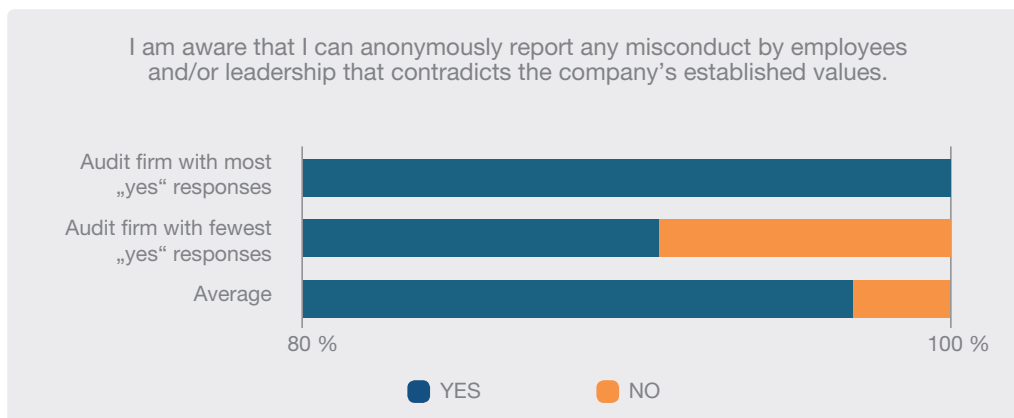
In some cases, corresponding principles exist, but these are not sufficiently specified or updated. In addition, there are opportunities for improvement with regard to the clear communication of such regulations as well as the documented acknowledgment by the relevant target group.

From the perspective of the APAB, a clearly defined and transparently communicated sanction and disciplinary regime is an essential element of an effective quality management system. It contributes to clearly defining expected behavior and addressing violations consistently.

In this context it should be highlighted as a **best practice**, that one audit firm annually communicates the sanction and disciplinary regime in connection with poor audit quality or ethical misconduct to the relevant target group and systematically documents acknowledgment. Such an approach strengthens the binding nature and transparency of the regulations.

In the component object **speaking-up/whistleblowing mechanisms**, implementation is largely successful. In all audit firms considered, appropriate processes exist that enable staff to report potential misconduct, including anonymously.

The results of the staff survey generally confirm the functioning of these mechanisms, although substantial and statistically significant differences are observed across audit firms with regard to the awareness of anonymous reporting channels (see Figure 22). In the audit firm with the lowest level of agreement, just under 10% of staff are not aware that they can report misconduct anonymously.



Best Practice
One audit firm communicates the sanction and disciplinary regime annually to the relevant addressees and documents acknowledgment of the rules.

Figure 22: Staff awareness of the possibility to report misconduct anonymously, by audit firm

In addition, the survey shows that in a small number of audit firms, staff identified misconduct in the past two years but did not report it for various reasons (including, among others, fear of personal consequences or the expectation that no effective measures would be taken); see Figure 23.

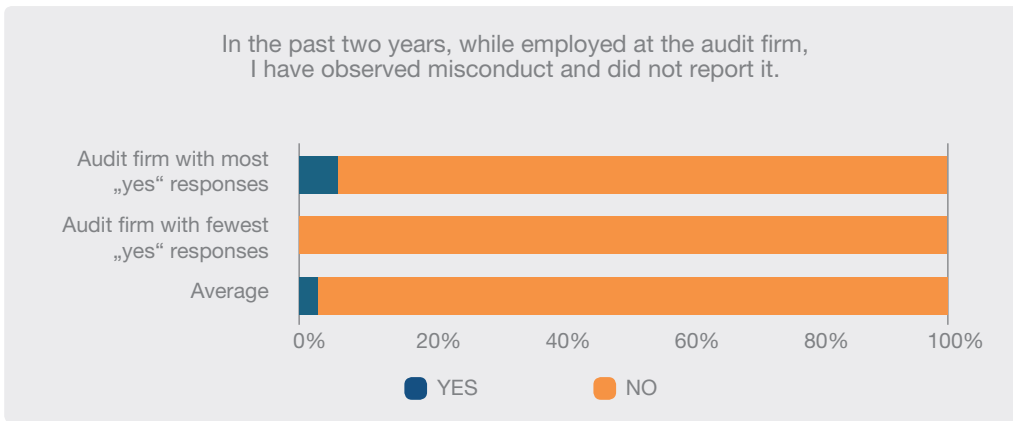


Figure 23: Identified but not reported misconduct by audit firm

From the perspective of the APAB, such results are particularly relevant, as they indicate that the mere formal existence of reporting mechanisms is not sufficient. Rather, what matters is the extent to which staff trust the effectiveness of these mechanisms.

Accordingly, areas for development are also evident regarding staff confidence in the actual effectiveness and reliability of speak-up or whistleblowing mechanisms, in particular with regard to the expectation that reported matters will be consistently addressed and appropriately dealt with. These relate primarily to the group of staff below manager level, who show statistically significantly lower levels of agreement ($p = 0.001$; see Figures 24 and 25).

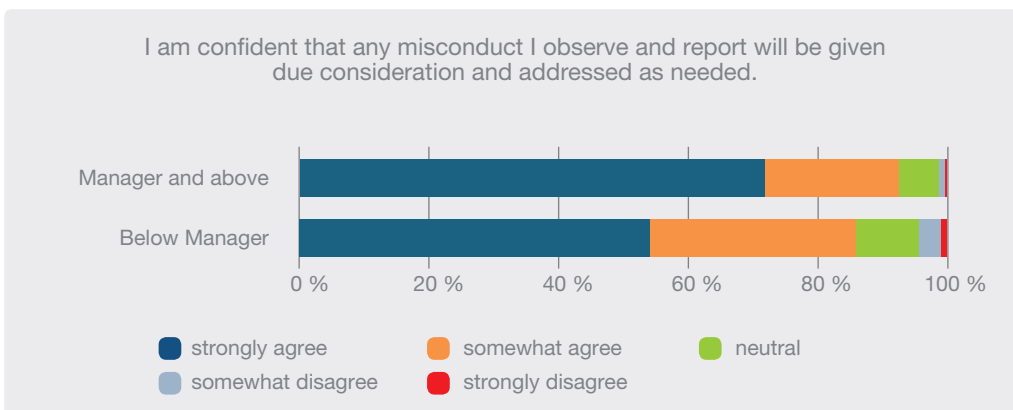


Figure 24: Perception of whether reported misconduct is taken seriously

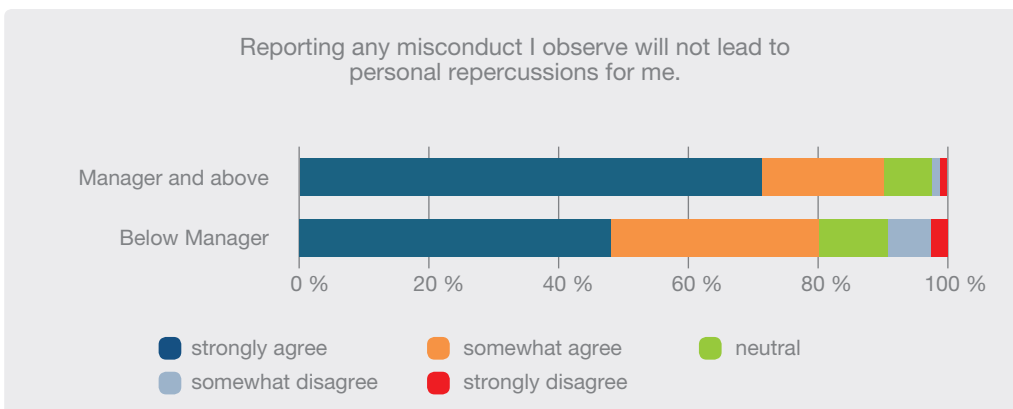


Figure 25: Fear of personal consequences

From the perspective of the APAB, this indicates that the actual usability and trustworthiness of the mechanisms are perceived differently within the organization and should be further strengthened, particularly at lower hierarchy levels.

In the component object *independence*, overall maturity levels ranging from 2 to 5 are observed, which indicates a partly heterogeneous design of the corresponding systems and processes.

While some audit firms have already established very structured and comprehensively implemented systems to ensure independence, such as clearly defined policies, regular training, system-supported independence confirmations, as well as extensive measures in the area of personal independence monitoring (e.g., personal independence compliance testing with risk-based sampling), other audit firms show further development potential both in the implementation and in the practical application of the corresponding requirements.

From the perspective of the APAB, ensuring independence is a central element of audit quality and constitutes a fundamental prerequisite for the credibility of audit opinions. Accordingly, it is essential that corresponding requirements not only exist formally but are also consistently applied, monitored and documented.

3.4. Component 4: Monitoring and Remediation Process

The *monitoring and remediation process* component is another central element of quality culture under ISQM 1. The objective of this component is to ensure, through systematic monitoring, structured root cause analyses and resulting remedial actions, that the quality management system is effectively designed and continuously improved. From the perspective of the APAB, this component is of central importance, as it largely determines whether deficiencies are identified, analyzed and addressed in a sustainable manner.

