

# 2026 update on audit quality

Ernst & Young LLP

August 2026



Shape the future  
with confidence

The better the question. The better the answer. The better the world works.

At Ernst and Young LLP, we are continuing our transformation journey to bring our bold vision of the future of audit to life, with quality and integrity at the foundation of everything we do. As a leader in audit quality, we are driving innovation at an unprecedented pace and bringing valuable insights to our clients. As we transform the audit, we are expanding our use of artificial intelligence and other cutting-edge technologies.

The Public Company Accounting Oversight Board (PCAOB) recently issued our 2025 inspection report (generally covering audits of 2024 financial statements), which shows that the percentage of audits in which the PCAOB identified a Part I.A finding improved dramatically to 5% from 28% in 2024. These results are the best we have ever had.

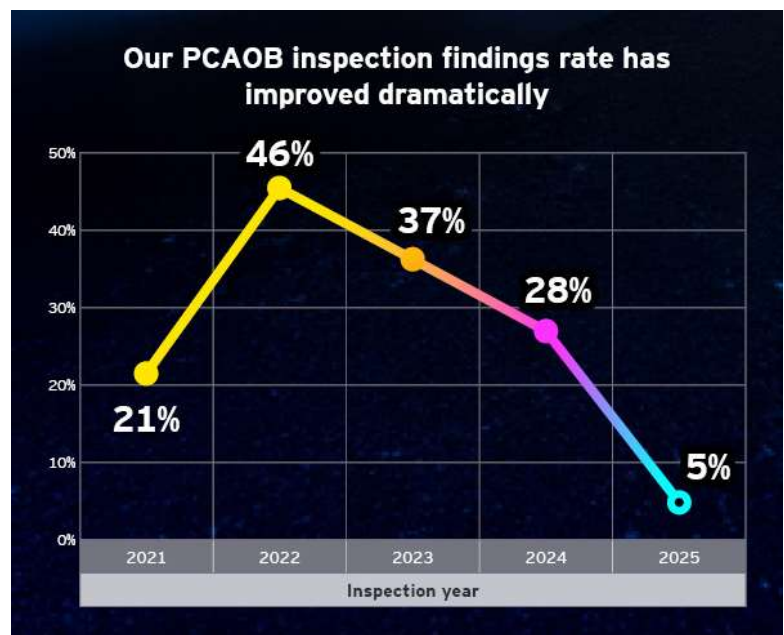
We are sustaining high audit quality by focusing on what matters most and performing work proportionate to identified risks. We focus on doing more work earlier in the audit cycle, reducing year-end workload and providing a smoother experience for both our clients and our people. For our 2025 audits, approximately 69%<sup>1</sup> of public company audit hours were completed before our clients' balance sheet dates.

With audit quality, independence, accountability and integrity at our core, we will continue to evolve how we work and shape the future of the EY audit.

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I'm incredibly proud of the remarkable progress we have made over the last few years. We continue to uphold high standards of audit quality, focusing on continuous improvement and innovation, while empowering our people to lead with confidence and bring valuable insights to our clients in this rapidly changing landscape.

Dante P. D'Egidio  
US Managing Partner



## PCAOB inspection results

### *Part I.A of the 2025 PCAOB inspection report*

Part I.A of the PCAOB's inspection report, which is released publicly, discusses matters that, in the PCAOB staff's view, relate to the sufficiency or appropriateness of evidence we obtained to support our audit opinion(s) on the issuers' financial statements and/or internal control over financial reporting.

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The overall results of our PCAOB inspection for the 2025 inspection cycle, which generally covers our audits of 2024 financial statements, were **5%** – the best findings rate we have ever had.

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### *Part I.B of the 2025 PCAOB inspection report*

Part I.B of the PCAOB's inspection report, which is also released to the public, discusses matters related to PCAOB standards or rules other than those included in Part I.A and Part I.C. Examples of the Part I.B matters in our 2025 inspection report related to retention of audit documentation, audit committee communications and Form AP.

### *Part I.C of the 2025 PCAOB inspection report*

Part I.C provides information on matters related to SEC and PCAOB independence rules that the PCAOB identified or that the firm identified and reported.

Part I.C cited instances of apparent noncompliance that we identified through our independence monitoring activities in a 12-month period in approximately 4% of our issuer audits where we or our personnel may have impaired our independence. The most common instances of apparent noncompliance related to financial relationships, employment relationships, non-audit services, and tax services for persons in a financial reporting oversight role. In each of these instances, we concluded that our objectivity and impartiality were not impaired. The PCAOB did not identify any additional instances of apparent noncompliance.

For more information about our audit practice and our actions to sustain audit quality, refer to our [2025 audit quality report](#).

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<sup>1</sup>The percentage of public company audit hours incurred before our clients' balance sheet date is calculated by dividing the number of hours incurred by US professionals before our US audit clients' balance sheet date by the total number of hours incurred on our audits. This metric is based on our audits of issuers, excluding investment companies and employee benefit plans, with fiscal years ended 1 July 2025 through 31 March 2026. The inclusion of hours incurred by professionals that support the EY global organization would not materially affect this calculation.

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