



Auditors Strengthen Capital Markets

Because of their critical role in reliable financial reporting, auditors contribute significantly to the sustained, orderly operation of the nation's capital markets. The auditing profession continuously strengthens audit quality to promote the reliability of financial reporting that benefits investors in the US capital markets.

How it works

Capital markets

America needs healthy capital markets to power our economy, create jobs and opportunity for all, reduce poverty, and allow for greater innovation. Trust in capital markets is essential to their operation.



Public companies

Public company management must prepare and certify quarterly and annual financial statements—written records of a business's financial situation—and file them with the Securities and Exchange Commission. Public companies are required by law to maintain internal control over financial reporting and to assess its effectiveness on a periodic basis.



External auditors

Under the oversight of audit committees and regulated by the PCAOB and SEC, external auditors express an opinion on whether a public company's annual financial statements fairly present the company's financial position and the effectiveness of internal control over financial reporting. This crucial step in the financial reporting process helps build confidence in the reliability of the financial statements and related disclosures.



Investors

Investors use audited financial statements of public companies to inform their investment decisions. The independent and objective assurance of the financial statements provided by the auditors increases the value and credibility of that information to investors.