As part of the survey, the following component objects were assessed:

- **continuous improvement,**
- **root cause analysis,** as well as
- **overall evaluation of the quality management system.**

Overall, this component shows a heterogeneous picture. The audit firms examined achieve component maturity levels ranging from 2 to 4. The distribution of maturity levels at the object level can be seen in Figure 26 below:

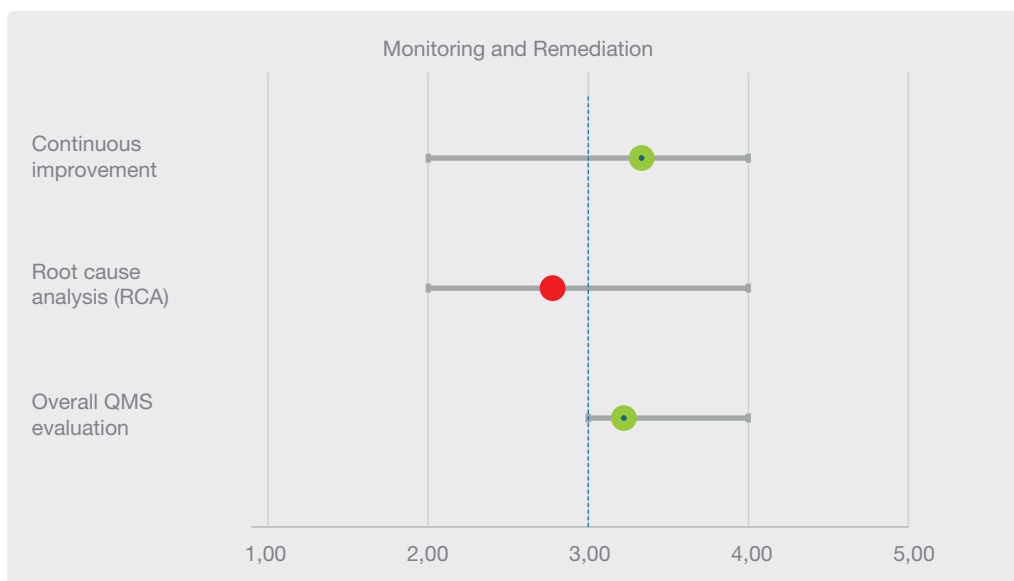


Figure 26: Distribution of results by component object in the component monitoring and remediation process

In the component object **continuous improvement**, the picture is heterogeneous. In several audit firms, areas for development exist in particular with regard to the organizational embedding and systematic governance of improvement measures.

It was observed, for example, that in some cases no clearly defined responsibility exists for the coordination of improvement measures and/or no central documentation of quality initiatives in the sense of a structured quality improvement plan is available. From the perspective of the APAB, this increases the risk that identified measures are not implemented consistently or that their effectiveness is not systematically tracked.

In this context, it should be highlighted as a **best practice**, that one audit firm conducts annual staff surveys with varying event-driven focal points and communicates the results comprehensively to all staff. This supports the systematic identification of areas for improvement as well as their firm-wide visibility. As a further **best practice**, the use of various communication channels, such as notices, emails or newsletters, for the targeted communication of identified areas for improvement should be highlighted. From a supervisory perspective, such approaches promote the firm-wide embedding of improvement initiatives and strengthen the perception of quality-related topics within the audit firm.

In the component object **root cause analysis**, comparatively lower maturity levels are observed. In some audit firms, analyses are not carried out sufficiently systematically, remain too generic or are limited to the overall engagement level.

Often, a structured analysis of the underlying systemic causes is lacking, for example with regard to methodology, resource allocation, training concepts or internal policies. From the perspective of the APAB, however, such systematic root cause analysis is essential, as only by identifying the underlying causes can sustainable improvement measures be derived. Without a corresponding depth of analysis, there is a risk that identified deficiencies are addressed only symptomatically.

In this context, it should be highlighted as a **best practice** that in one audit firm the respective engagement team itself proposes measures to address identified deficiencies as part of the root cause analysis. This promotes immediate ownership and the practical derivation of improvement measures. A further **best practice** identified in one audit firm is the explicit linkage of root cause analyses with the values and mission of the audit firm. Such approaches contribute to embedding root cause analyses more strongly in the lived quality culture and increasing their practical effectiveness.

In the component object **overall evaluation of the quality management system**, areas for improvement are evident in certain audit firms with regard to the structured consolidation and evaluation of monitoring results, identified deficiencies and measures taken.

In this context, International Standard on Quality Management 1 requires leadership to perform a regular overall evaluation of the quality management system, assessing the effectiveness of the system as a whole. From the perspective of the APAB, this overall evaluation is a central governance instrument, as it ensures that individual findings are systematically consolidated and evaluated at the highest level.

In practice, deficiencies are evident in some cases with regard to the traceable evaluation of the implementation status of measures as well as leadership improvement in this process. In this context, it should be highlighted as a **best practice**, that in one audit firm the overall evaluation of the quality management system is supported by the structured use of audit quality indicators. A further **best practice**, identified in two audit firms, is leadership's

Best Practice

One audit firm conducts annual staff surveys with changing topic-specific focuses and communicates the results comprehensively to all staff. One audit firm uses notices placed at numerous locations frequented by staff to communicate identified improvement measures.

Best Practice

At one audit firm, proposed remedial actions for identified deficiencies are developed directly by the engagement team as part of the root cause analysis. At one audit firm, the root cause analysis is explicitly linked to the firm's values.

monthly, documented evaluation of root cause analyses or the quality improvement plan. From the perspective of the APAB, such approaches strengthen the effectiveness of governance and the continuous improvement of the quality management system.

3.5. Component 5: Resources

The **resources** component comprises central prerequisites for ensuring high audit quality. It relates in particular to the human, professional, methodological and technical foundations required to perform statutory audits at an appropriate level of quality.

From the perspective of the APAB, this component is of particular importance, as even a formally well-designed quality management system can only be effective if audit teams are provided with sufficient appropriate resources. This concerns not only staffing and time allocation, but also professional competence, access to knowledge, appropriate working tools and effective technical support.

As part of the survey, the following component objects were assessed:

- **competency models and personnel development,**
- **knowledge management and working tools,**
- **education and training,**
- **external resources and outsourcing,**
- **time and personnel resources,** as well as
- **IT systems and tools.**

Overall, this component shows a high level of maturity. The majority of audit firms achieve component maturity level 4. As shown in Figure 27, the maturity levels achieved for almost all component objects are between 3 and 5. This overall demonstrates that audit firms have made successful efforts in these areas.

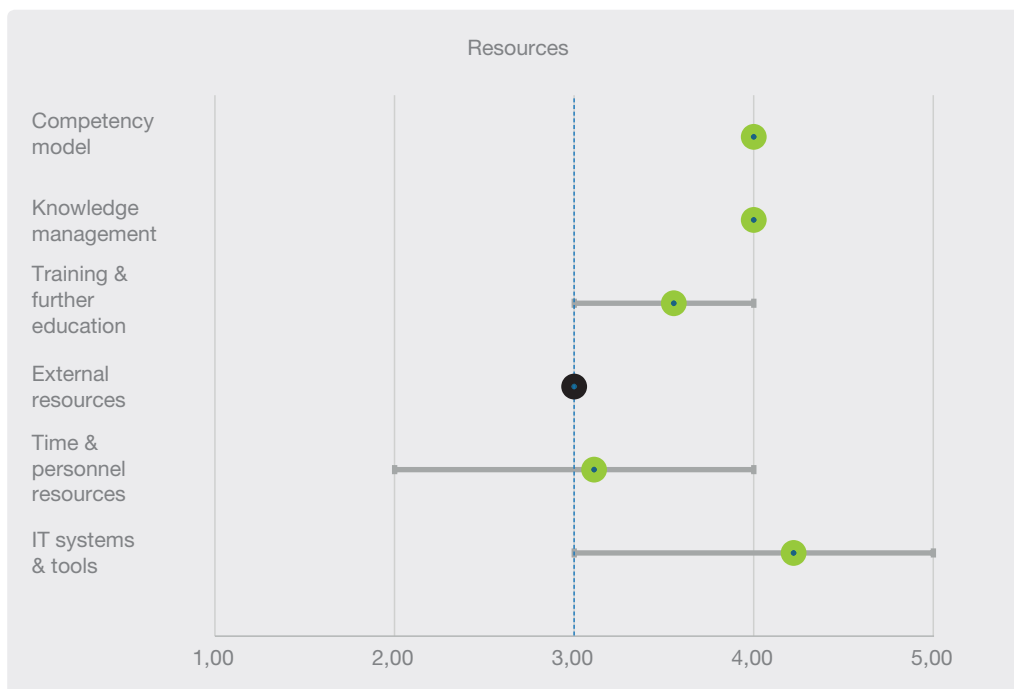


Figure 27: Distribution of results by component object in the component resources

It is particularly noteworthy that many audit firms have already established well-developed structures in the component objects **competency models and personnel development,** **knowledge management and working tools** as well as **external resources and outsourcing**.

Best Practice

In one audit firm, the overall evaluation of the quality management system is carried out through the structured use of Audit Quality Indicators. In two audit firms, a monthly, documented evaluation of the root cause analysis/the quality improvement plan is carried out at the highest level of management.

cing. This includes, for example, clearly defined competency requirements, structured development paths, internal knowledge platforms, standardized working tools and access to professional guidance and methodological support.

The results of the staff survey also indicate an overall positive picture in this context. In particular, predominantly high levels of agreement are observed with regard to the appropriate competencies and capabilities of the audit teams assigned to audit engagements (see Figure 28).

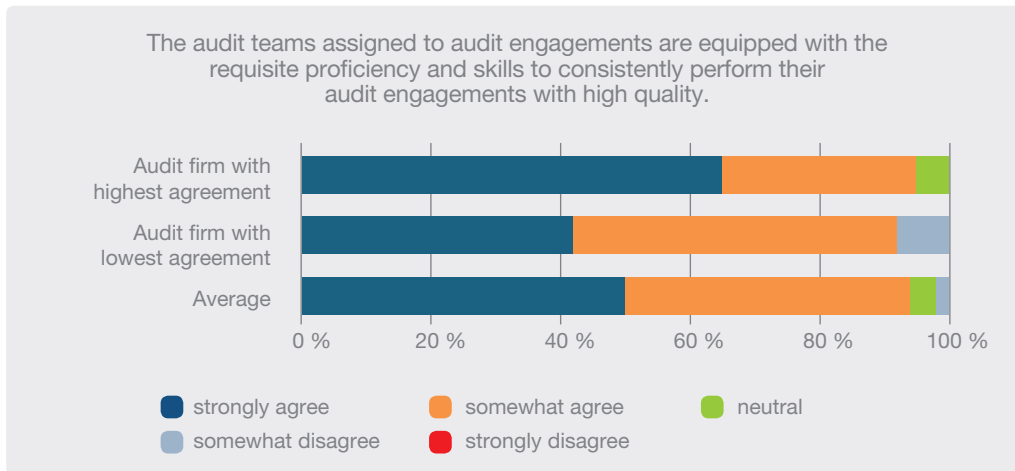


Figure 28: Perceived competencies and capabilities of audit teams by audit firm

From the perspective of the APAB, these structures form an essential basis for ensuring that professional requirements, methodological standards and quality-related expectations can be implemented consistently in audit practice.

A positive picture is also evident overall in the component object **training and further education**. The results of the staff survey suggest that a large proportion of staff below manager level consider the on-the-job training that they receive to be adequate and suitable for improving performance and audit quality (see Figure 29).

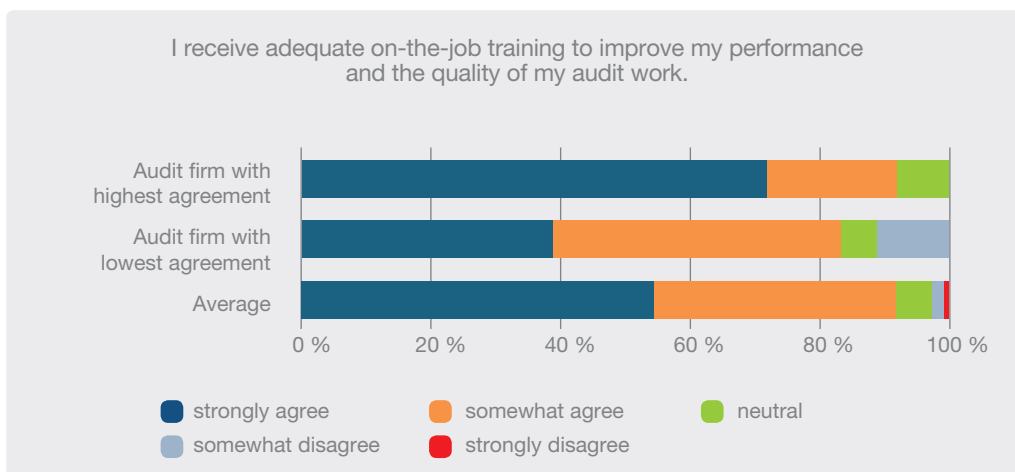


Figure 29: Perceived adequacy of on-the-job training

While, for example, in the audit firm with the highest level of agreement more than 70% of staff fully agree with the statement, in the audit firm with the lowest level of agreement it is less than 40%. This indicates that the scope, quality and visibility of practice-oriented training and development measures vary across audit firms.

From the perspective of the APAB, on-the-job training in particular is an essential component of an effective quality management system, as many quality-relevant skills, such as professional judgment, a critical mindset and the application of audit methodology, are

developed primarily in practical working situations.

The results relating to the question of whether staff were able to achieve an improvement in audit quality in their areas through various measures in the past two years are also noteworthy. Here, too, agreement is generally very high, with on average more than 90% of staff stating that they were able to achieve improvements in the past two years. However, the level of agreement varies significantly. While less than 20% of staff strongly agree with the statement in the audit firm with the lowest level of agreement, the share is as high as 80% in the audit firm with the highest level of agreement. However, even in the audit firm with the lowest level of agreement, where relatively few staff fully agree with the statement, all other staff at least somewhat agree (see Figure 30). These results reflect the extensive measures taken by audit firms to improve quality.

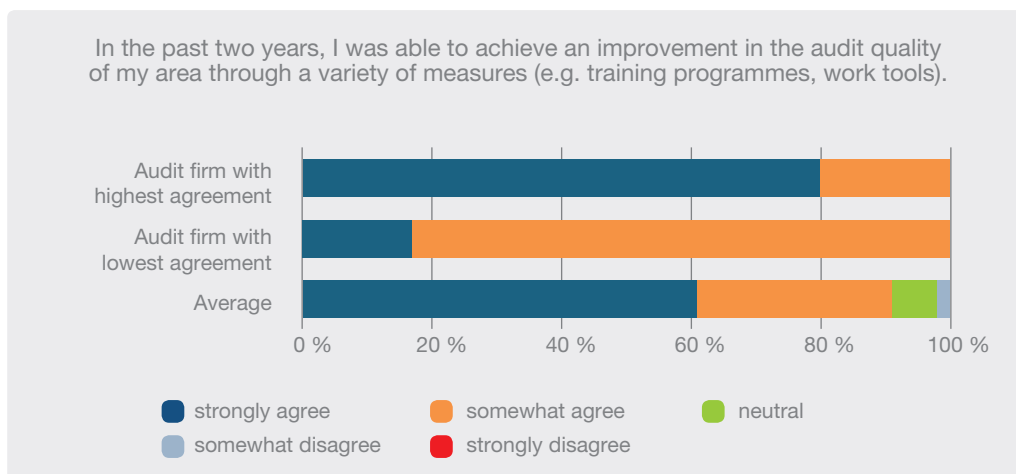


Figure 30: Perceived improvements in audit quality, by audit firm

The central area for development within the **resources** component lies in the component object **time and personnel resources**. In this area, some audit firms achieve maturity levels below 3.

The identified areas for improvement relate in particular to deficiencies in overarching resource planning. These include, for example, incomplete overall planning of all engagements or all members of engagement teams, insufficiently traceable updates of planning as well as missing or insufficient communication of planning changes.

From the perspective of the APAB, this is particularly significant, as appropriate time and personnel planning is an essential prerequisite for ensuring that audit engagements can be performed with the required diligence, depth and quality. Inadequate resource management may lead to technically complex or high-risk audit areas not being addressed with the required level of attention.

The results of the staff survey also show statistically significant differences in this area both between hierarchy levels ($p = 0.001$) and between audit firms (see Figures 31 and 32). While almost 90% of staff in the audit firm with the highest level of agreement agree with the statement that audit teams have sufficient time to perform their audit engagements consistently at a high level of quality, it is only around 65% in the audit firm with the lowest level of agreement.

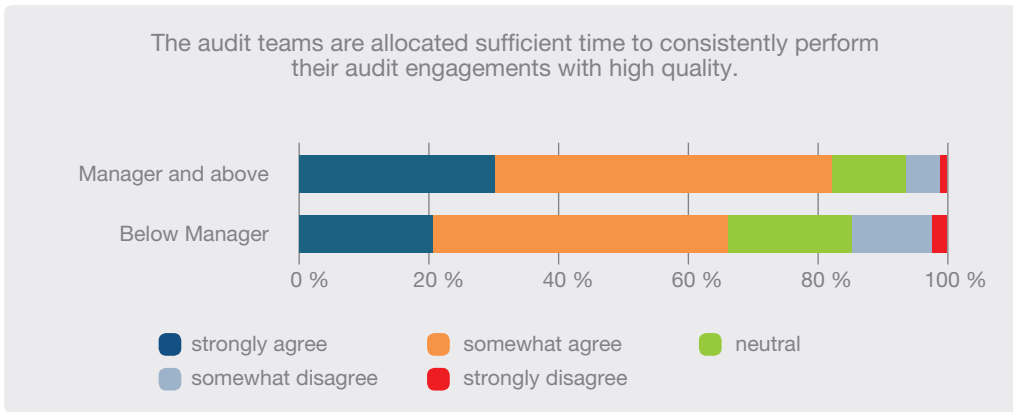


Figure 31: Perceived time resources by level

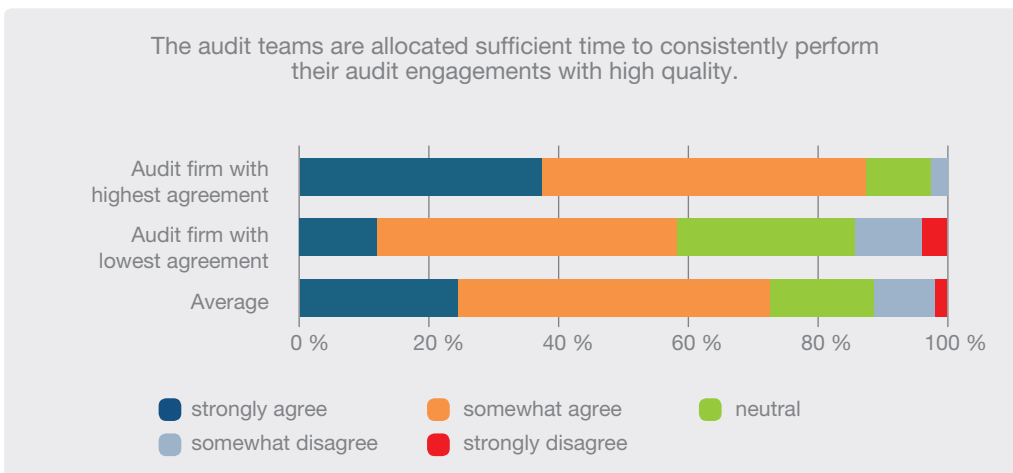


Figure 32: Perceived time resources by audit firm

Notably, agreement among staff at or above manager level is higher than among staff below manager level. This is noteworthy because staff at or above manager level typically perform audit management functions. This role usually involves guiding junior colleagues, being more strongly involved in technically challenging, coordinating and quality assurance tasks and acting as the main contact person for operational audit performance. These tasks are often associated with high time pressure, which is why it is surprising that staff at manager level show higher agreement here.

From the perspective of the APAB, this could indicate that staff at or above manager level, due to their role, have a better overview of planning and governance interrelationships within the audit firm and therefore assess available resources in a more differentiated manner. At the same time, however, this may also indicate that resource constraints are perceived more directly in day-to-day audit practice at lower hierarchy levels. Against this background, it appears essential to systematically consider the practical perception and impact of resource planning within engagement teams.

For the component object *IT systems and tools*, solid structures are evident overall, although there are significant differences between audit firms. The staff survey shows considerable differences in the perception of whether the systems and tools used effectively support staff in performing high-quality audits (see Figure 33). No statistically significant difference between staff below manager level and those at or above manager level can be identified ($p = 0.6840$; see Figure 34). This indicates that the perception of technical support depends less on hierarchy level and more on the specific systems used, their user-friendliness and their practical integration into audit performance.

The survey showed very large differences with regard to the question of whether the IT systems and tools used by the audit firm support staff well in performing high-quality audits. While, for example, in the lowest-performing audit firm fewer than 10% can fully agree with this statement, in the highest-performing audit firm more than 70% can. This could serve as a starting point for some audit firms to consider how they can improve their provision of technological resources.

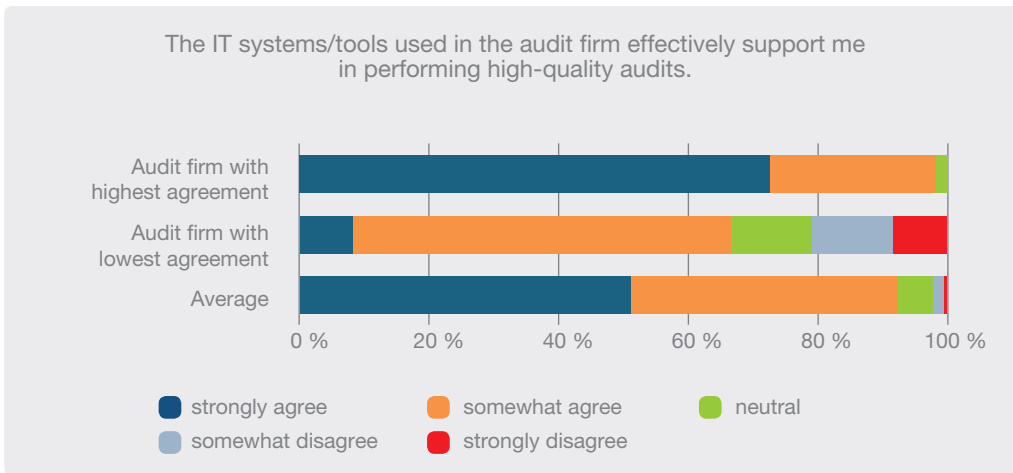


Figure 33: Perceived support by IT systems and tools, by audit firm

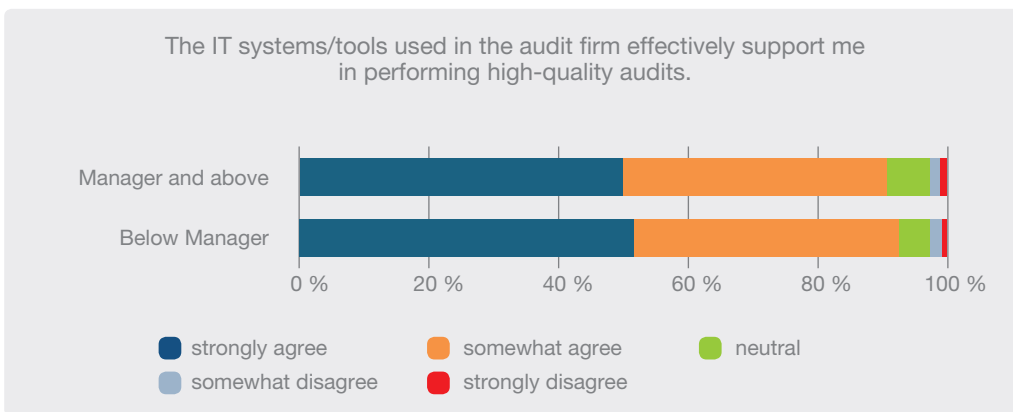


Figure 34: Perceived support by IT systems and tools, by level

From the perspective of the APAB, this is particularly relevant, as IT systems and tools have an increasingly central influence on the efficiency, consistency and traceability of audit performance. Differences in their perceived effectiveness may therefore also indicate differences in the ability to implement quality-related requirements in practice.

3.6. Component 6: Acceptance and Continuance

The **acceptance and continuance** component is of great importance because key prerequisites for high-quality audit performance are already established at this stage. These include in particular the assessment of the integrity of the client, the evaluation of potential risks arising from the client relationship, ensuring sufficient professional and personnel resources, and the assessment of independence.

As part of the survey, the following component objects were assessed:

- **acceptance and continuance process,**
- **assessment of the ability to perform high-quality statutory audits,** as well as
- **rejection and termination of client relationships.**

Overall, this component shows a heterogeneous picture. At the component level, maturity levels range from 2 to 4, indicating that both the design of the processes and their practical implementation vary across audit firms. The results at the component object level are shown in Figure 35 below.

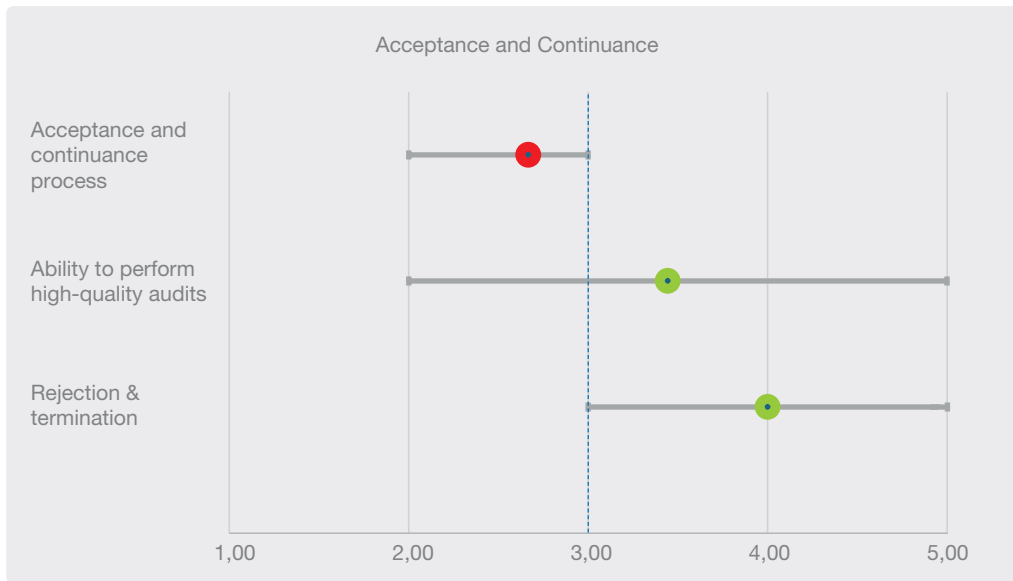


Figure 35: Distribution of results by component object in the component acceptance and continuance

A key area for development is evident in the component object **acceptance and continuance process**, particularly in connection with anti-money laundering requirements and risk assessment. The sample inspections carried out revealed opportunities for improvement in several audit firms, in particular with regard to the completeness of documentation, the traceability of the risk assessment performed, and the timely execution of the prescribed measures.

This is significant because anti-money laundering procedures form an integral part of an appropriate acceptance and continuance process. Deficiencies in this area may lead to risks arising from the client relationship not being sufficiently identified or not being addressed in a timely manner.

Another area for development relates to the component object assessment of the **ability to perform high-quality statutory audits**. In some audit firms, it was evident that the established processes and templates in this context are partly oriented toward minimum requirements. This is reflected, among other things, in limited differentiation of the underlying decision criteria, in standardized templates with limited substantive depth, and in an overall limited level of granularity in documentation.

From the perspective of the APAB, a substantive and firm-specific assessment is required in this area in particular. The decision on the acceptance or continuance of an engagement must not be limited to the merely formal and superficial completion of standardized requirements, but must adequately take into account the specific risks and circumstances of the respective engagement.

For the component object **rejection and termination** of client relationships, it was evident in some audit firms that the corresponding processes and decision criteria can still be further developed.

From the perspective of the APAB, this is significant because the willingness and ability to reject or terminate high-risk engagements or engagements that cannot be adequately serviced constitute an essential characteristic of an effective quality management system. It is precisely in these decisions that it becomes evident to what extent audit quality actually takes precedence over economic or operational considerations.

It is positive that, in the vast majority of audit firms, structured processes and templates for client and engagement acceptance and continuance are fundamentally established. These

form a robust basis for assessing the integrity of potential clients, the risks arising from the client relationship, the available professional and personnel resources, as well as compliance with independence requirements.

Such processes support quality-oriented decision-making in acceptance and continuance decisions and thus represent an essential element of an effective quality management system.

3.7. Component 7: Engagement Performance

The *engagement performance* component comprises the processes, behaviors and quality assurance mechanisms that directly shape the performance of individual audit engagements. It is therefore the central area of the quality management system, as the effectiveness of numerous systemic and operational elements of the quality management system becomes visible here in actual audit practice.

As part of the survey, the following component objects were assessed:

- **leadership responsibility and involvement of engagement partners,**
- **engagement quality reviews,**
- **consultation and differences of opinion,**
- **team communication, feedback and working environment,** as well as
- **promotion of a critical mindset and professional skepticism.**

The aspects considered correspond to the key requirements for engagement performance under International Standards on Auditing as well as International Standard on Quality Management 1.

Overall, this component shows a heterogeneous picture. The achieved component maturity levels range from 2 to 4.5, with the majority of audit firms achieving maturity level 3. The maturity at the component object level is shown in Figure 36 below.

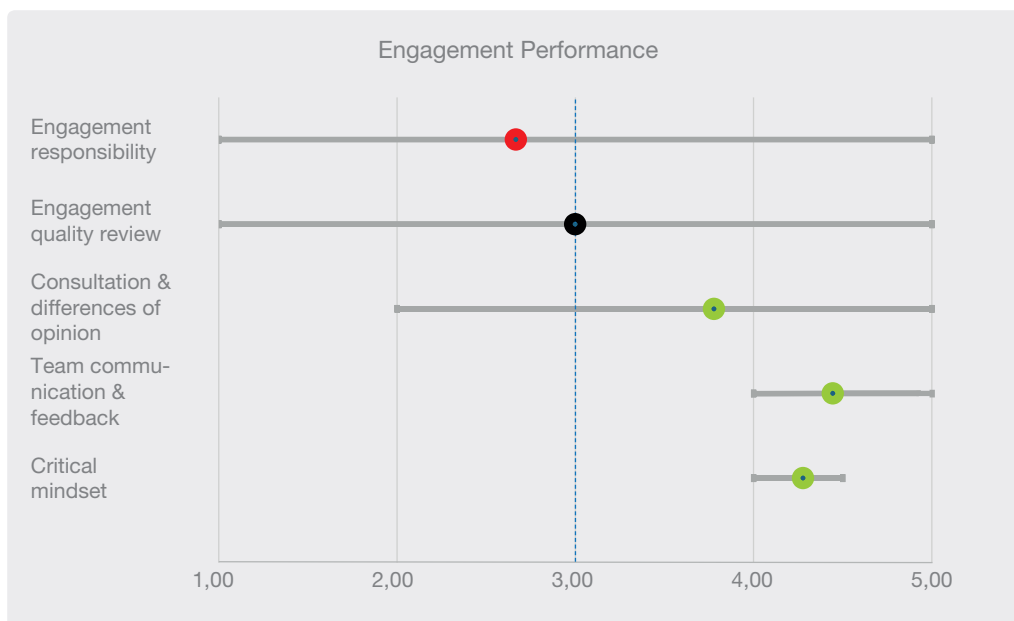


Figure 36: Distribution of results by component object in the component engagement performance

A key area for development is evident in the component object *leadership responsibility and involvement of engagement partners*. The achieved object maturity levels show a considerable range in this area and thus substantial differences between audit firms.

The sample inspections carried out showed that both the exercise of leadership responsibility and the actual involvement of engagement partners in the audit performance show room for improvement in several audit firms. This was evident, among other things, in the fact that mandatory reviews of audit areas were not carried out consistently, reviews of audit areas of the planning phase were in some cases performed only immediately before or on the date of the auditor's report, or individual reviews were even documented only after its issuance. In addition, it was observed in isolated cases that the four-eyes principle in the review of working papers was not consistently applied. From the perspective of the APAB, this is relevant because engagement partners play a central role in the quality of audit performance, the professional direction of the engagement and the promotion of a quality-oriented team culture.

In addition, the analysis of policies and established processes in some audit firms shows a recognizable orientation towards minimum requirements. This is reflected, among other things, in a relatively small number of audit documents that engagement partners are required to review and sign off, in checklists with limited informative value consisting merely of yes/no answers, as well as in monitoring activities that are not or only partially implemented.

Such designs may lead to central quality assurance mechanisms not becoming sufficiently effective in practical audit performance.

In contrast, the results of the staff survey show overall high levels of agreement with regard to the perceived involvement of engagement partners in audit performance, although statistically significant differences in responses are observed across audit firms (see Figure 37). Even in the audit firm with the lowest level of agreement, more than 80% of staff strongly or somewhat agree that engagement partners were strongly involved in the audit engagements in which they participated.

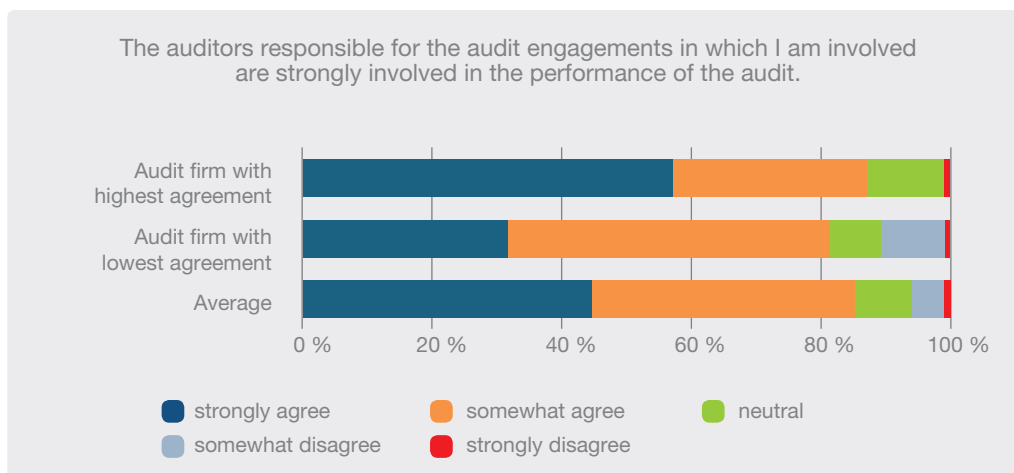


Figure 37: Perception of the involvement of engagement partners, by audit firm

For the component object **engagement quality review**, significant differences between audit firms are evident. The achieved maturity levels again span a wide range, indicating considerable differences in the design and actual effectiveness of the corresponding processes.

The sample inspections showed that the involvement of engagement quality reviewers shows opportunities for improvement in several audit firms. This was evident in particular in the fact that reviews in the context of engagement quality reviews were in some cases only documented immediately before or on the date of the auditor's report, or in individual cases even only after its issuance. In addition, the depth of the review was in some cases limited, for example due to the use of concise checklists predominantly restricted to yes/

From the sample-based reviews of audit documentation regarding the exercise of leadership responsibility and the actual involvement of engagement partners, it became evident that significant potential for improvement exists in several audit firms.

no answers. From the perspective of the APAB, effective engagement quality review is an essential instrument for reflecting quality-relevant matters, judgments and significant audit findings in a timely and independent manner. Where these processes are designed only formally or with limited effectiveness, there is a risk that quality-relevant issues are not addressed with the required depth or at the appropriate point in time.

The component object **consultation and differences of opinion**, in contrast, shows an overall relatively homogeneous picture at a higher level. In most audit firms, appropriate structures and processes exist to consult experts on complex professional matters and to address differing views in connection with engagement performance.

This is significant because a quality-oriented audit culture requires that professional uncertainties, complex matters and differing perspectives can be openly addressed, discussed and resolved appropriately. Such processes are also an essential element in promoting professional skepticism and preventing standardized solutions from going insufficiently challenged.

The component object **team communication, feedback and working environment** also shows an overall relatively high level of maturity. The results of the staff survey confirm this picture, particularly with regard to the perceived openness and quality of team communication.

Accordingly, both among staff at or above manager level (see Figure 38) and among staff below manager level (see Figure 39), high levels of agreement are observed with the statement that communication within the audit team and with the engagement partner or audit manager is open and respectful and that differing opinions are discussed. At the same time, statistically significant differences are observed across audit firms, particularly among staff below manager level. While around 95% of staff in the audit firm with the highest level of agreement strongly agree with this statement, it is only around 55% in the audit firm with the lowest level of agreement. This suggests that the lived communication culture is not equally developed in all organizations.

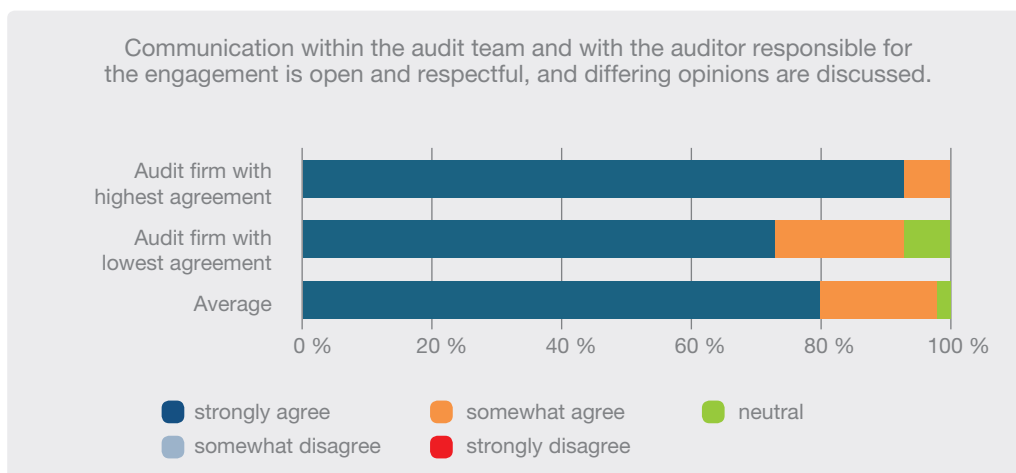


Figure 38: Perception of staff at or above manager level regarding the quality of communication within the audit team, by audit firm

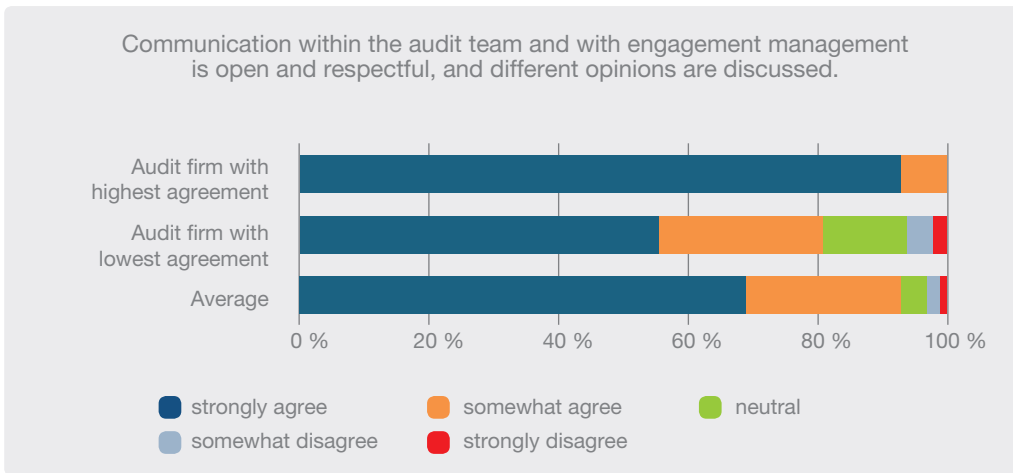


Figure 39: Perception of staff below manager level regarding the quality of communication within the audit team, by audit firm

An area for development within this component object relates, in some audit firms, to the feedback culture within audit teams. In particular with regard to formal or informal feedback on performance in individual audit engagements by engagement partners and, where staff below manager level are concerned, by audit managers, statistically significant differences across audit firms are observed both among staff below manager level (see Figure 40) and among staff at or above manager level (see Figure 41).

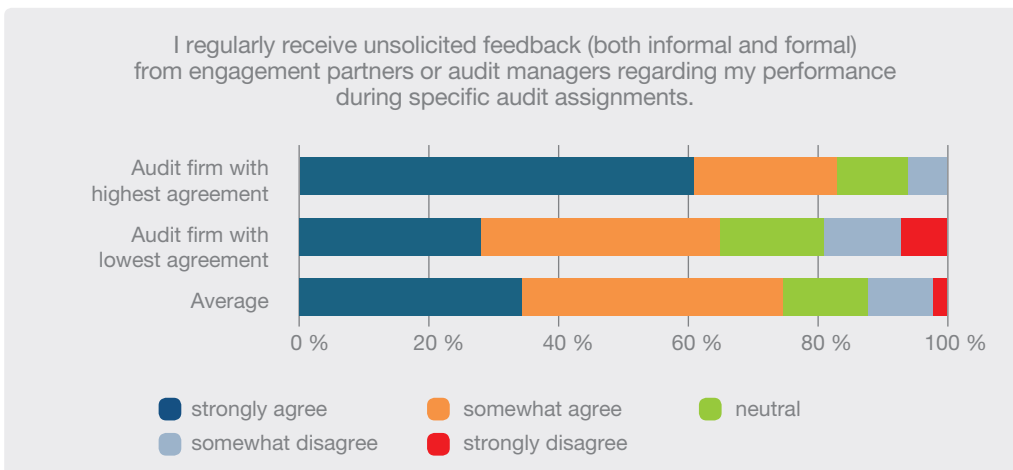


Figure 40: Perception of feedback for staff below manager level, by audit firm

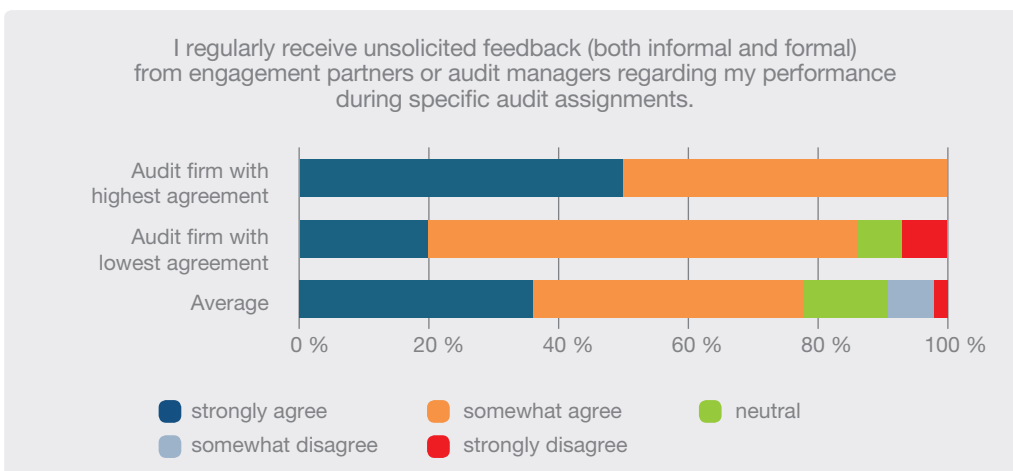


Figure 41: Perception of feedback for staff at or above manager level by audit firm

From the perspective of the APAB, a consistent and quality-oriented feedback culture is an important component of a learning-oriented audit environment. Regular feedback con-

tributes to promoting professional development, clarifying expectations and embedding quality standards in day-to-day audit work.

The component object ***promotion of a critical mindset and professional skepticism*** also shows predominantly high maturity levels. The results of the staff survey likewise indicate an overall strong embedding of this aspect in the audit firms examined.

At the same time, considerable differences are observed across audit firms with regard to the perception of the extent to which staff are encouraged by their supervisors to incorporate elements of surprise into audits (see Figure 42). This indicates that the active promotion of unpredictable audit procedures, which are required by auditing standards and represent a particularly practice-relevant expression of professional skepticism, is not equally strongly embedded in all audit firms.

Clear differences are evident in staff perceptions as to whether they are encouraged by their supervisors to incorporate elements of surprise in the audit. While in the audit firm with the highest level of agreement around 65% of staff were able to fully agree with this statement, in the audit firm with the lowest level of agreement it was less than 30%.

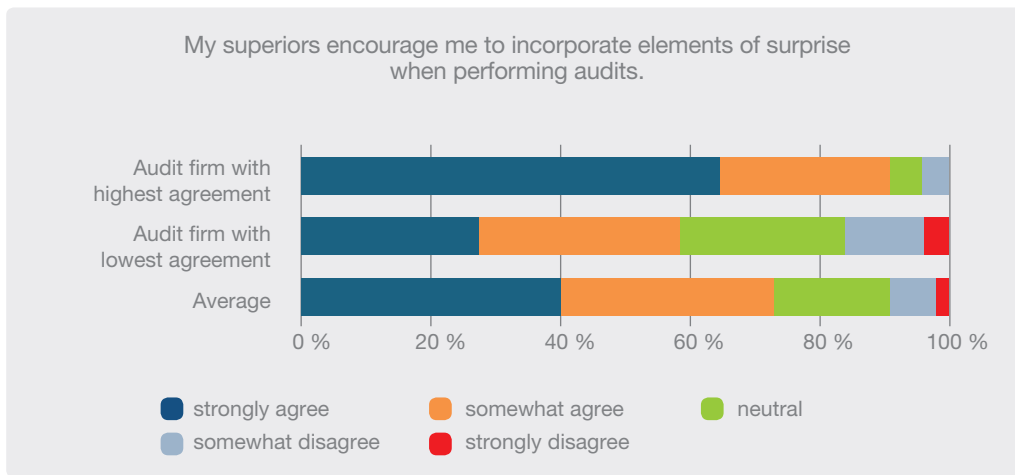


Figure 42: Perception of encouragement to use elements of surprise by audit firm

In contrast, with regard to the statement that staff are encouraged to critically question audit evidence, generally very high levels of agreement are observed and no statistically significant differences across audit firms are identified (see Figure 43). This suggests that the fundamental importance of critical reflection in connection with audit evidence is broadly recognized across organizations.

Staff in all audit firms are encouraged to a very high degree by their supervisors to critically question audit evidence. Even in the audit firm with the lowest level of agreement, around 95% were able to fully or at least rather agree with this statement.

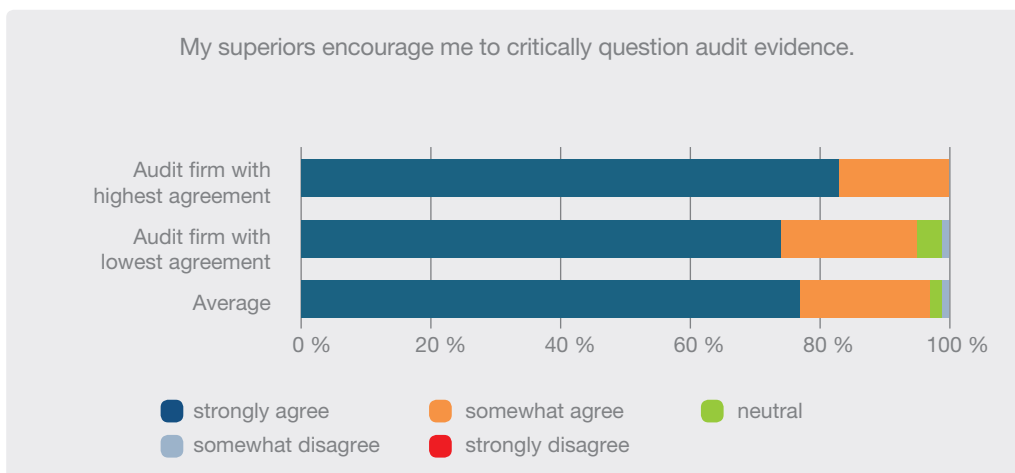


Figure 43: Perception of encouragement to a critical mindset

In both cases, statistically significantly higher levels of agreement are observed, as expected, among staff at or above manager level ($p = 0.001$). From the perspective of the APAB, this leads to the conclusion that the promotion of professional skepticism is perceived

more strongly at higher hierarchy levels than at lower hierarchy levels. This underlines the importance of consistently communicating corresponding leadership impulses and expectations at team and engagement level in a way that is perceptible to all staff.

3.8. Component 8: Information and Communication

The **information and communication** component comprises those structures and processes that ensure that quality-related information is appropriately generated, communicated and processed within the audit firm. It thus forms an important basis for the effectiveness of the quality management system, as consistent and targeted communication is required to embed and implement quality requirements throughout the organization.

This is significant because the perception and implementation of quality-related requirements depend to a considerable extent on whether relevant information is communicated in a timely manner, in a manner appropriate to the target group and via suitable communication channels.

As part of the survey, the following component objects were assessed:

- **top-down communication,**
- **bottom-up communication,** as well as
- **external communication.**

Overall, this component is the most mature of the eight components examined. Almost all audit firms achieve component maturity level 4, which indicates an overall advanced level of development. The results at the object level are shown in Figure 44 below:

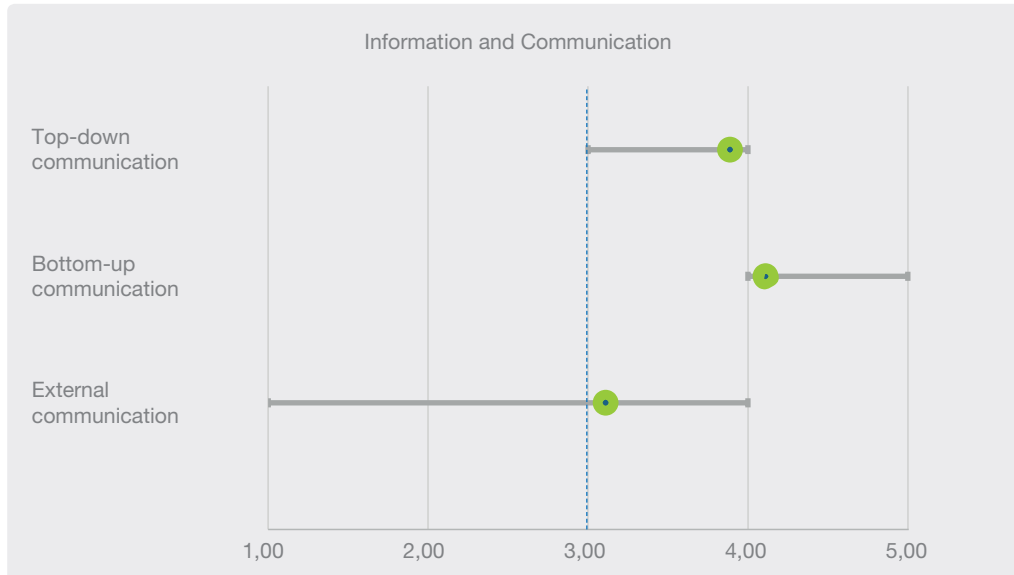


Figure 44: Distribution of results by component object in the component information and communication

The component object **top-down communication** consistently shows high maturity levels ranging from 3 to 4. This demonstrates that established structures exist in the audit firms examined to systematically inform staff about quality-related topics.

Overall, audit firms demonstrate clear efforts to consistently make the importance of audit quality, a critical mindset as well as relevant quality requirements visible via various communication channels (including emails, intranet, newsletters, notices, podcasts and videos).

The results of the staff survey also confirm this picture. Overall, the majority of staff, both below and at or above manager level, state that they are sufficiently informed about quality

topics (e.g., findings from internal and external reviews, changes in audit methodology or adjustments to the quality management system). At the same time, differences are evident both across audit firms and between hierarchy levels in terms of perception: statistically significant differences in responses are observed between audit firms (see Figure 45). In addition, agreement among staff at or above manager level is statistically significantly higher than among staff below this level ($p = 0.001$; see Figure 46).

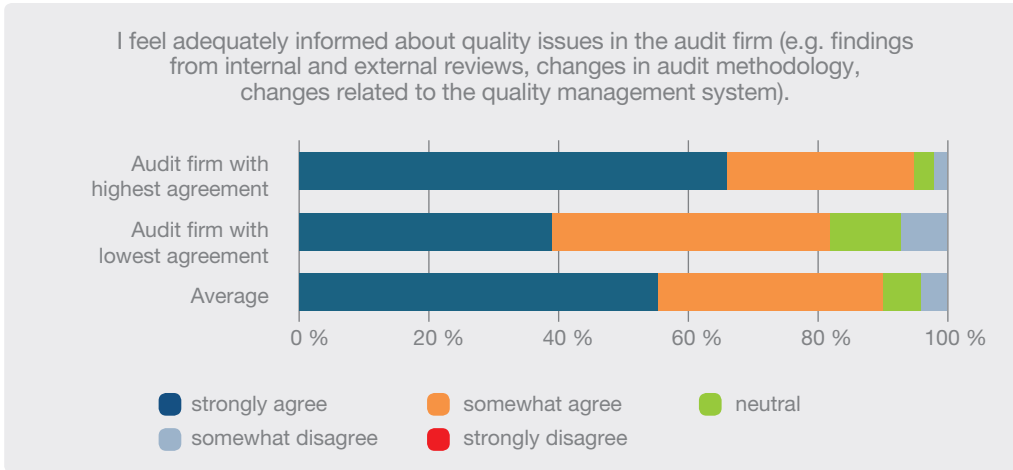


Figure 45: Perception of being sufficiently informed about quality-related topics, by audit firm

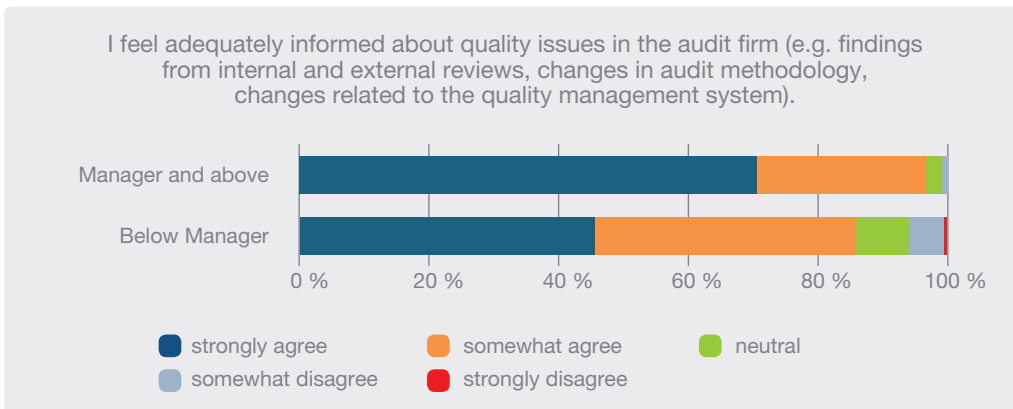


Figure 46: Perception of being sufficiently informed about quality-related topics, by level

From the perspective of the APAB, this suggests that quality-related information is perceived better or is more accessible at higher hierarchy levels, which underlines the importance of designing communication measures in such a way that they reach all hierarchy levels equally.

The component object **bottom-up communication** also shows an overall high level of maturity. The survey results show that staff generally feel encouraged to communicate suggestions for improvement regarding audit performance as well as quality-related observations to appropriate contact persons.

From the perspective of the APAB, this is an essential element of an effective quality culture, as open feedback from operational levels constitutes a key prerequisite for identifying areas for improvement and for further developing the quality management system.

At the same time, differences between hierarchy levels are also evident here. Agreement among staff at or above manager level is statistically significantly higher than among staff below manager level ($p = 0.001$; see Figure 47). In addition, statistically significant differences are observed across audit firms (see Figure 48). This suggests that the actual perception and use of bottom-up communication opportunities varies across organizations.

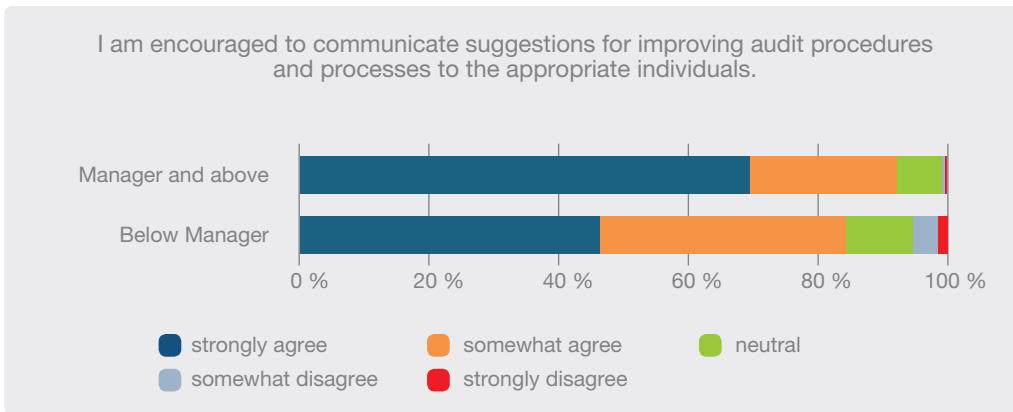


Figure 47: Perceived encouragement to communicate areas for improvement, by level

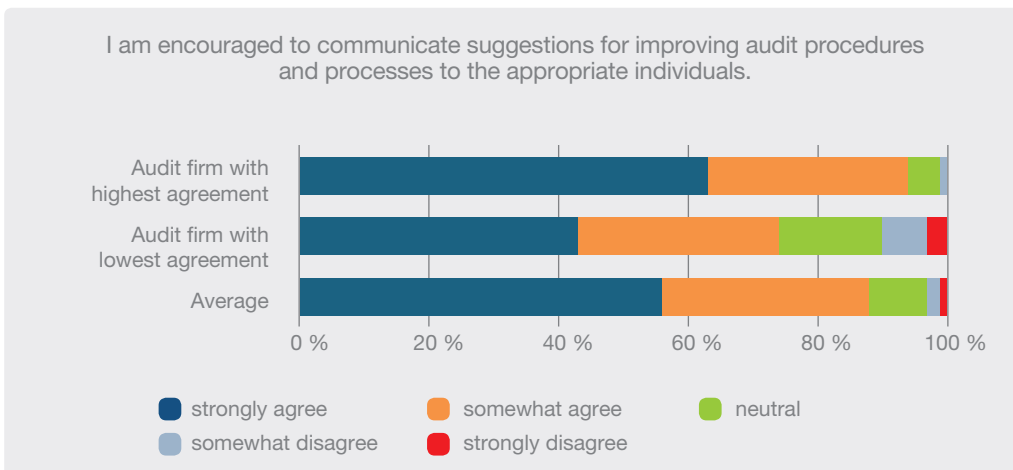


Figure 48: Perceived encouragement to communicate areas for improvement, by audit firm

In the component object **external communication**, greater differences across audit firms are evident compared to the other two component objects. The maturity levels assigned here range from 1 to 4, which indicates a very heterogeneous design of the corresponding processes and practices. The areas for development identified in this area relate in particular to the requirements in connection with the transparency report to be published pursuant to Section 55 APAG as well as compliance with other external information and reporting obligations.

4. Summary Overview of Strengths and Areas for Development

Numerous strengths and areas for development were identified in the audit firms examined, as presented in the table below. The strengths and areas for development presented below do not apply to the same extent in all audit firms. In some audit firms, a large number of the identified strengths are present and only relatively few areas for development are evident, while in other audit firms the opposite is the case.

The strengths are particularly evident in component objects that achieve maturity levels of 4 or 5 and thus indicate structured governance as well as consistent application of the corresponding measures.

Particular emphasis should be placed on the components **governance and leadership** as well as **monitoring and remediation process**. In these areas, several audit firms already have advanced approaches for promoting a quality-oriented corporate culture as well as for systematically monitoring and further developing the quality management system. At the same time, the analysis shows that a significant proportion of the identified areas for

development is also concentrated in these components, in particular in aspects with maturity levels of 1 to 3.

The fact that strengths and areas for development frequently appear in these same components is not unusual given their central importance for the governance, integration and continuous improvement of the quality management system. Overall, the results show that most areas for development are less attributable to fundamental structural deficiencies than to opportunities to improve in the practical implementation, documentation and systematization of existing processes. The greatest lever therefore lies less in additional individual measures than in stronger interlinking, systematization and consistent further development of existing processes.

Component	Key identified strengths	Key identified areas for development
Risk Assessment Process	<p>Fundamental risk-based QMS structures are predominantly in place.</p> <p>Risk-response relationships are generally clearly documented.</p>	<p>Quality risks should be prioritized in a binding manner.</p> <p>Documentation of risk assessments should be significantly deepened.</p> <p>The risk assessment process should be more firm-specific.</p>
Governance and Leadership	<p>Clear commitment of leadership to audit quality (“tone at the top”).</p> <p>Mechanisms that promote behavior consistent with quality and embed it culturally.</p> <p>Staff perceive leadership impulses significantly more strongly compared to 2020/2021.</p>	<p>Quality objectives should be systematically integrated into evaluation, remuneration and career systems.</p> <p>Governance roles, responsibilities and deputizations should be more clearly defined.</p> <p>Formal escalation paths should be defined and communicated firm-wide.</p>
Relevant Ethical Requirements	<p>Speak-up/whistleblowing structures are generally in place.</p> <p>Independence requirements are systematically addressed in many firms.</p> <p>Fundamental ethical and professional frameworks are established.</p>	<p>Sanction and disciplinary regimes should be clearly and bindingly designed.</p> <p>Communication and documented acknowledgment of such rules among relevant addressees should be strengthened.</p> <p>Trust in speak-up/whistleblowing mechanisms should be further strengthened, particularly below manager level.</p>
Monitoring and Remediation Process	<p>Some audit firms already have very mature improvement processes.</p> <p>The willingness for continuous improvement is generally evident in all audit firms.</p> <p>Monitoring and quality development are in some cases already closely linked with leadership processes.</p>	<p>A central quality improvement plan should be developed and implemented.</p> <p>Root cause analyses should be carried out more systematically and in greater depth in some firms.</p> <p>Effectiveness of measures should be documented in a binding manner.</p>

Resources	<p>High level of maturity in competency development, education and training.</p> <p>Knowledge management and IT support are well developed in many cases.</p> <p>Operational resource processes are strongly developed.</p>	<p>Overarching resource planning should be carried out.</p> <p>Planning changes should be transparently documented and communicated.</p> <p>Resource constraints should be systematically identified.</p>
Acceptance and Continuance	<p>Basic processes and templates for client acceptance are in place.</p> <p>Key assessment areas are generally addressed.</p>	<p>Decision processes should not be completed merely formally but should ensure adequate substantive consideration of the bases for the decision.</p> <p>Documentation of acceptance and continuance decisions should make the decision comprehensible in substance.</p> <p>Anti-money laundering processes must be specifically strengthened in some firms.</p>
Engagement Performance	<p>Consultation, team communication and promotion of professional skepticism are strongly developed in many cases.</p> <p>The involvement of engagement partners is generally recognized as important.</p> <p>Improvements are evident compared to 2020/2021 in perceived leadership proximity and quality orientation.</p>	<p>The actual involvement of engagement partners should be consistently strengthened.</p> <p>Engagement quality reviews should be designed more substantively.</p> <p>The feedback culture in audit teams could be strengthened through the requirement of systematic feedback.</p>
Information and Communication	<p>This is the overall most mature component.</p> <p>Top-down communication on quality topics functions well overall.</p> <p>Bottom-up communication is fundamentally established.</p>	<p>External communication must comply with regulatory requirements in all cases.</p> <p>Greater efforts should be made to better reach staff below manager level in communication.</p> <p>Feedback loops should be more strongly formalized.</p>

Table 1: Overview of identified strengths and weaknesses

D. Concluding Remarks

The results of the thematic survey show that the audit firms examined have implemented extensive measures in recent years to strengthen their quality management systems and to promote a quality-oriented corporate culture. The fact that the audit firms predominantly achieved an overall maturity level of 3 demonstrates that key structures, processes and responsibilities have been established and are actively applied within the audit firms.

Compared to the initial survey conducted in 2020/2021, positive developments are evident in numerous areas. This applies in particular to the results of the staff survey, which show statistically significantly higher levels of agreement for almost all comparable statements. This indicates that measures to strengthen the “tone at the top”, to communicate quality-related topics and to promote an open feedback and learning culture are increasingly perceived within audit firms and are effectively embedded in the organization.

At the same time, the results also confirm certain structural challenges already identified in 2020/2021. These relate in particular to the further systematization of improvement and root cause analysis processes as well as the stronger embedding of quality objectives in governance, performance evaluation and incentive systems. Overall, of the findings indicate comparatively mature operational structures, while in several key systemic components of the quality management system continue to show areas for development.

In addition, as already observed in the initial survey, a differentiated picture emerges with regard to the perception of quality culture across hierarchy levels. While the results indicate that the differences between staff below manager level and those at or above manager level have decreased in many areas, statistically significantly higher levels of agreement continue to be observed among staff at or above manager level for numerous questions. From the perspective of the APAB, this underlines the importance of embedding quality-related expectations, leadership impulses and communication content throughout the organization in such a way that they are consistently perceived at all hierarchy levels and effectively implemented in audit practice.

Overall, the results of the survey demonstrate that the sustainable assurance of high audit quality does not depend solely on the existence of formal processes and tools, but significantly on their systemic governance, firm-wide embedding and lived implementation in line with International Standard on Quality Management 1. At the same time, it has become clear that the audit firms examined are already making considerable efforts to further develop their quality management systems and to sustainably strengthen a quality-oriented corporate culture. The APAB will continue to accompany this process in the future as part of its supervisory activities and through thematic surveys in order to support the continuous improvement of quality management systems in audit firms and thereby make a lasting contribution to ensuring high audit quality.

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